NOTICE OF SPECIAL MEETING

and

MANAGEMENT INFORMATION CIRCULAR

for the

SPECIAL MEETING OF SECURITYHOLDERS OF
WATERLOO BREWING LTD.

relating to

A PLAN OF ARRANGEMENT INVOLVING WATERLOO BREWING LTD. AND CARLSBERG CANADA INC., A WHOLLY-OWNED SUBSIDIARY OF CARLSBERG BREWERIES A/S

to be held on

February 23, 2023

DATED AS OF January 23, 2023

VOTE YOUR SECURITIES TODAY
These materials are important and require your immediate attention. Your vote is important regardless of the number of shares and/or options you own. Whether or not you are able to attend, we urge you to vote using your enclosed proxy or voting instruction form.

THE BOARD OF DIRECTORS OF WATERLOO BREWING LTD. UNANIMOUSLY RECOMMENDS THAT SECURITYHOLDERS VOTE
FOR
THE ARRANGEMENT RESOLUTION

January 23, 2023

Dear Fellow Securityholders of Waterloo Brewing Ltd.:

It is my pleasure to extend to you, on behalf of the board of directors (the "**Board**") of Waterloo Brewing Ltd. ("**Waterloo Brewing**" or the "**Company**"), an invitation to attend the special meeting (the "**Meeting**") of the shareholders (the "**Shareholders**") of Waterloo Brewing and the holders of stock options of Waterloo Brewing (the "**Optionholders**", and together with the Shareholders, the "**Securityholders**") to be held in a virtual-only format, which will be conducted via live audio webcast available online at https://meetnow.global/M74KZU2 on Thursday February 23, 2023 at 10:00 a.m. (Toronto time).

The Meeting will be held in a virtual-only format and Securityholders will not be able to attend in person. At the virtual Meeting, registered Shareholders, Optionholders and duly appointed proxyholders of such Securityholders will have an opportunity to participate, to ask questions, and to vote, all in real time. Non-Registered Shareholders must carefully follow the procedures set out in the Circular (as defined below) in order to vote virtually at the Meeting or ask questions through the live audiocast. Guests, including non-registered Shareholders who have not been duly appointed as proxyholders at the Meeting, can log into the virtual Meeting as a guest. Guests may listen to the Meeting, but will not be entitled to vote or ask questions during the Meeting.

The Arrangement

On December 14, 2022, Waterloo Brewing entered into an arrangement agreement (the "**Arrangement Agreement**") with Carlsberg Canada Inc., as may be assigned and transferred to an affiliate of Carlsberg Canada Inc. in accordance with the Arrangement Agreement (the "**Purchaser**"), and Carlsberg Breweries A/S, the parent company of the Purchaser (the "**Parent**" or "**Carlsberg Breweries**"), whereby, subject to the terms and conditions of the Arrangement Agreement, the Purchaser will acquire all of the outstanding common shares in the capital of Waterloo Brewing (the "**Shares**") pursuant to a plan of arrangement (the "**Arrangement**") under Section 182 of the *Business Corporations Act* (Ontario).

Under the terms of the Arrangement, as more particularly described in the accompanying management information circular of Waterloo Brewing (the "**Circular**") Shareholders (other than any Shareholders validly exercising Dissent Rights (as defined in the Circular)) will receive $4.00 in cash in exchange for each Share (without interest) (the "**Consideration**"). Pursuant to the Arrangement, all of the outstanding Options (as defined below) with an exercise price per Share less than the Consideration (the "**Acquired Options**") immediately prior to the effective time of the Arrangement (the "**Effective Time**") will be deemed to be vested and disposed of to Waterloo Brewing in consideration for a cash payment by Waterloo Brewing equal to the product obtained by multiplying (i) the amount by which the Consideration exceeds the exercise price per Share of such Acquired Option by (ii) the number of unexercised Shares underlying each such Acquired Option. Each option to acquire Shares (including all options that are not Acquired Options) (collectively, the "**Options**") issued and outstanding immediately prior to the Effective Time will thereafter be immediately cancelled. All Options that are "out-of-the-money" will be cancelled by Waterloo Brewing immediately prior to the Effective Time for no consideration.

Recommendation

The Board established a special committee (the "**Special Committee**") of independent directors of Waterloo Brewing to review, assess and consider the Arrangement and any proposed alternative transactions to the Arrangement, to negotiate or direct the negotiations of the structure, terms or conditions of the Arrangement and the Arrangement Agreement and to make recommendations to the Board regarding the Arrangement. The Arrangement was approved by the Board, upon recommendation of the Special Committee, after the Special Committee consulted with legal and financial advisors, and based in part on fairness opinions received from each of Canaccord Genuity Corp. and Paradigm Capital Inc., as more particularly described in the Circular. The Board has determined that the Arrangement is in the best interests of Waterloo Brewing and is fair to Shareholders and unanimously recommends that Securityholders vote **FOR** the Arrangement Resolution (as defined below). The determination of the Board is based

on various factors described more fully in the accompanying notice of special meeting of Securityholders (the "**Notice of Meeting**") and Circular.

The accompanying Notice of Meeting and Circular provide a description of the Arrangement and include certain additional information to assist you in considering how to vote on the Arrangement Resolution. You are urged to read this information carefully and, if you require assistance, to consult your tax, financial, legal or other professional advisors.

Reasons for the Arrangement

In evaluating and approving the Arrangement and in making its determinations and recommendations, the Special Committee and the Board considered a number of factors including, among others: that the Consideration to Shareholders represents a 19.4% premium over the closing price of the Shares on the Toronto Stock Exchange (the "**TSX**") on December 14, 2022, a 26.0% premium over the 10-day volume weighted average price of the Shares on the TSX and a premium valuation equating to an implied TEV/LTM EBITDA multiple of 12.4x based on Waterloo Brewing's third quarter results ending October 30, 2022; the receipt of the fairness opinions from each of Canaccord Genuity Corp. and Paradigm Capital Inc., as more particularly described in the Circular; and the Company's prospects including, among other things, consideration of current inflationary pressures, the continued and enhanced softness in demand in the industry, increases in government taxation on the industry and the view that no other reasonable alternative transaction opportunities are available to the Company at this time in light of the Company's recent targeted outreach to a select number of strategic buyers and 2018 strategic review process, all as more particularly described in the Circular.

The Special Committee and the Board believe that Carlsberg Breweries is an attractive counterparty with which to transact and that the Arrangement is otherwise expected to benefit the Company and its stakeholders, including the Company's employees, brands and the community in which the Company operates, as the Purchaser has indicated that the purchase was strategic with the intention to produce and grow the Parent's brands in Canada.

The Arrangement Resolution and Voting Requirements

At the Meeting, the Securityholders will be asked to consider and, if deemed advisable, pass a special resolution approving the Arrangement (the "**Arrangement Resolution**"). To be effective, the Arrangement Resolution must be passed at the Meeting by: (i) at least 66⅔% of the votes cast on the Arrangement Resolution by the Securityholders, voting as a single class, present or represented by proxy and entitled to vote at the Meeting, each being entitled to one vote per Share held and one vote per Share underlying the Options held; (ii) at least 66⅔% of the votes cast on the Arrangement Resolution by the Shareholders, voting as a separate class, present or represented by proxy and entitled to vote at the Meeting, each being entitled to one vote per Share held; and (iii) a simple majority (more than 50%) of the votes cast on the Arrangement Resolution by the Shareholders, voting as a separate class, present or represented by proxy and entitled to vote at the Meeting, each being entitled to one vote per Share held, and excluding any votes in respect of Shares that are required to be excluded pursuant to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*. Completion of the Arrangement is also subject to Court approval.

Voting and Support Agreements

Directors and two senior officers of Waterloo Brewing, holding in the aggregate (as at December 14, 2022) approximately 39% of the Shares and 45% of the Options, have entered into a support and voting agreement with the Purchaser and the Parent agreeing to, among other things, support the Arrangement and vote their Securities in favour of the Arrangement Resolution, subject to certain exceptions.

Your vote is important regardless of how many shares you own.

The Board has determined that the Arrangement is in the best interests of Waterloo Brewing and unanimously recommends that Securityholders vote FOR the Arrangement Resolution.

Vote Information

Your vote is very important regardless of the number of Shares and Options you own. If you are a registered Shareholder (i.e., your name appears on the register of the Shares maintained by or on behalf of Waterloo Brewing)

(a "**Registered Shareholder**") and/or an Optionholder and you are unable to attend the Meeting, we encourage you to complete, sign, date and return the applicable accompanying forms of proxy (the "**Forms of Proxy**") so that your Shares and/or Options can be voted at the Meeting (or at any adjournments or postponements thereof) in accordance with your instructions. To be effective, the applicable enclosed Form(s) of Proxy must be received by Waterloo Brewing's transfer agent, Computershare Investor Services Inc., according to the instructions on the Form of Proxy and not later than 10:00 a.m. (Toronto time) on February 21, 2023 or not later than 48 hours (other than a Saturday, Sunday or holiday) immediately preceding the time of the Meeting, as it may be adjourned or postponed from time to time. The deadline for the deposit of proxies may be waived or extended by the Chair of the Meeting at the Chair's discretion, without notice.

If you hold Shares through a broker, custodian, nominee or other intermediary, you should follow the instructions provided by your intermediary to ensure your vote is counted at the Meeting and should arrange for your intermediary to complete the necessary steps to ensure that you receive payment for your securities as soon as possible following completion of the Arrangement.

Letter of Transmittal

If you are a Registered Shareholder, we encourage you to complete, sign, date and return the enclosed letter of transmittal (the "**Letter of Transmittal**") in accordance with the instructions set out therein and in the Circular, together with the certificate(s) or direct registration advice statement representing your Shares, if applicable, to the Depositary (as defined in the Circular) at the address specified in the Letter of Transmittal. The Letter of Transmittal contains other procedural information relating to the Arrangement and should be reviewed carefully.

Options

Waterloo Brewing will pay the amounts, less any amounts required to be deducted or withheld under applicable Law in accordance with the Plan of Arrangement, to be paid to holders of Acquired Options (as defined in the Circular) at or as soon as reasonably practicable after the Effective Time, which payment may occur through Waterloo Brewing's payroll system or payroll provider (to the extent such holder of Acquired Options is a continuing employee of Waterloo Brewing), and such Acquired Options will immediately thereafter terminate and be cancelled.

Completion of the Arrangement

The Arrangement is subject to customary closing conditions for a transaction of the nature of the Arrangement, including the requisite approvals of the Securityholders and the Ontario Superior Court of Justice (Commercial List) (the "**Court**"). It is anticipated that the Arrangement will be completed as soon as practicable following receipt of the final order of the Court, which is expected to be obtained on or about February 28, 2023, and following the satisfaction or waiver of all other conditions precedent to the Arrangement.

The Circular

The accompanying Circular contains a detailed description of the Arrangement and the matters to be considered at the Meeting. It also includes certain risk factors relating to Waterloo Brewing and the completion of the Arrangement.

Shareholder Questions

If you have any questions or need assistance in your consideration of the Arrangement, with the completion and delivery of your proxy or about submitting your securities and Letter of Transmittal, please contact Enida Zaimi, Chief Financial Officer of Waterloo Brewing by email at investorrelations@waterloobrewing.com.

On behalf of Waterloo Brewing, I would like to thank all Securityholders for their continuing support.

Yours truly,

"George Croft"
George Croft
President and Chief Executive Officer

NOTICE OF SPECIAL MEETING OF SECURITYHOLDERS

NOTICE IS HEREBY GIVEN that, in accordance with the interim order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") rendered on January 19, 2023, as may be further varied and amended (the "**Interim Order**"), a special meeting (the "**Meeting**") of shareholders (the "**Shareholders**") of Waterloo Brewing Ltd. ("**Waterloo Brewing**" or the "**Company**") and holders of stock options of Waterloo Brewing (the "**Optionholders**", and together with the Shareholders, the "**Securityholders**") will be held in a virtual-only format, which will be conducted via live audio webcast available online at **https://meetnow.global/M74KZU2** on Thursday February 23, 2023 at 10:00 a.m. (Toronto time), for the following purposes:

(a) to consider, pursuant to the Interim Order and, if deemed advisable, to pass, with or without variation, a special resolution (the "**Arrangement Resolution**"), the full text of which is set out in Schedule "A" to the accompanying management information circular dated January 23, 2023 (the "**Circular**"), to authorize and approve a plan of arrangement (the "**Plan of Arrangement**") under Section 182 of the *Business Corporations Act* (Ontario) (the "**OBCA**") involving Waterloo Brewing and Carlsberg Canada Inc., as may be assigned and transferred to an affiliate of Carlsberg Canada Inc. in accordance with the Arrangement Agreement (the "**Purchaser**"), by which, subject to the terms and conditions of the arrangement agreement dated December 14, 2022 between Waterloo Brewing, the Purchaser and Carlsberg Breweries A/S, the parent company of the Purchaser (the "**Parent**"), the Purchaser will acquire all of the outstanding common shares in the capital of Waterloo Brewing (the "**Shares**"), as more particularly described in the accompanying Circular (the "**Arrangement**"); and

(b) to transact such other business as may properly be brought before the Meeting or any adjournment or postponement thereof.

Specific details of the matters proposed to be put before the Meeting are set forth in the Circular.

The Meeting will be held in a virtual-only format and Securityholders will not be able to attend in person. At the virtual Meeting, registered Shareholders, Optionholders and duly appointed proxyholders of such Securityholders will have an opportunity to participate, to ask questions, and to vote, all in real time, through an online portal. Non-Registered Shareholders must carefully follow the procedures set out in the Circular in order to vote virtually and ask questions through the live audiocast. Guests, including Non-Registered Shareholders who have not been duly appointed as proxyholders at the Meeting, can log into the virtual Meeting as a guest. Guests may listen to the Meeting but will not be entitled to vote or ask questions during the Meeting.

The record date for determining the Securityholders entitled to receive notice of and vote at the Meeting is the close of business on January 23, 2023 (the "**Record Date**"). Only Securityholders of record as at the Record Date are entitled to receive notice of the Meeting and to attend and vote at the Meeting or any adjournment or postponement thereof.

Also included with this notice of meeting and Circular, are a form of proxy (each, a "**Form of Proxy**") for Shareholders (printed on YELLOW paper), a Form of Proxy for Optionholders (printed on GREEN paper) and a letter of transmittal.

Securityholders of record as at the Record Date wishing to be represented by proxy at the Meeting or any adjournment or postponement thereof must deposit his, her or its completed, dated and signed Form of Proxy (if you are both a Registered Shareholder and an Optionholder, you must deposit both the YELLOW and GREEN Form of Proxy) with Waterloo Brewing's transfer agent, Computershare Investor Services Inc., by mail to Computershare Investor Services

Inc., 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, by facsimile transmission to 1-866-249-7775 within North America or 1-416-263-9524 from all other countries, electronically on the internet at www.investorvote.com or by telephone at 1-866-732-8683. prior to 10:00 a.m. (Toronto time) on Tuesday, February 21, 2023 or, if the Meeting is adjourned or postponed, not less than 48 hours (excluding a Saturday, Sunday or holiday) prior to the start of the adjourned or postponed meeting. Notwithstanding the foregoing, the Chair of the Meeting has the discretion to accept proxies received after such deadline.

If you are a Non-Registered Shareholder and have received these materials through your broker, custodian, nominee or other intermediary, please complete and return the Form of Proxy or voting instruction form provided to you by your broker, custodian, nominee or other intermediary in accordance with the instructions provided therein.

Pursuant to and in accordance with the Interim Order and the provisions of Section 185 of the OBCA (as modified or supplemented by the Interim Order, the Plan of Arrangement and any other order of the Court), each Registered Shareholder has been granted Dissent Rights (as defined in the Circular) in respect of the Arrangement Resolution and the Dissent Rights and procedures for exercising such rights are described in the accompanying Circular.

Registered Shareholders who validly dissent in respect of the Arrangement will be entitled to be paid the fair value of their Shares, subject to strict compliance with Section 185 of the OBCA, as modified by the provisions of the Interim Order, the Plan of Arrangement and any other order of the Court. Failure to comply strictly with the requirements set forth in Section 185 of the OBCA, as modified by the provisions of the Interim Order, the Plan of Arrangement and any other order of the Court may result in the loss or unavailability of any Dissent Rights.

If you have any questions about the information contained in the Circular or require assistance in completing your Form of Proxy or voting instruction form, please contact Enida Zaimi, Chief Financial Officer of Waterloo Brewing by email at investorrelations@waterloobrewing.com.

The Circular provides additional information relating to the matters to be dealt with at the Meeting and is deemed to form part of this notice of meeting. Any adjourned or postponed meeting resulting from an adjournment or postponement of the Meeting will be held at a time and place to be specified either by Waterloo Brewing before the Meeting or by the Chair at the Meeting.

DATED at Toronto, Ontario this 23rd day of January, 2023.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ *George Croft*
George Croft
President and Chief Executive Officer
Waterloo Brewing Ltd.

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SECURITYHOLDERS – QUESTIONS AND ANSWERS ABOUT THE ARRANGEMENT

The following is a summary of certain information contained in or incorporated by reference into this Circular, together with some of the questions that you, as a Securityholder, may have and answers to those questions. You are urged to read the remainder of this Circular, the applicable enclosed Form(s) of Proxy and the Letter of Transmittal carefully, because the information contained below is of a summary nature, and is qualified in its entirety by the more detailed information contained elsewhere in or incorporated by reference into this Circular (including the attached schedules to this Circular), as well as the Form of Proxy and the Letter of Transmittal, all of which are important and should be reviewed carefully. Capitalized terms in this summary have the meanings set out under the heading "Glossary of Terms".

This Circular is provided to you in connection with the solicitation by or on behalf of management of Waterloo Brewing of proxies to be used at the Meeting to be held in a virtual-only format, which will be conducted via live audio webcast available online at ***https://meetnow.global/M74KZU2*** *on* ***Thursday, February 23, 2023****, at 10:00 a.m. (Toronto time) for the purposes indicated in the Notice of Meeting.*

Securityholders will not be able to attend the Meeting in person. At the virtual Meeting, Registered Shareholders, Optionholders and duly appointed proxyholders will have an opportunity to participate, to ask questions, and to vote, all in real time, through an online portal. Non-Registered Shareholders must carefully follow the procedures set out in the Circular in order to vote virtually and ask questions through the live audiocast. Guests, including Non-Registered Shareholders who have not been duly appointed as proxyholders at the Meeting, can log into the virtual Meeting as a guest. Guests may listen to the Meeting but will not be entitled to vote or ask questions during the Meeting. The questions and answers below give general guidance for voting your Securities and other matters related to the proposed Arrangement involving Waterloo Brewing and the Purchaser pursuant to the OBCA. Unless otherwise noted, all answers relate to Registered Shareholders, Non-Registered Shareholders and Optionholders. If you have any questions, please feel free to contact Enida Zaimi, Chief Financial Officer of Waterloo Brewing (whose contact information is found below in the answer to the last question in this section).

Why did I receive this package of information?

On December 14, 2022, Waterloo Brewing entered into the Arrangement Agreement with the Purchaser and Carlsberg Breweries, whereby, subject to the terms and conditions of the Arrangement Agreement, the Purchaser will acquire all of the outstanding Shares pursuant to the Arrangement. Additionally, pursuant to the Arrangement, all of the outstanding Acquired Options will be deemed to be vested and disposed of to Waterloo Brewing in consideration for a cash payment by Waterloo Brewing equal to the Option Consideration (as defined below). Each Option issued and outstanding immediately prior to the Effective Time will thereafter be immediately cancelled. All Options that are "out-of-the-money" will be cancelled by Waterloo Brewing immediately prior to the Effective Time for no consideration.

One of the conditions of the Arrangement is that Securityholders approve the Arrangement Resolution at the Meeting. This package contains information that is intended to assist you in forming a reasoned judgement concerning the Arrangement Resolution.

Was a Special Committee formed to examine the Arrangement?

Yes. On September 7, 2022, the Board resolved to establish the Special Committee of independent directors of the Board, chaired by John Bowey and including John Bowey, Peter Schwartz, Stan Dunford, Ed Kernaghan and David Shaw, to among other things, negotiate, and if applicable, recommend approval of the Arrangement to the Board and to consider any other proposed alternative transactions.

Does the Board support the Arrangement?

Yes. The Board has unanimously determined that the Arrangement is in the best interests of Waterloo Brewing and is fair to Securityholders. Accordingly, the Board unanimously recommends that the Securityholders vote **FOR** the Arrangement Resolution.

In making its recommendation, the Board considered a number of factors as described in this Circular under the heading *"The Arrangement — Reasons for the Board Recommendation"*, including the recommendation of the Special Committee, after the Special Committee consulted with legal and financial advisors, and based in part on the Fairness Opinions received from Canaccord Genuity and Paradigm, as financial advisors to Waterloo Brewing and the Special Committee, respectively, which opinion in each case is that, based upon and subject to the limitations, assumptions and qualifications of and other matters considered in connection with the preparation of the Fairness Opinions, the consideration to be received by Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Shareholders as of the date of the Fairness Opinions. See *"The Arrangement – Background to the Arrangement"* and *"The Arrangement – Reasons for the Board Recommendation"*.

What will I receive for my Shares under the Arrangement?

If the Arrangement is completed, Shareholders (other any Dissenting Shareholder) will receive, immediately prior to the Effective Time, in exchange for each Share, the Consideration, being $4.00 in cash (without interest).

Am I entitled to vote?

You are entitled to vote if you were a holder of Shares or Options as of the close of business on January 23, 2023. Each Shareholder is entitled to one vote per Share held on all matters to come before the Meeting, including the Arrangement Resolution. Each Optionholder is entitled to one vote per Share underlying the Options held on the Arrangement Resolution.

What am I voting on?

If you are a holder of Shares or Options, you are voting to approve the Arrangement Resolution, relating to the proposed Arrangement involving Waterloo Brewing and the Purchaser pursuant to the OBCA. The full text of the Arrangement Resolution is set out in Schedule "A" to this Circular.

How can I attend the Meeting?

The Meeting will be held as a virtual-only shareholder meeting and Securityholders will not be able to attend in person. At the virtual Meeting, Registered Shareholders, Optionholders and duly appointed proxyholders will have an opportunity to participate, to ask questions, and to vote, all in real time, through an online portal. Non-Registered Shareholders must carefully follow the procedures set out in the Circular in order to vote virtually and ask questions through the live audiocast.

If you have completed and returned a Form(s) of Proxy, the persons named in the Form of Proxy will have discretionary authority to vote on amendments or variations to the business matters identified in the Notice of Meeting, and on other matters that may properly come before the Meeting. As of the date of the Circular, management of Waterloo Brewing is not aware of any amendments, variations or additional matters to come before the Meeting.

Am I a Registered Shareholder?

You are a Registered Shareholder if you hold any Shares in your own name, as recorded in the shareholder register of Waterloo Brewing maintained by Computershare Investor Services Inc.

You can inspect a list of Registered Shareholders on request during usual business hours, at the head office of Waterloo Brewing's transfer agent, Computershare Investor Services Inc., which is located at 100 University Ave., 8th Floor, Toronto, Ontario, M5J 2Y1. This list will also be available at the Meeting.

Am I a Non-Registered Shareholder (also commonly referred to as a beneficial shareholder)?

You are a Non-Registered Shareholder if your Shares are held in an account in the name of a nominee (bank, trust company, securities broker, investment dealer or other nominee). There are two kinds of Non-Registered Shareholders: (i) those who object to their names being made known to the issuers of securities which they own, known as objecting beneficial owners or "OBOs"; and (ii) those who do not object to their names being made known to the issuers of securities which they own, known as non-objecting beneficial owners or "NOBOs".

Am I an Optionholder?

You are an Optionholder if you hold any Options in your own name, as recorded in the Option register of Waterloo Brewing maintained by the Company and made available to Computershare Investor Services Inc. in connection with the Meeting.

You can inspect a list of Optionholders on request during usual business hours, at the head office of Waterloo Brewing's transfer agent, Computershare Investor Services Inc., which is located at Computershare Investor Services Inc., 100 University Ave., 8th Floor, Toronto, Ontario, M5J 2Y1. This list will also be available at the Meeting.

How do I vote if I am a Registered Shareholder and/or an Optionholder?

If you are a Registered Shareholder and/or an Optionholder, you can vote your Shares and/or Options:

(1) by accessing and voting at the virtual Meeting during the live audio webcast as follows:

   (a) log into https://meetnow.global/M74KZU2 at least 15 minutes before the start of the Meeting. Registered Shareholders should allow ample time to check into the virtual Meeting and to complete the related procedures;

   (b) enter your control number(s) provided on your applicable Form(s) of Proxy; and

   (c) follow the instructions to access the Meeting and vote when prompted;

(2) by signing and returning the applicable enclosed Form(s) of Proxy (if you are both a Registered Shareholder and an Optionholder, you must deposit both the YELLOW and GREEN Form of Proxy) appointing the named persons or some other person you choose, who need not be a Shareholder or Optionholder, to represent you as proxyholder and vote your Shares and/or Options at the Meeting;

(3) by calling the toll-free telephone number 1-866-732-VOTE (8683) Toll Free. You will be prompted to provide your control number(s) printed on the applicable Form(s) of Proxy. If you vote by telephone, you may not appoint a person as your proxy other than the Waterloo Brewing proxyholders named in the Form of Proxy or voting instruction form. Please follow the voice prompts that allow you to vote your Shares and/or Options and confirm that your instructions have been properly recorded; or

(4) via the internet at www.investorvote.com. Please follow the website prompts that allow you to vote your Shares and/or Options and confirm that your instructions have been properly recorded.

How do I vote if I am a Non-Registered Shareholder?

If you are a Non-Registered Shareholder, you will have received voting instructions from your nominee or intermediary. Typically, intermediaries will use a service company to forward such materials to Non-Registered Shareholders. The majority of intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge. Broadridge typically mails a scannable voting instruction form in lieu of the Form(s) of Proxy. The Non-Registered Shareholder is requested to complete and return the voting instruction form to Broadridge by mail or facsimile. Alternatively, the Non-Registered Shareholder may call a toll-free telephone number or access the internet to provide instructions regarding the voting of Shares held by such Non-Registered Shareholder. Broadridge then

tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Shares to be represented at the Meeting. A Non-Registered Shareholder receiving a voting instruction form cannot use that voting instruction form to vote Shares directly at the Meeting, as the voting instruction form must be returned as directed by Broadridge well in advance of the Meeting in order to have such Shares voted.

Non-Registered Shareholders may view a live audio webcast of the Meeting by going to https://meetnow.global/M74KZU2and clicking on "I am a guest".

If I am a duly appointed proxyholder, can I vote virtually at the Meeting?

Duly appointed proxyholders, including Non-Registered Shareholders who have duly appointed themselves as proxy, can access and vote at the Meeting during the live audio webcast as follows:

(a) log into https://meetnow.global/M74KZU2 . Duly appointed proxyholders should allow ample time to check into the virtual Meeting and to complete the related procedures. Waterloo Brewing recommends that you log in at least one hour before the Meeting starts;

(b) enter the control number (the control number will be provided by Computershare Investor Services Inc. provided that you have been duly appointed in accordance with the procedures outlined in this Circular); and

(c) follow the instructions to access the Meeting and vote when prompted.

How do I vote if I am both a Registered Shareholder and a Non-Registered Shareholder?

Should you hold some Shares as a Registered Shareholder and other Shares as a Non-Registered Shareholder, you will have to use the voting methods described above, as applicable, for those of your Shares for which you are a Registered Shareholder and for those of your Shares for which you are a Non-Registered Shareholder.

Who is soliciting my proxy?

The management of Waterloo Brewing is soliciting your proxy. Waterloo Brewing solicits proxies primarily by mail. Waterloo Brewing employees or agents might also use telephone or other forms of contact. Waterloo Brewing will bear the costs of solicitation of the Shareholders.

Who votes my Securities and how will they be voted if I return a Form of Proxy?

By properly completing and returning a Form of Proxy (if you are both a Registered Shareholder and an Optionholder, you must complete and return both the YELLOW and GREEN Form of Proxy), you are authorizing the persons named in that Form of Proxy to attend the Meeting and to vote your Securities. You can use the applicable enclosed Form(s) of Proxy, or any other proper proxy form, to appoint your proxyholder.

The Securities represented by your proxy must be voted as you instruct in the Form(s) of Proxy. If you properly complete and return your proxy, but do not specify how you wish the votes cast, your proxyholder will vote your Securities as they see fit.

Unless you provide contrary instructions, Securities represented by proxies that management receives will be voted **FOR** the Arrangement Resolution.

Can I appoint someone other than those named in the enclosed Form(s) of Proxys to vote my Securities?

Yes. You have the right to appoint another person of your choice. They do not need to be a Securityholder to attend and act on your behalf at the Meeting. To appoint someone who is not named in the applicable enclosed Form(s) of Proxy, strike out those printed names appearing on the Form(s) of Proxy and print in the space provided the name of the person you choose.

It is important for you to ensure that any other person you appoint will attend the Meeting and know you have appointed them. On logging into the Meeting, proxyholders must enter the applicable control number(s) and password provided.

What if my Securities are registered in more than one name or in the name of a company?

If your Securities are registered in more than one name, all registered persons must sign the Form of Proxy. If your Securities are registered in a company's name or any name other than your own, you may be required to provide documents proving your authorization to sign the Form of Proxy for that company or name. For any questions about the proper supporting documents, contact Computershare Investor Services Inc. before submitting your Form of Proxy at the address specified in the answer to the last question in this section.

Can I revoke a proxy or voting instruction?

Yes. If you are a Registered Shareholder and/or an Optionholder and have returned a Form of Proxy, you may revoke it by:

(1) completing and signing another Form of Proxy with a later date and delivering it to Computershare Investor Services Inc., by mail at 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1 (Attention: Proxy Department), before: (a) 10:00 a.m. (Toronto time) on February 21, 2023; or (b) if the Meeting is adjourned or postponed, 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting;

(2) delivering a written statement revoking the original proxy or voting instruction, signed by you or your authorized representative, to:

(a) Enida Zaimi, Chief Financial Officer of Waterloo Brewing, at the registered and head office of Waterloo Brewing located at 400 Bingemans Centre Drive, Kitchener, Ontario, N2B 3X9, before:

(i) the close of business on February 21, 2023; or

(ii) if the Meeting is adjourned or postponed, up to the close of business on the date that is two (2) Business Day before the day the Meeting is adjourned or postponed to; or

(b) the Chair of the Meeting before the Meeting begins or, if the Meeting is adjourned or postponed, before the adjourned or postponed Meeting begins; or

(3) any other manner permitted by law.

If you are a Non-Registered Shareholder, contact your nominee.

How many Securities are entitled to vote?

As of January 23, 2023, being the Record Date, there were 35,919,514 Shares and 2,960,838 Options outstanding. Each Shareholder is entitled to one vote per Share held on all matters to come before the Meeting, including the Arrangement Resolution. Each Optionholder is entitled to one vote per Share underlying the Options held on the Arrangement Resolution.

To the knowledge of the directors and officers of Waterloo Brewing, no person beneficially owns or exercises control or direction over Shares carrying 10% or more of the aggregate voting rights of the Shares, other than:

Holder	Number of Shares Beneficially owned, Directly or Indirectly, Controlled or Directed	Percentage of Outstanding Shares	Number of Options Beneficially owned, Directly or Indirectly, Controlled or Directed	Percentage of Outstanding Options
Benbrick Holdings Inc.(1)	7,483,215	20.83%	Nil	Nil
Kernwood Limited(2)	4,315,299	12.01%	Nil	Nil
Seymour Investment Management Ltd.(3)	4,950,921	13.78%	Nil	Nil

Notes:

(1) Peter Schwartz, a director of the Company, indirectly controls Benbrick Holdings Inc. and indirectly owns 1,481,218 common shares of the Company held by Benbrick Holdings Inc. Stan Dunford, a director of the Company, indirectly owns 6,001,997 of the common shares of the Company held by Benbrick Holdings Inc.

(2) Kernwood Limited is controlled by Edward H. Kernaghan, a director of the Company, and directly holds 4,315,299 common shares of the Company.

(3) Seymour Investment Management Ltd. is the investment fund manager and portfolio manager of Seymour Performance Fund, which is the beneficial owner of 4,950,921 common shares of the Company.

What do I need to do now in order to vote on the Arrangement Resolution?

You should carefully read and consider the information contained in this Circular. Registered Shareholders and Optionholders should then vote by completing the applicable enclosed Form(s) of Proxy or, alternatively, by telephone, or over the internet, in each case in accordance with the enclosed instructions. A proxy will not be valid for use at the Meeting unless the completed Form(s) of Proxy is received by Computershare Investor Services Inc., by 10:00 a.m. (Toronto time) on Tuesday, February 21, 2023 (or, if the Meeting is adjourned or postponed, at least 48 hours (excluding Saturdays, Sundays and holidays) prior to any reconvened Meeting in the event of an adjournment or a postponement of the Meeting). Waterloo Brewing reserves the right to accept late Form(s) of Proxies and to waive the proxy cut-off, with or without notice, but is under no obligation to accept or reject any particular late proxy. See *"General Proxy Information – Securityholders Entitled to Vote"*.

If you hold your Shares through a nominee (bank, trust company, securities broker, investment dealer or other nominee), please follow the instructions, including any deadlines and where the voting instructions forms should be submitted by such nominee to ensure that your vote is counted at the Meeting. See *"General Proxy Information – Voting by Non-Registered Shareholders"*.

Have any Securityholders committed to voting for the Arrangement Resolution?

Directors and two senior officers of Waterloo Brewing, holding in the aggregate (as at December 14, 2022) approximately 39% of the Shares and 45% of the Options, have entered into a support and voting agreement with the Purchaser and the Parent agreeing to, among other things, support the Arrangement and irrevocably vote their Securities in favour of the Arrangement Resolution, subject to certain exceptions.

Should I send in my Letter of Transmittal and Share certificates?

Yes. Although you are not required to send your Share certificate(s) to validly cast your vote in respect of the Arrangement Resolution, it is recommended that all Registered Shareholders complete, sign and return the Letter of Transmittal, along with the accompanying Share certificate(s) or direct registration advice statement, if applicable, to the Depositary as soon as possible. Should the Arrangement not proceed for any reason, the deposited Share certificate(s) or other relevant documents will be returned in accordance with the instructions provided by the holder in the Letter of Transmittal.

Shareholders whose Shares are registered in the name of a nominee (bank, trust company, securities broker, investment dealer or other nominee) should contact that nominee for assistance in depositing their Shares and should follow the instructions of such nominee in order to deposit their Shares.

Should I send in my proxy now?

Yes. To ensure your vote is counted, you need to complete and submit the applicable enclosed Form(s) of Proxy or, if applicable, provide your nominee (bank, trust company, securities broker, investment dealer or other nominee) with voting instructions. You are encouraged to vote well in advance of the proxy cut-off at 10:00 a.m. (Toronto time) on Tuesday, February 21, 2023 (or at least 48 hours (excluding Saturdays, Sundays and holidays) prior to any reconvened Meeting in the event of an adjournment or a postponement of the Meeting).

What will happen to my Options in connection with the Arrangement?

Under the terms of the Arrangement, all of the Acquired Options immediately prior to the Effective Time, being all vested Options with an exercise price per Share less than the Consideration, will be disposed of to Waterloo Brewing in consideration for a cash payment by Waterloo Brewing equal to the Option Consideration (as defined below). Each Option (including all Options that are not Acquired Options) issued and outstanding immediately prior to the Effective Time will thereafter be immediately cancelled.

What approvals are required to be given by Securityholders at the Meeting?

Completion of the Arrangement is conditional upon approval of the Arrangement Resolution, which must be approved, with or without variation, by (i) at least 66⅔% of the votes cast on the Arrangement Resolution by the Securityholders, voting as a single class, present or represented by proxy and entitled to vote at the Meeting, each being entitled to one vote per Share held and one vote per Share underlying the Options held; (ii) at least 66⅔% of the votes cast on the Arrangement Resolution by the Shareholders, voting as a separate class, present or represented by proxy and entitled to vote at the Meeting, each being entitled to one vote per Share held; and (iii) a simple majority (more than 50%) of the votes cast on the Arrangement Resolution by the Shareholders, voting as a separate class, present or represented by proxy and entitled to vote at the Meeting, each being entitled to one vote per Share held, and excluding any votes in respect of Shares that are required to be excluded pursuant to MI 61-101 which is scheduled to be held on Thursday, February 23, 2023 at 10:00 a.m. (Toronto time).

What other approvals are required for the Arrangement?

The Arrangement requires the approval of the Court. The Court will be asked to make an order approving the Arrangement and to determine that the Arrangement is fair to the Securityholders. On January 19, 2023, Waterloo Brewing obtained the Interim Order providing for the calling, holding and conducting of the Meeting and other procedural matters. A Notice of Application for Final Order to approve the Arrangement has been filed. See *"The Arrangement — Securityholder and Court Approvals"* and *"The Arrangement — Regulatory Approvals"*.

The Purchaser and the Parent are not required to obtain shareholder approval in connection with the Arrangement.

What will happen to Waterloo Brewing if the Arrangement is completed?

If the Arrangement is completed, the Purchaser will acquire all of the Shares and Waterloo Brewing will become a wholly-owned subsidiary of the Purchaser. It is anticipated that the Company will apply to the applicable Canadian securities regulators to have the Company cease to be a reporting issuer and have the Shares delisted from the TSX following completion of the Arrangement.

What will happen if the Arrangement Resolution is not approved or the Arrangement is not completed for any reason?

If the Arrangement Resolution is not approved or the Arrangement is not completed for any reason, the Arrangement Agreement may be terminated. In certain circumstances, Waterloo Brewing will be required to pay to the Purchaser a

termination payment of $6 million in connection with such termination. See *"The Arrangement Agreement — Termination"* and *"The Arrangement Agreement — Termination Fee"*.

When will the Arrangement become effective?

Subject to obtaining the requisite approvals of the Securityholders and the Court described above, it is anticipated that the Arrangement will be completed as soon as practicable following receipt of the Final Order, which is expected to be obtained on or about February 28, 2023, and the satisfaction or waiver of all other conditions precedent to the Arrangement.

Do I have Dissent Rights?

Only Registered Shareholders have Dissent Rights in respect of the Arrangement. Registered Shareholders who wish to exercise their Dissent Rights must deliver written notice thereof to Waterloo Brewing: (i) at 400 Bingemans Centre Drive, Kitchener, Ontario N2B 3X9; or (ii) by facsimile transmission to 519-742-7729 (Attention: Enida Zaimi, Chief Financial Officer of the Company), in either case, to be received by no later than 5:00 p.m. (Toronto time) on Tuesday February 21, 2023, or, in the case of any adjournment or postponement of the Meeting, by no later than 5:00 p.m. (Toronto time) on the date that is two (2) Business Days immediately preceding the date to which the Meeting is adjourned or postponed. A Non-Registered Shareholder who wishes that Dissent Rights be exercised in respect of its Shares should immediately contact the nominee (bank, trust company, securities brokers, investment dealer or other nominee) with whom the Non-Registered Shareholder deals.

What if I have other questions?

If you have any questions regarding the Meeting, please contact:

Transfer Agent: Computershare Investor Services Inc.
1-800-564-6253 (North American Toll Free)
1-514-982-7555 (Collect Outside North America)
1-888-453-0330 (Facsimile)
service@computershare.com (E-mail)

Waterloo Brewing: Waterloo Brewing Ltd.
Enida Zaimi
Chief Financial Officer
519-742-2732 ext. 106 (Telephone)
519-742-7729 (Facsimile)
enidaz@waterloobrewing.com (E-mail)

MANAGEMENT INFORMATION CIRCULAR

This Circular is furnished in connection with the solicitation of proxies by or on behalf of the management of Waterloo Brewing for use at the Meeting to be held in a virtual-only format, which will be conducted via live audio webcast available online at **https://meetnow.global/M74KZU2**, on Thursday, February 23, 2023 at 10:00 a.m. (Toronto time) and at any adjournment(s) or postponement(s) thereof for the purposes set forth in the accompanying notice of special meeting of Securityholders (the "**Notice of Meeting**"). All summaries of, and references to, the Arrangement Agreement, the Plan of Arrangement, the Arrangement Resolution, the Support and Voting Agreement and the Fairness Opinions in this Circular are qualified in their entirety by reference to the complete texts of these documents, each of which is either included as a schedule to this Circular or filed on SEDAR under Waterloo Brewing's issuer profile at www.sedar.com. Securityholders are urged to carefully read the full text of these documents.

The Meeting will be held in a virtual-only format and Securityholders will not be able to attend in person. At the virtual Meeting, registered Shareholders and duly appointed proxyholders will have an opportunity to participate, to ask questions, and to vote, all in real time, through an online portal. Non-Registered Shareholders must carefully follow the procedures set out in the Circular in order to vote virtually and ask questions through the live audiocast. Guests, including non-registered Shareholders and Optionholders who have not been duly appointed as proxyholders at the Meeting, can log into the virtual Meeting as a guest. Guests may listen to the Meeting but will not be entitled to vote or ask questions during the Meeting.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Except for the statements of historical fact contained herein, the information presented in this Circular and the information incorporated by reference herein, constitutes "forward-looking statements" within the meaning of the *United States Private Securities Litigation Reform Act of 1995*, as amended, and "forward-looking information" within the meaning of applicable Canadian Securities Laws (together, the "**forward-looking statements**") concerning the business, operations, plans and financial performance and condition of Waterloo Brewing. Often, but not always, forward-looking statements can be identified by words such as "*pro forma*", "plans", "expects", "may", "should", "could", "will", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "believes", or variations including negative variations thereof of such words and phrases that refer to certain actions, events or results that may, could, would, might or will occur or be taken or achieved. These forward-looking statements include but are not limited to statements and information concerning: the Arrangement; covenants of Waterloo Brewing and the Purchaser; the timing for implementation of the Arrangement; the potential benefits of the Arrangement; the likelihood of the Arrangement being completed; principal steps to the Arrangement; statements made in, and based on the Fairness Opinions; Securityholder approval and Court approval of the Arrangement; and other events or conditions that may occur in the future.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual plans, results, performance or achievements of Waterloo Brewing to differ materially from any future plans, results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others:

- the timing, closing or non-completion of the Arrangement, for any reason including due to the Parties failing to receive, in a timely manner and on satisfactory terms, the necessary Court and Securityholder approvals or the inability of the Parties to satisfy or waive in a timely manner the other conditions to the closing or the conditions precedent, as applicable, of the Arrangement;

- risks associated with Waterloo Brewing receiving a Superior Proposal;

- risks associated with de-listing the Shares from the TSX;

- adverse changes to market, political and general economic conditions or laws, rules and regulations applicable to Waterloo Brewing;

- fluctuations in foreign exchange or interest rates;
- stock market volatility and market valuations; and
- factors discussed under the heading "*Risk Factors*" of this Circular.

In addition, forward-looking statements contained in this Circular is based on certain assumptions and involves risks related to the completion or non-completion of the Arrangement and the business and operations of Waterloo Brewing. Forward-looking statements contained in this Circular is based on certain assumptions including that:

- Securityholders will vote in favour of the Arrangement Resolution;
- the Court will approve the Arrangement;
- all other conditions to the Arrangement will be satisfied or waived; and
- the Arrangement will be completed.

Other assumptions include, but are not limited to: interest and exchange rates; competitive conditions in the beverage industry; general economic, political and market conditions; and changes in laws, rules and regulations applicable to the Purchaser and Waterloo Brewing.

Although Waterloo Brewing has attempted to identify important factors that could cause plans, actions, events or results to differ materially from those described in forward-looking statements in this Circular, and the documents incorporated by reference in this Circular, there may be other factors that cause plans, actions, events or results not to be as anticipated, estimated or intended. There is no assurance that such statements will prove to be accurate as actual plans, results and future events could differ materially from those anticipated in such statements or information.

Accordingly, readers should not place undue reliance on forward-looking statements in this Circular, nor in the documents incorporated by reference in this Circular. All of the forward-looking statements made in this Circular, including all documents incorporated by reference in this Circular, are qualified by these cautionary statements.

Certain of the forward-looking statements and other information contained in this Circular concerning the beverage industry and Waterloo Brewing's general expectations concerning the beverage industry are based on estimates prepared by Waterloo Brewing using data from publicly available industry sources as well as from market research and industry analysis, on assumptions based on data and knowledge of the industry, which Waterloo Brewing believes to be reasonable. However, although generally indicative of relative market positions, market shares and performance characteristics, this data is inherently imprecise. While Waterloo Brewing is not aware of any misstatement regarding any industry data presented herein, the beverage industry involves risks and uncertainties that are subject to change based on various factors.

Waterloo Brewing undertakes no obligation to update any of the forward-looking statements in this Circular or incorporated by reference in this Circular, except as required by law.

GENERAL MATTERS

Reporting Currencies and Accounting Principles

Unless otherwise indicated, all references to "$" or "C$" in this Circular refer to Canadian dollars.

Statutory References

Any reference in this Circular to a statute includes all regulations and rules made thereunder, all amendments to such statute or regulation in force from time to time and any statute or regulation that supplements or supersedes such statute or regulation.

Information Contained in this Circular

The information contained in this Circular is given as at January 23, 2023, except where otherwise noted and except that information in documents incorporated by reference is given as of the dates noted therein. No person has been authorized to give any information or to make any representation in connection with the Arrangement and other matters described herein other than those contained in this Circular and, if given or made, any such information or representation should be considered not to have been authorized by Waterloo Brewing.

This Circular does not constitute the solicitation of an offer to purchase, or the making of an offer to sell, any securities or the solicitation of a proxy by any person in any jurisdiction in which such solicitation or offer is not authorized or in which the person making such solicitation or offer is not qualified to do so or to any person to whom it is unlawful to make such solicitation or offer.

Information contained in this Circular should not be construed as legal, tax or financial advice and Securityholders are urged to consult their own professional advisors to obtain legal, tax or financial advice.

Descriptions in this Circular of the terms of the Arrangement Agreement, the Plan of Arrangement and the Support and Voting Agreement are summaries of the terms of those documents and are qualified in their entirety by such terms. Securityholders should refer to the full text of each of the Arrangement Agreement, the Plan of Arrangement and the Support and Voting Agreement for complete details of those documents. The full text of the Arrangement Agreement, which is incorporated by reference in this Circular, may be viewed on SEDAR under Waterloo Brewing's issuer profile at www.sedar.com and may also be obtained on request without charge from Waterloo Brewing's Chief Financial Officer by email at investorrelations@waterloobrewing.com or by telephone at 519-742-2732 ext. 106. The Plan of Arrangement is attached hereto as Schedule "B" – "*Plan of Arrangement*" to this Circular.

Information Contained in this Circular Regarding the Purchaser and the Parent

Certain information in this Circular pertaining to the Purchaser and Carlsberg Breweries, including, but not limited to, information pertaining to the Purchaser and Carlsberg Breweries under the section *"Information Concerning the Purchaser and Carlsberg Breweries"* in this Circular, has been furnished by Carlsberg Breweries. With respect to this information, the Board has relied exclusively upon Carlsberg Breweries, without independent verification by Waterloo Brewing. Although Waterloo Brewing does not have any knowledge that would indicate that such information is untrue or incomplete, neither Waterloo Brewing nor any of its directors or officers assumes any responsibility for the accuracy or completeness of such information or for the failure by Carlsberg Breweries to disclose events or information that may affect the completeness or accuracy of such information. See *"Information Concerning the Purchaser and Carlsberg Breweries"*.

Notice to Securityholders in the United States

THIS CIRCULAR AND THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR ANY OTHER SECURITIES REGULATORY AUTHORITY IN ANY STATE OF THE UNITED STATES, NOR HAS THE SEC OR ANY SECURITIES REGULATORY AUTHORITY IN ANY STATE OF THE UNITED STATES PASSED UPON THE FAIRNESS OR MERITS OF THE

ARRANGEMENT OR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

Waterloo Brewing, a corporation existing under the laws of the Province of Ontario, this Circular and the solicitation of proxies contemplated in this Circular are not subject to the proxy solicitation and disclosure requirements of the U.S. Exchange Act and the rules and regulations promulgated thereunder and therefore, this solicitation is not being effected in accordance with those proxy rules and regulations under the U.S. Exchange Act. The solicitation of proxies is being made, and the transactions contemplated herein are being undertaken, by a Canadian issuer in accordance with applicable Canadian federal and provincial corporate and securities laws, and this Circular has been prepared in accordance with the federal and provincial disclosure requirements applicable in Canada. Securityholders in the United States should be aware that disclosure requirements under such Canadian laws are different from those of the United States applicable to registration statements and proxy statements under U.S. federal and state securities laws. Securityholders in the United States should also be aware that other requirements under Canadian Laws may differ from those required under United States corporate and U.S. Securities Laws. The enforcement by Shareholders and Optionholders of rights, claims and civil liabilities under U.S. federal or state securities laws may be affected adversely by the fact that Waterloo Brewing exists under the laws of the Province of Ontario, the Purchaser exists under the federal laws of Canada and Carlsberg Breweries exists under the laws of Denmark, that some or all of their respective officers and directors or experts named herein, if any, are not residents of the United States and that all or substantially all of the respective assets of such persons are located outside the United States. You may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of U.S. federal or state securities laws. It may be difficult to compel such parties or affiliates of a non-U.S. company to subject themselves to the jurisdiction of a court in the United States or to enforce a judgment obtained from a court in the United States. In addition, you should not assume that the courts of Canada: (i) would enforce judgments of United States courts obtained in actions against such persons predicated upon civil liabilities under the federal securities laws of the United States or applicable securities laws of any state within the United States; or (ii) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under the federal securities laws of the United States or applicable securities laws of any state within the United States.

Securityholders in the United States should be aware that the financial statements and financial information of Waterloo Brewing, as publicly filed on SEDAR (www.sedar.com) under Waterloo Brewing's issuer profile, are prepared in accordance with IFRS as issued by the International Accounting Standards Board and are subject to Canadian auditing and auditor independence standards, each of which differ in certain material respects from U.S. generally accepted accounting principles and auditing and auditor independence standards and thus may not be comparable in all respects to financial statements and information of U.S. companies.

Shareholders and Optionholders should be aware that the Arrangement, the transactions described in this Circular and the Arrangement Agreement, and the sale, exchange, exercise or disposition of any such securities discussed in this Circular may have tax consequences under Canadian or United States state, local or foreign tax law. Such consequences for such holders may not be described fully herein. Shareholders and Optionholders are advised to consult their own tax advisors to determine the particular tax consequences to them of the Arrangement in light of their particular situation.

No broker, dealer, salesperson or other person has been authorized to give any information or make any representation other than those contained in this Circular and, if given or made, such information or representation must not be relied upon as having been authorized by Waterloo Brewing, Carlsberg Breweries or the Purchaser.

SUMMARY OF CIRCULAR

This Summary should be read together with and is qualified in its entirety by the more detailed information and financial data and statements contained elsewhere in this Circular, including the Schedules hereto and documents incorporated into this Circular by reference. Capitalized terms in this Summary have the meanings set out in the Glossary of Terms or as set out in this Summary. The full text of the Arrangement Agreement, which is incorporated by reference in this Circular, may be viewed on SEDAR at www.sedar.com under Waterloo Brewing's issuer profile, and may also be obtained on request without charge from Waterloo Brewing's Chief Financial Officer by email at investorrelations@waterloobrewing.com or by telephone at 519-742-2732 ext. 106.

The Meeting

The Meeting will be held virtually via live audio webcast online at **https://meetnow.global/M74KZU2** on **Thursday, February 23, 2023**, at 10:00 a.m. (Toronto time).

The Securityholders Entitled to Vote

The record date for determining the Securityholders entitled to receive notice of and to vote at the Meeting is January 23, 2023. Only Securityholders of record as of the close of business (Toronto time) on the Record Date are entitled to receive notice of and to vote at the Meeting.

Purpose of the Meeting

The purpose of the Meeting is for Securityholders to consider and vote upon the Arrangement Resolution, the full text of which is set out in Schedule "A" to this Circular. Particulars of the subject matter relating to the Arrangement are described in this Circular under the heading "*The Arrangement*".

The Board unanimously recommends that Securityholders vote FOR the Arrangement Resolution.

Parties to the Arrangement

The Purchaser is a corporation governed by the *Canada Business Corporations Act* and the Parent is a corporation governed by the laws of Denmark. The Parent's head and registered office are located at 1, J.C. Jacobsens Vej, DK1799 Copenhagen, Denmark.

Waterloo Brewing is a corporation existing under the OBCA. Waterloo Brewing's head office and registered office is located at 400 Bingemans Centre Drive, Kitchener, Ontario, N2B 3X9. The Shares are listed for trading on the TSX under the symbol "WBR".

Effects of the Arrangement

The purpose of the Arrangement is to effect the acquisition by the Purchaser of Waterloo Brewing. The Arrangement will take place on the terms contained in the Arrangement Agreement and the Plan of Arrangement. When the Arrangement is complete, the Purchaser will acquire all of the issued and outstanding Shares and Waterloo Brewing will become a wholly-owned subsidiary of the Purchaser.

Shareholders

Under the terms of the Arrangement, Shareholders (other than any Dissenting Shareholders) will receive the Consideration, in exchange for each Share.

A Dissenting Shareholder who exercises Dissent Rights is entitled to be paid an amount equal to the fair value (determined as of the close of the last Business Day before the Arrangement Resolution is approved at the Meeting) of all, but not less than all, of such holder's Shares, provided the holder validly dissents to the Arrangement Resolution and the Arrangement becomes effective.

See "*The Arrangement – Effects of the Arrangement – Shareholders*", *"Procedure for Exchange of Shares", "The Arrangement – Description of the Arrangement"* and "*The Arrangement – Dissent Rights"*.

Optionholders

Pursuant to the Arrangement, each Acquired Option immediately prior to the Effective Time will be deemed to be vested and disposed of to Waterloo Brewing in consideration for a cash payment by Waterloo Brewing equal to Option Consideration. Each Option issued and outstanding immediately prior to the Effective Time will thereafter be immediately cancelled. All Options that are "out-of-the-money" will be cancelled by Waterloo Brewing immediately prior to the Effective Time for no consideration.

See *"The Arrangement – Description of the Arrangement"*.

Securityholder Approval

The requisite approval for the Arrangement Resolution will be: (i) at least 66⅔% of the votes cast on the Arrangement Resolution by the Securityholders, voting as a single class, present or represented by proxy and entitled to vote at the Meeting, each being entitled to one vote per Share and one vote per Share underlying the Options held; (ii) at least 66⅔% of the votes cast on the Arrangement Resolution by the Shareholders, voting as a separate class, present or represented by proxy and entitled to vote at the Meeting, each being entitled to one vote per Share held; and (iii) a simple majority (more than 50%) of the votes cast on the Arrangement Resolution by the Shareholders, voting as a separate class, present or represented by proxy and entitled to vote at the Meeting, each being entitled to one vote per Share held, and excluding any votes in respect of Shares that are required to be excluded pursuant to MI 61-101 (the "**Required Approval**").

The Arrangement Resolution must be approved in order for Waterloo Brewing to seek the Final Order and implement the Arrangement on the Effective Date. See *"The Arrangement – Securityholder and Court Approvals"*.

The Arrangement

Background to the Arrangement

The Arrangement and the provisions of the Arrangement Agreement are the result of arm's length negotiations conducted between representatives of the Parent, the Purchaser and Waterloo Brewing. A summary of the material events leading up to the negotiation of the Arrangement Agreement and the material meetings, negotiations and discussions between the Parties that preceded the execution and public announcement of the Arrangement Agreement is included in this Circular under the heading *"The Arrangement – Background to the Arrangement"*.

Recommendation of the Special Committee

The Special Committee was formed by the Board to review, assess and consider the Arrangement and any proposed alternative transactions to the Arrangement, to negotiate or direct the negotiations of the structure, terms or conditions of the Arrangement and the Arrangement Agreement and to make recommendations to the Board regarding the Arrangement.

After careful consideration, including a thorough review of, among other things, the factors described under the section titled "*The Arrangement – Reasons for the Board Recommendation*" in this Circular, and having consulted with legal and financial advisors, the Special Committee unanimously determined that the Arrangement is fair to Shareholders and is in the best interests of Waterloo Brewing.

The Special Committee unanimously recommended that the Board approve the Arrangement and enter into the Arrangement Agreement and that the Board recommend that Securityholders vote in favour of the Arrangement Resolution.

See "*The Arrangement – Recommendation of the Special Committee*".

Recommendation of the Board

Acting upon the unanimous recommendation of the Special Committee, and after considering, among other things, the factors described under the section titled "*The Arrangement – Reasons for the Board Recommendation*" in this Circular, the Board has unanimously determined that the Arrangement is fair to Shareholders and is in the best interests of Waterloo Brewing.

Accordingly, the Board has approved the transactions contemplated by the Arrangement Agreement, and unanimously recommends that Securityholders vote FOR the Arrangement Resolution.

See *"The Arrangement – Recommendation of the Board"*.

Reasons for the Recommendation

In evaluating and approving the Arrangement and in making its determinations and recommendations, each of the Special Committee and the Board gave careful consideration to the expected future position of the business of Waterloo Brewing and all of the terms of the Arrangement Agreement and the Plan of Arrangement. The Special Committee and the Board considered a number of factors including, without limitation:

- *Pricing Terms*. Shareholders will be entitled to receive the Consideration under the Plan of Arrangement, which represents a 19.4% premium over the closing price of the Shares on the TSX on December 14, 2022, the last trading day prior to the announcement of the entering into of the Arrangement Agreement, and a 26.0% premium over the 10-day volume weighted average price of the Shares on the TSX. The Consideration represents a premium valuation equating to an implied TEV/LTM EBITDA multiple of 12.4x based on Waterloo Brewing's third quarter results ending October 30, 2022.

- *Receipt by the Special Committee and the Board of the Fairness Opinions.* The Special Committee and the Board have received the Fairness Opinions from Paradigm, the financial advisor to the Special Committee, and Canaccord Genuity, the financial advisor to Waterloo Brewing, each of which has concluded that the Consideration to be received by Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Shareholders. A copy of the Fairness Opinions are attached as Schedule "C" and Schedule "D" to this Circular. Securityholders are urged to review and consider the Fairness Opinions in their entirety.

- *Cash Consideration*. The Consideration to be paid pursuant to the Arrangement is all-cash, which allows Shareholders to immediately realize value for all of their investment, provides certainty of value and immediate near-term liquidity and removes the uncertainties to Shareholders associated with potential future operational challenges and performance of the Company and limited liquidity of the Shares. The Arrangement provides the Company with another solution to address the Company's ability to generate sufficient cash flows to fund near-term liquidity needs.

- *Identity of Carlsberg Breweries.* The Special Committee and the Board believes that Carlsberg Breweries is an attractive counterparty with which to transact and that the Arrangement is otherwise expected to benefit the Company and its stakeholders, including the Company's employees, brands and the community in which the Company operates, as the Purchaser has indicated that the purchase was strategic with the intention to produce and grow the Parent's brands in Canada.

- *No Financing Condition.* The Purchaser's obligations under the Arrangement Agreement are unconditionally guaranteed by Carlsberg Breweries, a large global beer company, and the existing cash resources on its balance sheet. The Purchaser has represented that, as of the Effective Date, the Purchaser will have sufficient funds available to satisfy the aggregate Consideration for the Shares and Option Consideration for the Acquired Options in connection with the Arrangement in accordance with the terms of the Arrangement Agreement.

- *Support and Voting Agreements with Significant Supporting Securityholders.* Directors and two senior officers of Waterloo Brewing, who collectively held approximately 39% of the outstanding Shares and

approximately 45% of the outstanding Options as at December 14, 2022, entered into the Support and Voting Agreement pursuant to which they have agreed to irrevocably vote in favour of the Arrangement Resolution.

- *Special Committee oversight.* The negotiation of the Arrangement was overseen and directed by the Special Committee which is comprised entirely of independent directors. The Special Committee and the Board were advised by highly qualified financial and legal advisors. The Arrangement was unanimously recommended to the Board by the Special Committee.

- *Court Approval.* The Arrangement Resolution must be approved by the Court, which will consider, among other things, the fairness and reasonableness of the Arrangement to Shareholders.

- *Deal Certainty; Limited Number of Conditions*. Purchaser's obligation to complete the Arrangement is subject to a limited number of conditions that the Board believes are reasonable in the circumstances. The Arrangement is not subject to any financing condition or conditional upon Purchaser completing further due diligence or obtaining any regulatory approval.

- *Negotiated Transaction*. The Arrangement Agreement is the result of a rigorous arm's length negotiation process and includes terms and conditions that are reasonable in the circumstances, with the oversight and participation of the Special Committee and the financial and legal advisors of the Company and the Special Committee.

- *Company's Prospects*. The Special Committee and the Board concluded, after a through review and after receipt of financial advice from two highly qualified financial advisors, that the cash Consideration offered to Shareholders under the Arrangement is more favourable to such Shareholders than the potential value that might have resulted from alternatives reasonably available to Waterloo Brewing, including its current business plan, taking into consideration the advantages, disadvantages and risks associated with those other alternatives, the Company's current and historical financial conditions and the results of operations and prospects including, among other things, consideration of current inflationary pressures, the continued and enhanced softness in demand in the industry, increases in government taxation on the industry and the view that no other serious alternative transaction opportunities are available at this time in light of the Company's recent targeted outreach to a select number of strategic buyers and 2018 strategic review process, all as more particularly described in the Circular.

- *Dissent Rights*. Registered Shareholders who do not vote in favour of the Arrangement will have the right to require a judicial appraisal of their Shares and obtain fair value pursuant to the proper exercise of Dissent Rights.

See *"The Arrangement – Reasons for the Board Recommendation" and "The Arrangement – Fairness Opinions"*.

The reasons of the Special Committee and the Board for recommending the Arrangement include certain assumptions relating to forward-looking statements, and such information and assumptions are subject to various risks. See *"Cautionary Statement Regarding Forward-Looking Statements"* and *"Risk Factors – Risk Factors Relating to the Arrangement"* in this Circular.

Description of the Arrangement

The following description of the Arrangement is qualified in its entirety by reference to the full text of the Plan of Arrangement, the form of which is attached as Schedule "B" – "*Plan of Arrangement*" of this Circular.

If approved, the Arrangement will become effective at the Effective Time and will be binding at and after the Effective Time on each of Waterloo Brewing, the Purchaser, the Parent, Former Shareholders, Former Optionholders and the Depositary.

The following is a summary of the key events or transactions that will occur and will be deemed to occur in the following sequence without any further act or formality commencing at the Effective Time:

1. each Share held by a Dissenting Shareholder in respect of which Dissent Rights have been validly exercised will be transferred, without any further act or formality by or on behalf of such Dissenting Shareholder, to the Purchaser (free and clear of all Liens) in consideration for a debt claim against the Purchaser for the amount determined under the Plan of Arrangement, and:

    (a) each Dissenting Shareholder will cease to be the holder of such Share and will cease to have any rights as a holder of such Share other than the right to be paid fair value for such Share in accordance with the Plan of Arrangement;

    (b) the name of each Dissenting Shareholder will be removed as a holder of Shares from the register of Shares maintained by or on behalf of the Company; and

    (c) the Purchaser will be deemed to be the transferee of such Share (free and clear of all Liens, other than the Dissenting Shareholder's right to be paid fair value for such Shares as set out in the Plan of Arrangement) and will be entered in the register of Shares maintained by or on behalf of the Company as the holder of such Share;

2. the Purchaser will advance a loan to the Company having a principal amount equal to the aggregate Option Consideration payable in respect of all Options to be acquired by the Company in accordance with the Plan of Arrangement, which amount will be advanced to the Company from the funds deposited with the Depositary in accordance with the Plan of Arrangement (the "**Advance**"), and, notwithstanding the terms of the Stock Option Plan, any grant agreement or any other vesting provision applicable to an Option, and without any further act or formality by or on behalf of the holder of an Option:

    (a) each Out-Of-The-Money Option outstanding immediately prior to the Effective Time (whether vested or unvested) will be immediately cancelled for no consideration, and such holder of such Out-Of-The-Money Option will cease to be a holder of such Out-Of-The-Money Option, and their name will be removed as a holder of Options from the register of Options maintained by or on behalf of the Company;

    (b) each In-The-Money Option will be deemed to be vested and exercisable immediately, following which each In-The-Money Option that is outstanding immediately prior to the Effective Time and that has not been duly exercised prior to the Effective Time will be disposed of to the Company in consideration for a cash payment by the Company, which amount will be paid to the holders of the In-the-Money Options from the funds deposited by the Purchaser with the Depositary on account of the Advance, equal to the product obtained by multiplying (i) the amount by which the Consideration exceeds the exercise price per Share of such In-The-Money Option by (ii) the number of unexercised Shares underlying such In-The-Money Option, such payment being subject to, for greater certainty, applicable withholdings and other source deductions in accordance with the Plan of Arrangement;

    (c) each In-The-Money Option outstanding immediately prior to the Effective Time will thereafter be immediately cancelled, and such holder will cease to be a holder of such In-The-Money Option, and their name will be removed as a holder of Options from the register of Options maintained by or on behalf of the Company, and the former holder of such In-The-Money Option will thereafter have only the right to receive the consideration to which such holder is entitled pursuant to the Plan of Arrangement in the manner specified in the Plan of Arrangement; and

    (d) the Stock Option Plan and all agreements relating to the Options will be terminated and be of no further effect, and none of the Company or any of its affiliates will have any liabilities or obligations with respect to such plan or agreements except in accordance with the terms of the Plan of Arrangement.

3. each Share held by a holder of Shares (other than any Share held by a Dissenting Shareholder in respect of which Dissent Rights have been validly exercised), will be transferred by the holder thereof, without any

further act or formality by or on behalf of the holder of such Shares, to the Purchaser in exchange for the Consideration, and:

(a) each holder of Shares will cease to be a holder of such Shares and will cease to have any rights as a holder of Shares other than the right to be paid the Consideration in accordance with the Plan of Arrangement;

(b) the name of each holder of Shares will be removed as a holder of Shares from the register of Shares maintained by or on behalf of the Company; and

(c) the Purchaser will be deemed to be the transferee of such Shares free and clear of all Liens and will be entered in the register of Shares maintained by or on behalf of the Company as the holder of such Shares.

4. the ESPP and all agreements related thereto will be terminated, and none of the Company or any of its affiliates will have any liabilities or obligations with respect to such plan, and no Shares will be issued or issuable under the ESPP after the Effective Time.

See the Plan of Arrangement attached as Schedule "B" – "*Plan of Arrangement*" for additional information.

Guarantee of the Parent

Under the Arrangement Agreement, the Parent has unconditionally, absolutely and irrevocably guaranteed in favour of Waterloo Brewing all of the obligations of the Purchaser under the Arrangement Agreement and the Arrangement. See *"The Arrangement – Guarantee of the Parent"*.

Fairness Opinions

Paradigm and Canaccord Genuity each delivered its Fairness Opinion to the Special Committee and Board on December 14, 2022. Pursuant to the Fairness Opinions, each of Paradigm and Canaccord Genuity determined that, as of December 14, 2022 and based upon and subject to the assumptions, limitations, qualifications and other matters contained therein, the Consideration to be received by the Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Shareholders. The full text of the Fairness Opinions, setting out the assumptions made, matters considered and limitations and qualifications on the review undertaken in connection with the Fairness Opinions, are attached as Schedule "C" – "*Fairness Opinion of Canaccord Genuity Corp.*" and Schedule "D" – "*Fairness Opinion of Paradigm Capital Inc.*" to this Circular.

The Fairness Opinions were provided solely for the use of the Special Committee and the Board in their consideration of the Arrangement and is not a recommendation to any Securityholder as to how to vote or act on any matter relating to the Arrangement.

Waterloo Brewing encourages Securityholders to read the Fairness Opinions carefully and in their entirety. The summaries of the Fairness Opinions in this Circular are qualified in their entirety by reference to the full text of the Fairness Opinions.

See *"The Arrangement – Fairness Opinions"* of this Circular.

The Arrangement Agreement

The Arrangement will be effected in accordance with the Arrangement Agreement, the full text of which may be viewed on SEDAR at www.sedar.com. A summary of the material terms of the Arrangement Agreement, including a summary of the Termination Fee that is payable by Waterloo Brewing to the Purchaser in the event that the Arrangement is not completed under certain circumstances, is set out under the heading *"The Arrangement Agreement – Termination Fee"* in this Circular and is subject to and qualified in its entirety by the full text of the Arrangement Agreement, which is incorporated by reference in this Circular.

The Support and Voting Agreement

Each of the Supporting Securityholders have entered into a Support and Voting Agreement with the Purchaser and the Parent in respect of Securities representing, in the aggregate, approximately 39% of the outstanding Shares and approximately 45% of the outstanding Options as at December 14, 2022. The Support and Voting Agreement sets forth, among other things and subject to certain exceptions, the agreement of such Supporting Securityholders to irrevocably vote their Securities in favour of the Arrangement Resolution at the Meeting and any matters related to the Arrangement, as contemplated by the Arrangement Agreement.

A summary of the key terms of the Support and Voting Agreement is included under the heading "*The Voting Agreement*" of this Circular.

Court Approval of the Arrangement

The Arrangement requires approval by the Court under Section 182 of the OBCA.

On January 19, 2023, Waterloo Brewing obtained the Interim Order providing for the calling, holding and conducting of the Meeting and other procedural matters. A Notice of Application for Final Order to approve the Arrangement has been filed. Copies of the Interim Order and the Notice of Application for Final Order are attached as Schedule "E" and Schedule "G", respectively, to this Circular. The Interim Order does not constitute approval of the Plan of Arrangement.

The Court hearing in respect of the Final Order is expected to take place at 10:00 a.m. (Toronto time), on February 28, 2023, or as soon thereafter as counsel for Waterloo Brewing may be heard, at the Court, located at 330 University Avenue, Toronto, Ontario, M5G 1R7, Canada.

The authority of the Court in respect of the Arrangement is very broad. The Court may make any order it considers appropriate with respect to the Arrangement. At the Final Order hearing, the Court will consider, among other things, the fairness of the terms and conditions of the Arrangement and the rights and interests of every person affected. The Court may approve the Arrangement in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court deems fit. Any amendment made by the Court to the Plan of Arrangement is only effective if it is agreed to by each of the Company and the Purchaser, each acting reasonably.

Under the terms of the Interim Order, each Securityholder will have the right to appear and make submissions at the application for the Final Order. Any person desiring to appear at the hearing of the application for the Final Order may do so but must comply with certain procedural requirements described in the Interim Order and in the Notice of Application for Final Order, including filing an appearance with the Court registry and serving such appearance on the Waterloo Brewing's counsel at the address set out below, no later than 5:00 p.m. (Toronto time) on February 21, 2023, a written contestation supported as to the facts alleged by affidavit(s) and exhibit(s), if any:

to Waterloo Brewing's counsel:

Wildeboer Dellelce LLP
365 Bay Street
Suite 800
Toronto, Ontario, M5H 2V1

Attention: Charlie Malone
Facsimile: (416) 361-1790

with a copy to:

Torys LLP
79 Wellington St. W., 30th Floor
Box 270, TD South Tower

Toronto, Ontario, M5K 1N2

Attention: Andrew Gray
Facsimile: (416) 865-7380

Securityholders who wish to participate in or be represented at the Court hearing for the Final Order should consult their legal advisors as to the necessary requirements.

See the Plan of Arrangement attached as Schedule "B" – "*Plan of Arrangement*" for additional information.

Procedure for Exchange of Securities

Letter of Transmittal

A Letter of Transmittal is being mailed, together with this Circular, to each person who was a Registered Shareholder on the Record Date. Each person who is a Registered Shareholder immediately prior to the Effective Time must forward a properly completed and signed Letter of Transmittal, along with the accompanying Share certificate(s), if applicable, to the Depositary in order to receive the Consideration to which such Shareholder is entitled under the Arrangement. It is recommended that Registered Shareholders complete, sign and return the Letter of Transmittal, along with the accompanying Share certificate(s), if applicable, to the Depositary as soon as possible. Should the Arrangement not proceed for any reason, the deposited Share certificate(s) or other relevant documents will be returned in accordance with the instructions provided by the holder in the Letter of Transmittal.

Shareholders whose Shares are registered in the name of a nominee (bank, trust company, securities broker, investment dealer or other nominee) should contact that nominee for assistance in depositing their Shares.

See *"Procedure for Exchange of Shares – Letter of Transmittal"*.

Waterloo Brewing will pay the amounts, less any amounts required to be deducted or withheld under applicable Law in accordance with the Plan of Arrangement, to be paid to holders of Acquired Options at or as soon as reasonably practicable after the Effective Time, which payment may occur through Waterloo Brewing's payroll system or payroll provider (to the extent such holder of Acquired Options is a continuing employee of Waterloo Brewing), and such Acquired Options will immediately thereafter terminate and be cancelled.

Cancellation of Rights after Four Years

To the extent that a Former Shareholder has not complied with the provisions of the Arrangement described under the heading *"Procedure for Exchange of Shares – Exchange Procedure"* on or before the date that is four years after the Effective Date, then any cash which such Former Shareholder was entitled will be returned to the Purchaser, and the interest of the Former Shareholder in such cash to which it was entitled will be terminated as of such Final Proscription Date.

See *"Procedure for Exchange of Shares – Cancellation of Rights after Four Years"*.

Dissent Rights

Registered Shareholders as of the Record Date have Dissent Rights with respect to the Arrangement. Registered Shareholders who wish to exercise their Dissent Rights must: (a) deliver a written notice of dissent to the Arrangement Resolution to Waterloo Brewing, by mail to: Waterloo Brewing Ltd., Attention: Enida Zaimi, Chief Financial Officer of the Company, 400 Bingemans Centre Drive, Kitchener, Ontario, N2B 3X9, or by facsimile transmission to 519-742-7729, in either case by no later than 5:00 p.m. (Toronto time) on February 21, 2023, or the date that is two (2) Business Days immediately preceding the date of any adjournment or postponement of the Meeting; (b) not have voted in favour of the Arrangement Resolution; and (c) otherwise have complied with the provisions of Section 185 of the OBCA, as modified and supplemented by the Interim Order, the Plan of Arrangement and any other order of the Court. In addition to any other restrictions under

Section 185 of the OBCA (as modified or supplemented by the Interim Order, the Plan of Arrangement and any other order of the Court), Non-Registered Shareholders and holders of securities convertible for Shares (including Options) are not entitled to exercise Dissent Rights.

A Registered Shareholder's failure to strictly comply with the procedures set forth in Section 185 of the OBCA, as modified or supplemented by the Interim Order, Plan of Arrangement and any other order of the Court, will result in the loss of such Registered Shareholder's Dissent Rights.

It is very important that you strictly comply with these requirements if you wish to dissent.

See *"The Arrangement – Dissent Rights"*.

Income Tax Considerations

Securityholders should consult their own tax advisors about the applicable Canadian or U.S. federal, provincial, state and local tax, and other foreign tax, consequences of the Arrangement having regard to their own circumstances.

For a summary of certain material Canadian income tax consequences of the Arrangement to Shareholders, see *"Certain Canadian Federal Income Tax Considerations"*. This summary does not address the tax consequences of the Arrangement to holders of Options. Such holders should consult their own tax advisors in this regard.

Securityholders in the United States should be aware that the Arrangement described in this Circular may have tax consequences in both the United States and Canada. Securityholders who are resident in, or citizens of, the United States are advised to consult their own tax advisors to determine the particular Canadian and United States tax consequences to them of the Arrangement in light of their particular situation, as well as any tax consequences that may arise under the laws of any other relevant foreign, state, local, or other taxing jurisdiction.

Canadian Securities Laws

A general overview of certain requirements of Canadian Securities Laws that may be applicable to Securityholders is included in this Circular under the heading "*Securities Law Matters – Canadian Securities Laws*".

Waterloo Brewing is a reporting issuer in the Province of Ontario. The Shares are currently listed on the TSX. Following completion of the Arrangement, Waterloo Brewing will become a wholly-owned subsidiary of the Purchaser and it is anticipated that the Company will apply to the applicable Canadian securities regulators to have Waterloo Brewing cease to be a reporting issuer and have the Shares delisted from the TSX.

Multilateral Instrument 61-101

Waterloo Brewing is subject to MI 61-101. MI 61-101 is intended to regulate certain transactions to ensure the protection and fair treatment of Minority Shareholders.

Under MI 61-101, Waterloo Brewing is required to obtain "minority approval" for the Arrangement Resolution, excluding "affected securities" beneficially owned or over which control or direction is exercised by, among others (i) an "interested party", and (ii) subject to certain exceptions, a "related party" of an "interested party".

Based on the information available to Waterloo Brewing, for the purposes of obtaining minority approval of the Arrangement Resolution pursuant to MI 61-101, an aggregate of 2,033,943 Shares (representing approximately 5.66% of the issued and outstanding Shares as of the Record Date) are required to be excluded for the purposes of obtaining the minority approval of the Arrangement Resolution. As a result of the relatively small number of Shares involved, if the Arrangement Resolution is passed by the requisite 66⅔% of the votes cast at the Meeting, it will necessarily be the case that the minority approval requirement will be satisfied.

See "*Securities Law Matters – Canadian Securities Laws*" and "*Interests of Directors and Officers of Waterloo Brewing in the Arrangement*" section of this Circular

Regulatory Matters

A general overview of certain regulatory requirements that may be applicable to the Arrangement and Securityholders is included in this Circular under the heading "*Regulatory Matters*".

Interests of Certain Persons in the Arrangement

In considering the recommendation of the Board, Securityholders should be aware that certain members of the Board and officers of Waterloo Brewing have interests in the Arrangement or may receive benefits that may differ from, or be in addition to, the interests of Securityholders generally.

Except as otherwise disclosed in the Circular, all benefits received, or to be received, by directors or officers of Waterloo Brewing as a result of the Arrangement are, and will be, solely in connection with their services as directors or employees of Waterloo Brewing. No benefit has been, or will be, conferred for the purpose of increasing the value of consideration payable to any such person for Securities, nor is it, or will it be, conditional on the person supporting the Arrangement.

See *"Interests of Directors and Officers of Waterloo Brewing in the Arrangement"*.

GENERAL PROXY INFORMATION

Date, Time and Place of Meeting

This Circular and the accompanying Forms of Proxy are furnished in connection with the solicitation of proxies by management of the Company for use at the Meeting to be held virtually via live audio webcast available online at **https://meetnow.global/M74KZU2** on **Thursday, February 23, 2023** at 10:00 a.m. (Toronto time), and at any adjournment or postponement thereof.

Purpose of the Meeting

The purpose of the Meeting is for Securityholders to consider, and, if deemed advisable, to pass, with or without variation, the Arrangement Resolution, the full text of which is set out in Schedule "A" to this Circular.

Particulars of the subject matter relating to the Arrangement are described in this Circular under the heading *"The Arrangement"*. Securityholders are urged to closely review the information in this Circular.

Management of Waterloo Brewing and the Board recommend that Securityholders vote FOR the Arrangement Resolution.

Securityholders Entitled to Vote

At the Meeting, Registered Securityholders are entitled to vote on the Arrangement Resolution either by attending virtually or by appointing a proxy. The Board has fixed January 23, 2023 as the Record Date for determining the Securityholders who are entitled to receive notice of and vote at the Meeting. Only Registered Securityholders whose names have been entered in the applicable registers of Waterloo Brewing as at 5:00 p.m. (Toronto time) on the Record Date will be entitled to receive notice of and vote at the Meeting. No other Securityholders are entitled to vote at the Meeting.

As at of the Record Date, 35,919,514 Shares and 2,960,838 Options were issued and outstanding. Each Share carries the right to one vote on all matters to come before the Meeting, including the Arrangement Resolution, and each Share underlying each Option carries the right to one vote on the Arrangement Resolution. As at the Record Date, 33,885,571 Shares were held by the Minority Shareholders.

To the knowledge of the directors and officers of Waterloo Brewing, no person beneficially owns or exercises control or direction over Shares carrying 10% or more of the aggregate voting rights of the Shares, other than:

Holder	Number of Shares Beneficially owned, Directly or Indirectly, Controlled or Directed	Percentage of Outstanding Shares	Number of Options Beneficially owned, Directly or Indirectly, Controlled or Directed	Percentage of Outstanding Options
Benbrick Holdings Inc.(1)	7,483,215	20.83%	Nil	Nil
Kernwood Limited(2)	4,315,299	12.01%	Nil	Nil
Seymour Investment Management Ltd.(3)	4,950,921	13.78%	Nil	Nil

Notes:

(1) Peter Schwartz, a director of the Company, indirectly controls Benbrick Holdings Inc. and indirectly owns 1,481,218 common shares of the Company held by Benbrick Holdings Inc. Stan Dunford, a director of the Company, indirectly owns 6,001,997 of the common shares of the Company held by Benbrick Holdings Inc.

(2) Kernwood Limited is controlled by Edward H. Kernaghan, a director of the Company, and directly holds 4,315,299 common shares of the Company.

(3) Seymour Investment Management Ltd. is the investment fund manager and portfolio manager of Seymour Performance Fund, which is the beneficial owner of 4,950,921 common shares of the Company.

Each Registered Shareholder and Optionholder has the right to appoint a proxyholder to attend and act on its behalf at the Meeting or any adjournment or postponement thereof. A Registered Shareholder and Optionholder can appoint a person or company other than the persons designated by management of Waterloo Brewing (the "Waterloo Brewing Management Proxyholders") in the enclosed YELLOW Form of Proxy and GREEN Form of Proxy, as applicable, by striking out the names of the Waterloo Brewing Management Proxyholders and by inserting the desired person's name in the blank space provided or by executing a proxy in a form similar to the applicable enclosed Form(s) of Proxy. Such Registered Shareholder and/or Optionholder must also register such proxyholder once he, she or it has submitted the applicable Form of Proxy. Failure to register the proxyholder will result in the proxyholder not receiving an invite code to participate in the Meeting. To register a proxyholder, Registered Shareholders and Optionholders MUST visit https://www.computershare.com/WaterlooBrewing by 10:00 a.m. (Toronto time) on February 21, 2023.

Voting By Registered Securityholders

The following instructions are for Registered Shareholders and Optionholders only. Registered Shareholders and Optionholders should carefully read and consider the information contained in this Circular.

If you are a Non-Registered Shareholder, please read the information under the heading *"General Proxy Information – Voting by Non-Registered Shareholders"* below and follow your nominee's (bank, trust company, securities broker, investment dealer or other nominee) instructions on how to vote your Shares.

Voting at the Meeting

Registered Shareholders and Optionholders may vote online by attending the virtual Meeting.

Registered Shareholders and Optionholders may vote at the Meeting, or may appoint another person to represent such Registered Shareholder or Optionholder as proxyholder and to vote the Securities of such Registered Shareholder or Optionholder at the Meeting.

The Company is holding the Meeting in a virtual-only format, which will be conducted via live audio webcast. Registered Shareholders and Optionholders will not be able to attend the Meeting in person. Attending the Meeting online enables Registered Shareholders, Optionholders and duly appointed proxyholders, including Non-Registered Shareholders who have duly appointed themselves as their proxy, are able to participate in the Meeting and ask questions, all in real time. Registered Shareholders, Optionholders and duly appointed proxyholders can vote at the appropriate times during the Meeting. Guests, including Non-Registered Shareholders who have not duly appointed themselves as their proxy, can log in to the Meeting as set out below. Guests can listen to the Meeting but are not able to vote or ask questions.

(1) Log in online at https://meetnow.global/M74KZU2. Waterloo Brewing recommends that you log in at least one hour before the Meeting starts.

(2) Click "Shareholder", "Optionholder" or "Invitation" and then enter your control number(s) or invite code (see below);

OR

(2) Click "Guest" and then complete the online form.

Registered Shareholders and Optionholders: The 15-digit control number located on the applicable Form(s) of Proxy or in the email notification you received is your control number.

Duly appointed proxyholders: Computershare will provide the proxyholder with an invite code by e-mail after the proxy voting deadline has passed and the proxyholder has been duly appointed AND registered as described in *"Appointment of a Third Party as Proxy"*.

If you attend the Meeting online, it is important that you are connected to the internet at all times during the Meeting in order to vote when balloting commences. It is your responsibility to ensure connectivity for the duration of the Meeting. You should allow ample time to check into the Meeting online and complete the related procedure.

If you are a Registered Shareholder and/or Optionholder, to ensure your vote is counted, you should complete and return the applicable enclosed Form(s) of Proxy as soon as possible even if you plan to attend the Meeting virtually.

Even if you return a proxy, you can still access the virtual Meeting and vote at the virtual Meeting, in which case you will need to instruct the scrutineer at the Meeting to cancel your proxy.

Voting by Proxy

If you are a Registered Shareholder or Optionholder, but do not plan to attend the Meeting, you may vote by using a proxy to appoint someone to attend the Meeting as your proxyholder. The person you appoint does not need to be a Shareholder or an Optionholder, as applicable, to attend and act on your behalf at the Meeting.

What do I need to do now in order to vote at the Meeting?

You should carefully read and consider the information contained in this Circular. Registered Shareholders should then complete, sign, date and return the enclosed YELLOW Form of Proxy in the enclosed return envelope or by facsimile as indicated in the YELLOW Form of Proxy as soon as possible so that your Shares may be represented at the Meeting.

Optionholders should complete, sign, date and return the enclosed GREEN Form of Proxy in the enclosed return envelope or by facsimile as indicated in the GREEN Form of Proxy as soon as possible so that your Options may be represented at the Meeting.

If you are both a Registered Shareholder and an Optionholder and are voting by proxy, you should then then complete, sign, date and return BOTH the enclosed YELLOW Form of Proxy and GREEN Form of Proxy to ensure both your Shares and Options may be represented at the Meeting.

What is a proxy?

A proxy is a document that authorizes another person to attend the Meeting and cast votes at the Meeting on behalf of a Registered Shareholder and/or Optionholder. If you are a Registered Shareholder, you can use the YELLOW Form of Proxy accompanying this Circular. If you are a Optionholder, you can use the GREEN Form of Proxy accompanying this Circular. If you are both a Registered Shareholder and a Optionholder, you must use both the YELLOW Form of Proxy and GREEN Form of Proxy. You may also use any other legal form of proxy.

To register a third party proxyholder, Registered Shareholders and Optionholders must visit https://www.computershare.com/WaterlooBrewing by 10:00 a.m. (Toronto time) on February 21, 2023 and provide Computershare with their proxyholder's contact information, so that Computershare may provide the proxyholder with an invite code via email. Without an invite code, proxyholders will not be able to vote or ask questions at the Meeting but will be able to attend as a guest. See section *"General Proxy Information - Appointment of a Third Party as Proxy"*.

How do I deposit a proxy?

There are three ways for Registered Shareholders and Optionholders to deposit a proxy before the Meeting:

(1) Proxy by Mail or Fax: Return a duly completed and executed YELLOW Form of Proxy, if you are a Registered Shareholder, or GREEN Form of Proxy, if you are an Optionholder, or both a YELLOW Form of Proxy and GREEN Form of Proxy, if you are both a Registered Shareholder and an Optionholder, to the Transfer Agent in the enclosed return envelope or by facsimile as indicated in Form of Proxy.

(2) Telephone Voting: Call the toll-free telephone number 1-866-732-VOTE (8683) Toll Free. You will be prompted to provide your control number printed on the Form of Proxy. If you vote by telephone, you may not appoint a person as your proxy other than the Waterloo Brewing proxyholders named in the applicable Form of Proxy or voting instruction form. Please follow the voice prompts that allow you to vote your Shares and/or Options and confirm that your instructions have been properly recorded.

(3) Internet Voting: Log on to the website indicated on the Form of Proxy (www.investorvote.com). Please follow the website prompts that allow you to vote your Shares and/or Options and confirm that your instructions have been properly recorded.

Proxies, whether submitted by mail, fax, telephone or Internet as described above, must be received by Computershare not later than 10:00 a.m. (Toronto time) on Tuesday, February 21, 2023, or not later than 48 hours (other than a Saturday, Sunday or holiday) immediately preceding the time of the Meeting (as it may be adjourned or postponed from time to time). The deadline for the deposit of proxies may be waived or extended by the Chair of the Meeting at the Chair's discretion, without notice.

How will a proxyholder vote?

If you mark on the Form of Proxy how you want to vote on the Arrangement Resolution (by checking **FOR** or **AGAINST**), your proxyholder must vote your Shares and/or Options as instructed.

If your proxy does NOT specify how to vote on the Arrangement Resolution and you have authorized the persons named in the accompanying Form of Proxy (who are officers and/or directors of Waterloo Brewing) to act as your proxyholder, your Shares and/or Options will be voted at the Meeting FOR the Arrangement Resolution.

If any amendments are proposed to the Arrangement Resolution, or if any other matters properly arise at the Meeting in relation to the Arrangement Resolution, your proxyholder will have the discretion to vote your Shares and/or Options (in the case of an Optionholder, with respect to any amendments to the proposed Arrangement Resolution only) as he, she or it sees fit.

Should I send in my proxy now?

Yes. To ensure the Arrangement Resolution is passed, you should complete and submit the applicable enclosed Form(s) of Proxy or, if applicable, provide your nominee (bank, trust company, securities broker, investment dealer or other nominee) with voting instructions. See *"General Proxy Information – Voting by Registered Securityholders – Voting by Proxy"*.

Can I revoke a proxy or voting instruction?

Yes. If you are a Registered Shareholder and/or Optionholder and have returned a Form of Proxy, you may revoke it by:

(1) completing and signing another Form of Proxy with a later date and delivering it to Computershare Investor Services Inc., by mail or by courier at 100 University Avenue, 8th Floor, North Tower, Toronto, Ontario, Canada M5J 2Y1 (Attention: Proxy Department), before: (a) 10:00 a.m. (Toronto time) on

Tuesday, February 21, 2023; or (b) if the Meeting is adjourned or postponed, 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting;

(2) delivering a written statement revoking the original proxy or voting instruction, signed by you or your authorized representative, to:

(a) Enida Zaimi, Chief Financial Officer of Waterloo Brewing, at the registered and head office of Waterloo Brewing located at 400 Bingemans Centre Drive, Kitchener, Ontario N2B 3X9 before:

(i) the close of business on February 21, 2023; or

(ii) if the Meeting is adjourned or postponed, up to the close of business on the date that is two (2) Business Day before the day the Meeting is adjourned or postponed to; or

(b) the Chair of the Meeting before the Meeting begins or, if the Meeting is adjourned or postponed, before the adjourned or postponed Meeting begins; or

(3) any other manner permitted by law.

If you are a Non-Registered Shareholder, contact your nominee.

Are Shareholders entitled to Dissent Rights?

Under the Interim Order, Registered Shareholders are entitled to Dissent Rights in respect of the Arrangement only if they follow the procedures specified in the OBCA, as modified by the Interim Order, the Plan of Arrangement and any other order of the Court. If you wish to exercise Dissent Rights, you should review the requirements summarized in this Circular carefully and consult with your legal counsel. See *"The Arrangement – Dissent Rights"*. In addition to any other restrictions under Section 185 of the OBCA (as modified or supplemented by the Interim Order, the Plan of Arrangement and any other order of the Court), Non-Registered Shareholders and none of the following will be entitled to exercise Dissent Rights: (i) holders of the Options; (ii) participants in the ESPP (except in respect of any Shares purchased pursuant to the ESPP); and (iii) holders of Shares who vote or have instructed a proxyholder to vote such Shares in favour of the Arrangement Resolution.

Who can help answer my questions?

Shareholders and Optionholders who would like additional copies, without charge, of this Circular or have additional questions about the Arrangement, including the procedures for voting Shares and/or Options, should contact their nominee (bank, trust company, securities broker, investment dealer or other nominee) or Enida Zaimi, Chief Financial Officer of Waterloo Brewing by email at: investorrelations@waterloobrewing.com.

Appointment of a Third Party as Proxy

The following applies to Shareholders and Optionholders who wish to appoint someone as their proxy other than the Waterloo Brewing proxyholders named in the Forms of Proxy or voting instruction form. This includes Non-Registered Shareholders who wish to appoint themselves as their proxy to attend, participate, vote or ask questions at the Meeting. Shareholders and Optionholders who wish to appoint someone other than the Waterloo Brewing proxyholders as their proxy to attend the Meeting as their proxy and vote their common shares MUST submit their Form of Proxy or voting instruction form, as applicable, appointing that person as their proxy AND register that proxyholder online, as described below. Registering your proxyholder is an additional step to be completed AFTER you have submitted your Form of Proxy or voting instruction form. Failure to register the proxyholder will result in the proxyholder not receiving an invite code that is required to vote at the Meeting.

- **Step 1: Submit your proxy or voting instruction form**: To appoint someone other than the Waterloo Brewing proxyholders as your proxy, insert that person's name in the blank space provided in the Form of Proxy or voting instruction form (if permitted) and follow the instructions for submitting such Form of Proxy

or voting instruction form. This must be completed before registering such proxyholder, which is an additional step to be completed once you have submitted your Form(s) of Proxy or voting instruction form. If you are a Non-Registered Shareholder and wish to vote at the Meeting, you have to insert your own name in the space provided on the voting instruction form sent to you by your Intermediary or Broadridge, follow all of the applicable instructions provided by your Intermediary or Broadridge AND register yourself as your proxy, as described below. By doing so, you are instructing your Intermediary or Broadridge to appoint you as your proxy. It is important that you comply with the signature and return instructions provided to you by your Intermediary or Broadridge. See the section below entitled *"Voting by Non-Registered Shareholders"*. If you are a Non-Registered Shareholder located in the United States and wish to vote at the Meeting or, if permitted, appoint a third party as your proxy, in addition to the steps described below in the section entitled *"Voting at the Meeting"*, you must obtain a valid legal proxy from your broker, bank or other agent. Follow the instructions from your broker, bank or other agent included with the legal Form(s) of Proxy and the voting information form sent to you, or contact your Intermediary to request a legal Form of Proxy or a legal proxy if you have not received one. After obtaining a valid legal proxy from your broker, bank or other agent, you must then submit such legal proxy to the Computershare Investor Services Inc. Requests for registration from Non-Registered Shareholders located in the United States that wish to vote at the Meeting or, if permitted, appoint a third party as their proxy must be sent by e-mail to uslegalproxy@computershare.com or by courier to: Computershare Investor Services Inc., 100 University Avenue, 8th Floor, North Tower, Toronto, Ontario, Canada M5J 2Y1, and in both cases, must be labelled "Legal Proxy" and received no later than 10:00 a.m. (Toronto Time) on Tuesday, February 21, 2023 or at least 48 hours, excluding Saturdays, Sundays and holidays before any adjournment or postponement of the Meeting. You will receive a confirmation of your registration by email after we receive your registration materials.

- **Step 2: Register your proxyholder**: To register a third party proxyholder, Shareholders must visit https://www.computershare.com/WaterlooBrewing by February 21, 2023 at 10:00 a.m. (Toronto Time) and provide Computershare with their proxyholder's contact information, so that Computershare may provide the proxyholder with an invite code via email. Without an invite code, proxyholders will not be able to vote or ask questions at the Meeting but will be able to attend as a guest.

Voting By Non-Registered Shareholders

The information set forth in this section is of significant importance to many Shareholders as a substantial number of Shareholders do not hold Shares in their own name and thus are considered Non-Registered Shareholders. You are a Non-Registered Shareholder (as opposed to a Registered Shareholder) if your Shares are (i) in the name of an intermediary (an "**Intermediary**") (including, among others, banks, trust companies, securities dealers, brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans) that the Non-Registered Shareholder deals with in respect of the Shares, or (ii) in the name of a clearing agency (such as the Canadian Depository for Securities Limited) of which the Intermediary is a participant. In accordance with Canadian Securities Laws, Waterloo Brewing has distributed copies of the Notice of Meeting and this Circular to the clearing agencies and Intermediaries for onward distribution to Non-Registered Shareholders. Intermediaries are required to forward the Notice of Meeting and this Circular to Non-Registered Shareholders unless a Non-Registered Shareholder has waived the right to receive them. Typically, Intermediaries will use a service company to forward such materials to Non-Registered Shareholders. The majority of Intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge.

Non-Registered Shareholders will receive from an Intermediary either voting instruction forms or, less frequently, forms of proxy. The purpose of these forms is to permit Non-Registered Shareholders to direct the voting of the Shares they beneficially own. Non-Registered Shareholders should follow the procedures set out below, depending on which type of form they receive. Waterloo Brewing has elected to pay for the delivery of the Meeting materials to "OBOs" of Shares.

Voting Instruction Form

In most cases, a Non-Registered Shareholder will receive, as part of the materials for the Meeting, a voting instruction form. If the Non-Registered Shareholder does not wish to attend and vote at the Meeting (or have another person attend and vote on the Non-Registered Shareholder's behalf), the voting instruction form must be completed, signed

and returned in accordance with the directions on such form. If a Non-Registered Shareholder wishes to attend and vote at the Meeting (or have another person attend and vote on the Non-Registered Shareholder's behalf), the Non-Registered Shareholder must complete, sign and return the voting instruction form in accordance with the directions provided.

Additionally, there are two kinds of Non-Registered Shareholders: (i) those who object to their name being made known to the issuers of securities which they own, known as objecting beneficial owners or "OBOs"; and (ii) those who do not object to their name being made known to the issuers of securities which they own, known as non-objecting beneficial owners or "NOBOs". Waterloo Brewing may utilize the Broadridge QuickVote™ service to assist Non-Registered Shareholders that are NOBOs with voting their Shares.

Forms of Proxy

Less frequently, a Non-Registered Shareholder will receive, as part of the materials for the Meeting, forms of proxy that have already been signed by the intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of Shares beneficially owned by the Non-Registered Shareholder, but which is otherwise uncompleted. If the Non-Registered Shareholder does not wish to attend and vote at the Meeting (or have another person attend and vote on the Non-Registered Shareholder's behalf), the Non-Registered Shareholder must complete a Form of Proxy and deliver it to Computershare Investor Services Inc. not later than 10:00 a.m. (Toronto time) on Tuesday, February 21, 2023, or not later than 48 hours (other than a Saturday, Sunday or holiday) immediately preceding the date of the Meeting (as it may be adjourned or postponed from time to time). The time limit for the deposit of proxies may be waived or extended by the Chair of the Meeting at the Chair's discretion, without notice.

Only Registered Shareholders, Optionholders or the persons they appoint as their proxies are permitted to vote at the Meeting. If a Non-Registered Shareholder wishes to attend and vote at the Meeting (or have another person attend and vote on the Non-Registered Shareholder's behalf), the Non-Registered Shareholder must strike out the names of the persons named in the Form of Proxy and insert the Non-Registered Shareholder's (or such other person's) name in the blank space provided and return the Form of Proxy in accordance with the instructions provided by the intermediary. Such Non-Registered Shareholder must also register such proxyholder once he, she or it has submitted the applicable Form of Proxy. Failure to register the proxyholder will result in the proxyholder not receiving an invite code to participate in the Meeting. To register a proxyholder, Non-Registered Shareholders MUST visit https://www.computershare.com/WaterlooBrewing by 10:00 a.m. (Toronto time) on February 21, 2023.

Non-Registered Shareholders should follow the instructions on the forms they receive and contact their intermediaries.

Solicitation of Proxies

Whether or not you plan to attend the virtual Meeting, management of Waterloo Brewing, with the support of the Board, requests that you fill out your applicable Form(s) of Proxy or proxies to ensure your votes are cast at the Meeting. This solicitation of your proxy or proxies (your vote) is made on behalf of management.

It is expected that the solicitation of proxies will be made primarily by mail, but proxies may also be solicited personally or by telephone, email, internet, fax or other electronic or other means of communication by directors, officers, employees, agents or other representatives of Waterloo Brewing.

Questions

Shareholders and Optionholders who would like additional copies, without charge, of this Circular or have additional questions about the Arrangement, including the procedures for voting Shares and/or Options, should contact their nominee (bank, trust company, securities broker, investment dealer or other nominee) or Enida Zaimi, Chief Financial Officer of Waterloo Brewing by email at: investorrelations@waterloobrewing.com.

INFORMATION CONCERNING WATERLOO BREWING LTD.

General

Waterloo Brewing is Ontario's largest Canadian-owned 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 highest and most internationally recognized standards for safe food production. Founded in 1984, Waterloo Brewing was the first craft brewery to start up in Ontario and is credited with pioneering the present-day craft brewing renaissance in Canada. Waterloo Brewing has complemented its Waterloo premium craft beers with the popular Laker brand. In 2011, Waterloo Brewing purchased the Canadian rights to Seagram Coolers and in 2015, secured the exclusive Canadian rights to both LandShark® and Margaritaville®. In addition, Waterloo Brewing utilizes its leading-edge brewing, blending, and packaging capabilities to provide an extensive array of contract manufacturing services in beer, coolers, and ciders.

Trading History

The Shares are currently listed on the TSX under the symbol "WBR". The following table sets forth the volume of the Shares traded on the TSX and the trading price range in the six month period preceding the date of the Arrangement Agreement. On December 14, 2022, the last trading date prior to the date of announcement of the Arrangement Agreement, the closing price of the Shares was $3.35. Once all of the steps to effect the Arrangement are completed, the Shares will be delisted from the TSX and the Company will apply to cease to be a reporting issuer in Canada.

Month	High (C$)	Low (C$)	Volume
June 2022	$4.71	$3.85	85,225
July 2022	$5.18	$4.00	64,168
August 2022	$4.95	$4.40	124,574
September 2022	$4.76	$2.90	309,542
October 2022	$4.01	$3.05	103,939
November 2022	$4.00	$2.90	326,065
December 1 – December 14, 2022	$3.35	$3.05	111,095

Source: TMX Money.

Dividend Policy

On April 6, 2022, June 1, 2022 and September 7, 2022, the Board approved the payment of a quarterly dividend of $0.0304 per share payable on June 1, 2022, August 3, 2022 and November 2, 2022, respectively. As a result, quarterly dividends of $0.0304 per Share were paid on each such payment date. Quarterly dividends of $0.0276 per Share were paid in each of May 2021, August 2021 and October 2021, and a quarterly dividend of $0.0304 was paid in January 2022. Waterloo Brewing does not propose to declare any dividends prior to the anticipated date of completion of the Arrangement. Under the terms of the Arrangement Agreement, Waterloo Brewing has agreed not to declare dividends before the Effective Time without the consent of the Purchaser.

Previous Purchases and Sales

No Shares or other securities of Waterloo Brewing have been purchased or sold by the Company during the 12-month period preceding the date of this Circular, excluding any securities purchased or sold pursuant to the exercise of Options or other securities with conversion rights, except for an aggregate of 10,734 Shares were issued pursuant to the ESPP at an average sale price of $5.17 for gross proceeds of $55,494 to Waterloo Brewing.

Previous Distributions

The only distributions of Shares during the five years preceding the date of this Circular were pursuant to the exercise of Options and issuances of Shares pursuant to the ESPP. During such period an aggregate of 1,020,868 Shares were issued upon exercise of Options at an average exercise price of $3.24 for gross proceeds of $506,909 to Waterloo

Brewing, of which 807,539 Options were exercised on a cashless basis, and an aggregate of 118,322 Shares were issued pursuant to the ESPP at an average sale price of $4.05 for gross proceeds of $479,312 to Waterloo Brewing. Further information with respect to the average issue price and number of Shares issued upon exercise of Options and pursuant to the ESPP are set out in the notes to Waterloo Brewing's financial statements for the years ended January 31, 2022, 2021, 2020, 2019 and 2018, and the financial statements for the nine months ended October 30, 2022. No Shares have been issued since October 30, 2022, other than 2,701 Shares were issued pursuant to the ESPP at an average sale price of $4.02 for gross proceeds of $10,858 to Waterloo Brewing.

Material Changes in the Affairs of Waterloo Brewing

Except as described or referred to in this Circular, the directors and officers of Waterloo Brewing are not aware of any material facts concerning the securities of the Company or of any matter not disclosed in this Circular that has not previously been generally disclosed and that would reasonably be expected to affect the decision of the Securityholders to vote for or against the Arrangement Resolution.

INFORMATION CONCERNING THE PURCHASER AND CARLSBERG BREWERIES

The Purchaser is a corporation existing under the federal laws of Canada and is a wholly-owned operating subsidiary of Carlsberg Breweries, formed under the laws of Denmark.

Following the establishment of Carlsberg A/S in 1847 by brewer J.C. Jacobsen, the Carlsberg Group (including Carlsberg Breweries) has developed into one of the leading brewery groups in the world, with products sold in 150 markets. The Carlsberg Group's beer portfolio spans both local and international premium brands, including Carlsberg®, Tuborg®, Kronenbourg 1664® and Grimbergen®, strong local power brands and alcohol-free brews. In addition, its portfolio of other beverages includes both alcoholic and non-alcoholic beverages such as ciders, including Somersby®, soft drinks and energy drinks. The Carlsberg Group's purpose is brewing for a better today and tomorrow. Doing business responsibly and sustainably supports that purposes – and drives the efforts to deliver value for shareholders and society. Carlsberg A/S, the parent company of Carlsberg Breweries, is listed on Nasdaq Copenhagen.

THE ARRANGEMENT

Background to the Arrangement

The Arrangement and the provisions of the Arrangement Agreement are the result of arm's length negotiations conducted between representatives of Carlsberg Breweries and Waterloo Brewing. The following is a summary of the material events leading up to the negotiation of the Arrangement Agreement and the material meetings, negotiations and discussions between the Parties that preceded the execution and public announcement of the Arrangement Agreement.

Waterloo Brewing's management and the Board regularly evaluate business and strategic opportunities with the objective of enhancing shareholder value in a manner consistent with the best interests of Waterloo Brewing and its stakeholders. In response to unsolicited approaches received by the Company in 2018 regarding a possible acquisition of the Company, the Company commenced a confidential strategic review process to determine whether there would be a transaction or an acquiror of the Company at a price that would be fair to the Shareholders. In that process, the Company and its financial advisor sought confidential expressions of interest from a wide range of strategic buyers in respect of a possible transaction. Although several interested parties signed confidentiality and standstill agreements and undertook diligence exercises, no advanced discussions took place with any such parties and the process was terminated in December 2018.

Carlsberg Breweries has a close strategic working relationship with the Company dating back to 2019.

In June 2022, Carlsberg Breweries reached out to George Croft to gauge Waterloo Brewing's interest in engaging in discussions focused on strategic alternatives. The approach by Carlsberg Breweries was unsolicited and Waterloo

Brewing advised Carlsberg Breweries that it would respond once the Board had an opportunity to provide direction to management, which direction was received by management on June 28, 2022.

Waterloo Brewing and the Parent then entered into the Confidentiality Agreement on July 6, 2022. The Company engaged, updated and received advice from Company counsel on July 6, 2022 with respect to the status of preliminary discussions with Carlsberg Breweries and, on July 12, 2022, the Company engaged Canaccord Genuity to act as its financial advisor in connection with its strategic alternative review, including a change of control or sale transaction. Members of the Company's senior management and its Board continued to meet regularly with Canaccord Genuity to discuss and consider potential transactions, including with Carlsberg Breweries.

From July 14, 2022 to September 13, 2022 the Company continued to work to compile information required by Carlsberg Breweries in considering a transaction, including a visit to the Waterloo Brewing facility by members of Carlsberg Breweries in early September 2022, as they continued to evaluate Waterloo Brewing and its business, with a focus on Waterloo Brewing's production capacity and co-packing business. During this time, Carlsberg Breweries retained legal advisors in Canada in connection with a potential transaction and related due diligence.

On September 7, 2022, the Board met and reviewed the status of discussions with Carlsberg Breweries and resolved to establish the Special Committee of independent directors of the Board, to be chaired by John Bowey and including John Bowey, Peter Schwartz, Stan Dunford, Ed Kernaghan and David Shaw. On September 13, 2022, Carlsberg Breweries presented to its internal M&A Committee and Executive Board and received approval to proceed with the next step of the process, being the issuance of a non-binding expression of interest.

From September 14, 2022 to October 5, 2022, the Company continued to compile information for preliminary due diligence by Carlsberg Breweries, and Carlsberg Breweries retained financial advisors in Canada in connection with a potential transaction and related due diligence.

On October 6, 2022, the Company received an initial non-binding expression of interest (the "**Initial EOI**") from Carlsberg Breweries to acquire all of the issued and outstanding shares of the Company for cash consideration of $4 per share. The Initial EOI included a request for exclusivity and certain other terms and conditions, including the payment of break fees and various third party consents required by Carlsberg Breweries. The Board met with Canaccord Genuity and Company counsel on October 11, 2022 to review and consider the offer price, the Initial EOI and other provisions contained therein. At this meeting, Company counsel briefed the Board on its fiduciary obligations. The Board discussed the advantages and disadvantages of more broadly canvassing potential acquirers, either through an auction or through a more limited pre-signing market check as opposed to entering into exclusive discussions with one counterparty. It was concluded that the best course of action was to respond to the Initial EOI by soliciting a higher price per share and requesting certain other modifications to enhance deal certainty. Following a discussion, the Board also authorized management and Canaccord to conduct a targeted outreach to a select number of strategic buyers to gauge their interest at the time in acquiring the Company.

On October 12, 2022, the Board ratified the establishment of the Special Committee to negotiate, and if applicable, recommend approval of the potential transaction with Carlsberg Breweries and to consider any other proposed alternative transactions. The Board also approved the Special Committee's mandate to, among other things, review and advise the Board on the merits of the transaction contemplated by the expression of interest (including the Initial EOI) and to consider and advise the Board as to whether such transaction was in the best interests of Waterloo Brewing. The Special Committee was intimately involved in the analysis and evaluation of the proposals submitted by Carlsberg Breweries, including the supervision of the process that led to the Company entering into the Arrangement Agreement and the negotiation of the terms and conditions with respect to the Arrangement. The Special Committee met a total of nine times between its formation and the announcement of the Arrangement and had numerous additional information discussions among themselves, representatives of management and legal and financial advisors to the Company and the Special Committee. The Special Committee also held in-camera sessions with legal and financial advisors, at which the members of the Special Committee engaged in confidential discussion without the presence of management.

Subsequently, on October 24, 2022, Carlsberg Breweries provided Waterloo Brewing with an updated non-binding, indicative expression of interest to acquire all of the outstanding Shares for a price of $4.00 in cash per Share (without interest), subject to certain conditions, included a thirty (30) day exclusivity period, and removed other provisions that

were not acceptable to the Company (the "**Final Expression of Interest**"). The same afternoon the Special Committee met with Canaccord Genuity and Company counsel to consider the Final Expression of Interest, the likelihood of any other alternative transaction opportunities that might be available to the Company at the time, and the update from Carlsberg Breweries as reflected in the Final Expression of Interest that it had absolutely no flexibility in terms of offering a higher price per share. The Special Committee also determined to engage independent counsel to the Special Committee, as well as an independent financial advisor, on a fixed fee basis, to provide an independent fairness opinion if required in connection with the proposed transaction.

The Special Committee held its next meeting on October 28, 2022 with management, Canaccord Genuity and legal advisors, to receive an update from management and Canaccord. Special Committee counsel briefed the Special Committee on their fiduciary duties and related process considerations. Representatives of Canaccord and management reviewed and discussed the Company's recent targeted outreach to a select number of strategic buyers to determine whether they may be interested in acquiring the Company and confirmed those strategic buyers had no interest in moving forward with a transaction at this time. Following a presentation from Canaccord Genuity, the Special Committee formed the view that there were no other reasonable alternative transaction opportunities available to the Company at this time and the best course of action was to move forward with the Final Expression of Interest. The Special Committee then met in-camera and resolved to proceed with the Final Expression of Interest, subject to further discussion and agreement with Carlsberg Breweries on a closing condition set out therein.

After further discussion with Carlsberg Breweries, on October 31, 2022, the Company accepted the Final Expression of Interest and on November 1, 2022 provided Carlsberg Breweries and its advisors with access to an electronic data room, which contained certain public and non-public information concerning Waterloo Brewing. The due diligence review and investigations of Waterloo Brewing by Carlsberg Breweries continued through December 14, 2022.

On November 15, 2022, legal counsel for Carlsberg Breweries provided Waterloo Brewing's legal counsel with an initial draft of the Arrangement Agreement and the form of Support and Voting Agreement, which Support and Voting Agreement was proposed to be executed by directors and two senior officers holding approximately 39% of the outstanding Shares and approximately 45% of the outstanding Options, followed by an initial draft of the Plan of Arrangement on November 25, 2022. The form of Support and Voting Agreement was "irrevocable" or "hard" with no ability of such Supporting Securityholders to terminate the Support and Voting Agreement in circumstances where the Board exercises its fiduciary out under the Arrangement Agreement. On November 21, 2022, the Special Committee engaged Paradigm to provide, on a fixed fee basis, an independent fairness opinion in respect of the proposed transaction.

From November 21, 2022 to the signing of the Arrangement Agreement on December 14, 2022, the Special Committee and the Company's management team and their legal and financial advisors met numerous times, to review and consider in detail the terms and conditions of various drafts of the Arrangement Agreement and proposed transaction as a whole, and to discuss the implication of proposed irrevocable Support and Voting Agreements on the willingness of a competing purchaser to present a superior offer to the Board during the term of the Support and Voting Agreement and the Board's ability to accept an unsolicited Superior Proposal under the terms and conditions of the Arrangement Agreement. Throughout the negotiations, the Special Committee continued to meet to discuss the terms of the various drafts of the Arrangement Agreement and ancillary documents (including the Plan of Arrangement and the form of Support and Voting Agreement) and to obtain the advice of their legal and financial advisors. During such meetings, the Special Committee also discussed and considered the anticipated benefits of the Arrangement to the Company and its stakeholders and weighed those against the associated risks and alternatives available to the Company and instructed Company counsel and Special Committee counsel as to the terms and conditions of such agreements that would be acceptable to it.

During such period, the Parties exchanged drafts of the Arrangement Agreement and ancillary documents and conducted various discussions, assessments, reviews and negotiations. In response to the suggestion by Carlsberg Breweries that it may request a reduction of the offer price from $4.00 per Share as a result of the findings of its due diligence review, the Special Committee authorized management to communicate to Carlsberg Breweries that any attempt to reduce the $4.00 per Share offer price would be unacceptable and result in the termination of discussions. On November 29, 2022, following such communication, the Company and Carlsberg Breweries agreed to extend the exclusivity period in the Final Expression of Interest to 5:00 p.m. (Toronto time) on December 14, 2022.

On December 11, 2022, the Special Committee held a meeting with representatives of Canaccord Genuity, Paradigm, Company counsel and Special Committee counsel to review and discuss the merits of the transaction and the preliminary financial analysis conducted by Canaccord Genuity and Paradigm. At this meeting, Company counsel and Special Committee counsel updated the Special Committee on the status of the negotiations in respect of the Arrangement Agreement and the Purchaser's unwillingness to accept a "soft" Support and Voting Agreement that would permit the Supporting Securityholders to terminate the Support and Voting Agreement in the event the Board accepts a Superior Proposal. Company counsel and Special Committee counsel provided a summary of the key provisions of the Arrangement Agreement and ancillary agreements, including the closing conditions, the allocation of risk to closing of the Plan of Arrangement, the nature of the non-solicitation obligations and corresponding fiduciary-out exceptions (including in light of the irrevocable nature of the Support and Voting Agreements), the scope of the representations, warranties and operating covenants, the circumstances in which each party would be permitted to terminate the Arrangement Agreement and the instances in which a termination fee would be payable by the Company to the Purchaser and the remedies available to each of the Company and Purchaser in the event of a breach of the Arrangement Agreement. The Special Committee instructed Company counsel and Special Committee counsel to negotiate the outstanding issues with Carlsberg Breweries on the Arrangement Agreement and asked the financial advisors to be in a position to render the Fairness Opinions at the next Special Committee and Board meetings to review the Arrangement.

After the close of markets on December 14, 2022, after reviewing the substantially final form of the Arrangement Agreement and ancillary documents, each of Canaccord Genuity and Paradigm then delivered to the Board and the Special Committee, an oral opinion (to be followed by their written opinion) to the effect that, as of December 14, 2022 and based on and subject to the analyses referred to, and assumptions, limitations and qualifications set forth in their respective Fairness Opinions, the Consideration is fair, from a financial point of view, to the Shareholders. At this meeting, Company legal counsel and Special Committee legal counsel discussed various key provisions of the Arrangement Agreement and answered questions regarding the proposed transaction.

Upon the evaluation of the merits of the proposed Arrangement, including consideration of the Fairness Opinions, the Special Committee unanimously determined that the Arrangement was fair to Shareholders and in the best interests of Waterloo Brewing, and resolved to recommend to the Board that the Arrangement be approved, the final draft Arrangement Agreement and related transaction documents be accepted and entered into by Waterloo Brewing and the Board recommend that Securityholders vote in favour of the Arrangement Resolution.

Following review and discussion of the proposed transaction by the Board, including the reasons and risks noted under the heading "*The Arrangement –Reasons for the Board Recommendation*", and after consulting with legal and financial advisors of the Company and the Special Committee and, in particular, taking into account the Fairness Opinions, and receiving the recommendation of the Special Committee, the Board approved the entering into of the Arrangement Agreement and unanimously resolved: (a) that the Arrangement is in the best interests of Waterloo Brewing; (b) that the Arrangement is fair to the Shareholders; (c) that Waterloo Brewing's entering into the Arrangement Agreement and related transaction documents be approved, and (d) to recommend that Securityholders vote in favour of the Arrangement Resolution.

Following the Special Committee and Board meetings, legal counsel to Waterloo Brewing and the Special Committee, on the one hand, and legal counsel to Carlsberg Breweries, on the other hand, continued to work to prepare the final draft of the Arrangement Agreement and ancillary documents, all of which were circulated between the Parties after the close of market on December 14, 2022. The Parties then proceeded to finalize and enter into the Arrangement Agreement the evening of December 14, 2022.

Concurrently with the execution of the Arrangement Agreement, the Supporting Securityholders, holding an aggregate of approximately 39% of all issued and outstanding Shares and approximately 45% of all outstanding Options as of such date, entered into the Support and Voting Agreements with the Purchaser and Carlsberg Breweries pursuant to which they agreed, among other things, to irrevocably vote all of the Shares and Options beneficially owned or over which control or direction is exercised by them in favour of the Arrangement, subject to, and in accordance with the terms of such Support and Voting Agreements.

News releases regarding the Arrangement, the entering into of the Arrangement Agreement and related matters were issued by Waterloo Brewing in the evening of December 14, 2022, and separately by Carlsberg Breweries at or around the same time.

Fairness Opinions

Pursuant to an engagement letter accepted on July 12, 2022, the Company engaged Canaccord Genuity to provide Waterloo Brewing with advisory services in connection with the Arrangement and any alternative transaction, including, among other things, negotiating the transaction price and evaluating the fairness to Shareholders, from a financial point of view, of the Consideration to be received by Shareholders pursuant to the Arrangement and the preparation and delivery of the Fairness Opinion. Canaccord Genuity informed the Company that it, together with its affiliates, is an independent investment bank that offers advice on mergers and acquisitions, capital raises and corporate restructurings. Canaccord Genuity's managing directors have extensive experience in merger, acquisition, divestiture, valuation and capital markets matters. Canaccord Genuity has been involved in a significant number of transactions involving private and publicly traded companies, and has extensive experience in preparing valuations and fairness opinions.

Pursuant to an engagement letter accepted on November 21, 2022, the Special Committee engaged Paradigm to provide the Special Committee with advisory services in connection with the Arrangement, including, among other things, to evaluate the fairness to Shareholders, from a financial point of view, of the Consideration to be received by Shareholders pursuant to the Arrangement and to prepare and deliver the Fairness Opinion.

Neither Waterloo Brewing nor any director or senior officer of Waterloo Brewing, after reasonable inquiry, is aware of any "prior valuation" (as defined in MI 61-101) of Waterloo Brewing having been prepared in the past 24 months. Waterloo Brewing has not received any *bona fide* prior offer during the 24 months before the date of the Arrangement Agreement that relates to the subject matter of or is otherwise relevant to the Arrangement.

On December 14, 2022, each of Canaccord Genuity and Paradigm delivered its oral opinion to the Special Committee and the Board, to the effect that, as of the date thereof and based upon and subject to the assumptions, limitations, qualifications and other matters stated therein, the Consideration to be received by the Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Shareholders. The Fairness Opinions were each subsequently confirmed in writing as of December 14, 2022 by delivery of the Fairness Opinions.

Pursuant to its engagement letter with Canaccord Genuity, Waterloo Brewing agreed to pay Canaccord Genuity a transaction completion fee, contingent on completion of the Arrangement and calculated by reference to the aggregate value of Consideration in respect of the Arrangement or other transaction contemplated by the engagement letter. Canaccord Genuity received a fixed fee for rendering its Fairness Opinion, with such fee being payable whether or not the Arrangement is completed and creditable towards any completion fee otherwise payable. In the event that the Arrangement is not completed and Waterloo Brewing is entitled to a termination fee, Waterloo Brewing will pay Canaccord Genuity a portion of such termination fee. Waterloo Brewing has agreed to reimburse Canaccord Genuity for their reasonable out-of-pocket expenses, whether or not the Arrangement is completed, and to indemnify Canaccord Genuity against liabilities and expenses arising from its engagement. The Special Committee and the Board considered the fact that a substantial portion of Canaccord Genuity's fees are contingent upon the consummation of the Arrangement, which the Special Committee and the Board considered to be a reasonably customary compensation structure for financial advisors in similar transactions and concluded that Canaccord Genuity's fee arrangement would not impair Canaccord Genuity's ability to provide objective advice.

Pursuant to its engagement letter with Paradigm, the Special Committee agreed to pay Paradigm a fixed fee for rendering its Fairness Opinion, with such fee being payable in full upon delivery of Paradigm's Fairness Opinion, whether or not the Arrangement is completed. The Special Committee has agreed to reimburse Paradigm for their reasonable out-of-pocket expenses, whether or not the Arrangement is completed, and to indemnify Paradigm against liabilities and expenses arising from its engagement.

The Fairness Opinions were provided solely for the use of the Board and Special Committee, respectively, in their consideration of the Arrangement, and may not be used by any other person or relied upon by any other person and are not a recommendation to any Securityholder as to how to vote or act on any matter relating to

the Arrangement. In considering the Fairness Opinions and the advice of its financial advisor, the Special Committee took into account, among other things, Paradigm's and Canaccord Genuity's expertise and the compensation structure under each of their engagement letters. Each of Canaccord Genuity and Paradigm has consented to the inclusion in this Circular of its Fairness Opinion in its entirety.

The summaries of the Fairness Opinions described in this Circular are qualified in the entirety by reference to the full text of the Fairness Opinions, which are attached as Schedule "C" – "*Fairness Opinion of Canaccord Genuity Corp.*" and Schedule "D" – "*Fairness Opinion of Paradigm Capital Inc.*" to this Circular. The Fairness Opinions set forth, among other things, the assumptions made, matters considered and limitations and qualifications on the review undertaken by Canaccord Genuity and Paradigm in rendering their Fairness Opinions. The Board urges Securityholders to read the Fairness Opinions carefully and in their entirety.

Recommendation of the Special Committee

The Special Committee was formed to review, assess and consider the Arrangement and any proposed alternative transactions to the Arrangement, to negotiate or direct the negotiations of the structure, terms or conditions of the Arrangement and the Arrangement Agreement and to make recommendations to the Board regarding the Arrangement.

After careful consideration, including a thorough review of, among other things, the factors described below in the section titled "*Reasons for the Board Recommendation*", and having consulted with its legal and financial advisors, the Special Committee unanimously determined that the Arrangement is fair to Shareholders and is in the best interests of Waterloo Brewing.

The Special Committee unanimously recommended that the Board approve the Arrangement and enter into the Arrangement Agreement and that the Board recommend that Securityholders vote in favour of the Arrangement Resolution.

Recommendation of the Board

Acting upon the unanimous recommendation of the Special Committee, and after considering, among other things, the factors described in the below section titled "*Reasons for the Board Recommendation*", the Board has unanimously determined that the Arrangement is fair to Shareholders and is in the best interests of Waterloo Brewing.

Accordingly, the Board has approved the transactions contemplated by the Arrangement Agreement, and unanimously recommends that Securityholders vote FOR the Arrangement Resolution.

Reasons for the Recommendation

In evaluating and approving the Arrangement and in making its determinations and recommendations, each of the Special Committee and the Board gave careful consideration to the expected future position of the business of Waterloo Brewing and all of the terms of the Arrangement Agreement and the Plan of Arrangement. The Special Committee and the Board considered a number of factors including, without limitation:

- *Pricing Terms*. Shareholders will be entitled to receive the Consideration under the Plan of Arrangement, which represents a 19.4% premium over the closing price of the Shares on the TSX on December 14, 2022, the last trading day prior to the announcement of the entering into of the Arrangement Agreement, and a 26.0% premium over the 10-day volume weighted average price of the Shares on the TSX. The Consideration represents a premium valuation equating to an implied TEV/LTM EBITDA multiple of 12.4x based on Waterloo Brewing's third quarter results ending October 30, 2022.

- *Receipt by the Special Committee and the Board of the Fairness Opinions.* The Special Committee and the Board have received the Fairness Opinions from Paradigm, the financial advisor to the Special Committee, and Canaccord Genuity, the financial advisor to Waterloo Brewing, each of which has concluded that the Consideration to be received by Shareholders pursuant to the Arrangement is fair, from a financial point of

view, to the Shareholders. The Special Committee and the Board also considered the fact that a substantial portion of Canaccord Genuity's fees are contingent upon the consummation of the Arrangement, which the Special Committee and the Board considered to be a reasonably customary compensation structure for financial advisors in similar transactions and concluded that Canaccord Genuity's fee arrangement would not impair Canaccord Genuity's ability to provide objective advice. A copy of the Fairness Opinions are attached as Schedule "C" and Schedule "D" to this Circular. Securityholders are urged to review and consider the Fairness Opinions in their entirety.

- *Cash Consideration*. The Consideration to be paid pursuant to the Arrangement is all-cash, which allows Shareholders to immediately realize value for all of their investment, provides certainty of value and immediate near-term liquidity and removes the uncertainties to Shareholders associated with potential future operational challenges and performance of the Company and limited liquidity of the Shares. The Arrangement provides the Company with another solution to address the Company's ability to generate sufficient cash flows to fund near-term liquidity needs.

- *Identity of Carlsberg Breweries.* The Special Committee and the Board believe that Carlsberg Breweries is an attractive counterparty with which to transact and that the Arrangement is otherwise expected to benefit the Company and its stakeholders, including the Company's employees, brands and the community in which the Company operates, as the Purchaser has indicated that the purchase was strategic with the intention to produce and grow the Parent's brands in Canada.

- *No Financing Condition.* The Purchaser's obligations under the Arrangement Agreement are unconditionally guaranteed by Carlsberg Breweries, a large global beer company, and the existing cash resources on its balance sheet. The Purchaser has represented that, as of the Effective Date, the Purchaser will have sufficient funds available to satisfy the aggregate Consideration for the Shares and Option Consideration for the Acquired Options in connection with the Arrangement in accordance with the terms of the Arrangement Agreement.

- *Support and Voting Agreements with Significant Supporting Securityholders.* Directors and two senior officers of Waterloo Brewing, who collectively held approximately 39% of the outstanding Shares and approximately 45% of the outstanding Options as at December 14, 2022, entered into the Support and Voting Agreement pursuant to which they have agreed to irrevocably vote in favour of the Arrangement Resolution.

- *Special Committee oversight.* The negotiation of the Arrangement was overseen and directed by the Special Committee which is comprised entirely of independent directors. The Special Committee and the Board were advised by highly qualified financial and legal advisors. The Arrangement was unanimously recommended to the Board by the Special Committee.

- *Court Approval.* The Arrangement Resolution must be approved by the Court, which will consider, among other things, the fairness and reasonableness of the Arrangement to Shareholders.

- *Deal Certainty; Limited Number of Conditions*. Purchaser's obligation to complete the Arrangement is subject to a limited number of conditions that the Board believes are reasonable in the circumstances. The Arrangement is not subject to any financing condition or conditional upon Purchaser completing further due diligence or obtaining any regulatory approval.

- *Negotiated Transaction*. The Arrangement Agreement is the result of a rigorous arm's length negotiation process and includes terms and conditions that are reasonable in the circumstances, with the oversight and participation of the Special Committee and the financial and legal advisors of the Company and the Special Committee.

- *Company's Prospects*. The Special Committee and the Board concluded, after a through review and after receipt of financial advice from two highly qualified financial advisors, that the cash Consideration offered to Shareholders under the Arrangement is more favourable to such Shareholders than the potential value that might have resulted from alternatives reasonably available to Waterloo Brewing, including its current

business plan, taking into consideration the advantages, disadvantages and risks associated with such alternatives, the Company's current and historical financial conditions, the results of operations and prospects including, among other things, consideration of current inflationary pressures, the continued and enhanced softness in demand in the industry, increases in government taxation on the industry and the view that no other reasonable alternative transaction opportunities are available to the Company at this time in light of the Company's recent targeted outreach to a select number of strategic buyers and 2018 strategic review process, all as more particularly described in the Circular.

- *Dissent Rights*. Registered Shareholders who do not vote in favour of the Arrangement will have the right to require a judicial appraisal of their Shares and obtain fair value pursuant to the proper exercise of Dissent Rights.

The reasons of the Special Committee and the Board for recommending the Arrangement include certain assumptions relating to forward-looking information, and such information and assumptions are subject to various risks. See "*Cautionary Statement Regarding Forward-Looking Statements*" and "*Risk Factors – Risks Relating to the Arrangement*" in this Circular.

The foregoing summary of the information and factors considered by the Special Committee and the Board is not intended to be exhaustive. In view of the variety of factors and the amount of information considered in connection with its evaluation of the Arrangement, the Special Committee and the Board did not find it practical to, and did not, quantify or otherwise attempt to assign any relative weighting to each specific factor considered in reaching its respective conclusion and recommendation. In addition, individual members of the Board may have assigned different weightings to different factors.

At the Board meeting on December 14, 2022, the Arrangement was approved and the Board was unanimous in its recommendation. The Board's recommendation was made after considering all of the above-noted factors and in light of the Board's knowledge of the business, financial condition and prospects of Waterloo Brewing, and was also based on the advice of financial advisors and legal advisors to the Board and the Special Committee.

See *"The Arrangement – Fairness Opinions"* in this Circular.

Effects of the Arrangement

The purpose of the Arrangement is to effect the acquisition by the Parent and the Purchaser of Waterloo Brewing. The Arrangement is to be carried out pursuant to the Arrangement Agreement and the Plan of Arrangement. Upon completion of the Arrangement, the Purchaser will acquire all of the issued and outstanding Shares and Waterloo Brewing will become a wholly-owned subsidiary of the Purchaser. The transactions contemplated by the Arrangement will not have a material effect on the control of the Purchaser or the Parent.

Shareholders

Under the terms of the Arrangement, Shareholders (other than any Dissenting Shareholders) will receive the Consideration, in exchange for each Share, being $4.00 in cash per Share (without interest). See "*The Arrangement – Description of the Arrangement*".

A Dissenting Shareholder who exercises Dissent Rights is entitled to be paid an amount equal to the fair value (determined as of the close of the last Business Day before the Arrangement Resolution is approved at the Meeting) of all, but not less than all, of such holder's Shares, provided the holder validly exercises its Dissent Rights and the Arrangement becomes effective.

See "*Procedure for Exchange of Shares*", "*The Arrangement – Description of the Arrangement*" and "*The Arrangement – Dissent Rights"*.

Optionholders

Under the terms of the Arrangement, each Acquired Option outstanding immediately prior to the Effective Time will be deemed to be vested and disposed of to Waterloo Brewing in consideration for a cash payment by Waterloo Brewing equal to the product obtained by multiplying (i) the amount by which the Consideration exceeds the exercise price per Share of such Acquired Option by (ii) the number of unexercised Shares underlying each such Acquired Option (the "**Option Consideration**"). Each Option (including all Options that are not Acquired) issued and outstanding immediately prior to the Effective Time will thereafter be immediately cancelled. All Options that are "out-of-the-money" will be cancelled by Waterloo Brewing immediately prior to the Effective Time for no consideration. See *"The Arrangement – Description of the Arrangement"*.

Description of the Arrangement

The following description of the Arrangement is qualified in its entirety by reference to the full text of the Plan of Arrangement, a copy of the form of which is attached as Schedule "B" – "*Plan of Arrangement*" of this Circular.

If approved, the Arrangement will become effective at the Effective Time (which is expected to be at 12:01 a.m. (Toronto time) on the Effective Date, which date is expected to take place as soon as reasonably practicable following the receipt of the Final Order) and will be binding at and after the Effective Time on each of Waterloo Brewing, the Purchaser, the Parent, Shareholders (including Dissenting Shareholders), Optionholders, all participants in the Stock Option Plan, all participants in the ESPP, the Depositary, the Transfer Agent and all other Persons.

The following is a summary of the key events or transactions that will occur and will be deemed to occur in the following sequence without any further act or formality commencing at the Effective Time:

1. each Share held by a Dissenting Shareholder in respect of which Dissent Rights have been validly exercised will be transferred, without any further act or formality by or on behalf of such Dissenting Shareholder, to the Purchaser (free and clear of all Liens) in consideration for a debt claim against the Purchaser for the amount determined under the Plan of Arrangement, and:

    (a) each Dissenting Shareholder will cease to be the holder of such Share and will cease to have any rights as a holder of such Share other than the right to be paid fair value for such Share in accordance with the Plan of Arrangement;

    (b) the name of each Dissenting Shareholder will be removed as a holder of Shares from the register of Shares maintained by or on behalf of the Company; and

    (c) the Purchaser will be deemed to be the transferee of such Share (free and clear of all Liens, other than the Dissenting Shareholder's right to be paid fair value for such Shares as set out in the Plan of Arrangement) and will be entered in the register of Shares maintained by or on behalf of the Company as the holder of such Share;

2. the Purchaser will advance a loan to the Company having a principal amount equal to the aggregate Option Consideration payable in respect of all Options to be acquired by the Company in accordance with the Plan of Arrangement, which amount will be advanced to the Company from the funds deposited with the Depositary in accordance with the Plan of Arrangement (the "**Advance**"), and, notwithstanding the terms of the Stock Option Plan, any grant agreement or any other vesting provision applicable to an Option, and without any further act or formality by or on behalf of the holder of an Option:

    (a) each Out-Of-The-Money Option outstanding immediately prior to the Effective Time (whether vested or unvested) will be immediately cancelled for no consideration, and such holder of such Out-Of-The-Money Option will cease to be a holder of such Out-Of-The-Money Option, and their name will be removed as a holder of Options from the register of Options maintained by or on behalf of the Company;

(b) each In-The-Money Option will be deemed to be vested and exercisable immediately, following which each In-The-Money Option that is outstanding immediately prior to the Effective Time and that has not been duly exercised prior to the Effective Time will be disposed of to the Company in consideration for a cash payment by the Company, which amount will be paid to the holders of the In-the-Money Options from the funds deposited by the Purchaser with the Depositary on account of the Advance, equal to the product obtained by multiplying (i) the amount by which the Consideration exceeds the exercise price per Share of such In-The-Money Option by (ii) the number of unexercised Shares underlying such In-The-Money Option, such payment being subject to, for greater certainty, applicable withholdings and other source deductions in accordance with the Plan of Arrangement;

(c) each In-The-Money Option outstanding immediately prior to the Effective Time will thereafter be immediately cancelled, and such holder will cease to be a holder of such In-The-Money Option, and their name will be removed as a holder of Options from the register of Options maintained by or on behalf of the Company, and the former holder of such In-The-Money Option will thereafter have only the right to receive the consideration to which such holder is entitled pursuant to the Plan of Arrangement in the manner specified in the Plan of Arrangement; and

(d) the Stock Option Plan and all agreements relating to the Options will be terminated and be of no further effect, and none of the Company or any of its affiliates will have any liabilities or obligations with respect to such plan or agreements except in accordance with the terms of the Plan of Arrangement.

3. each Share held by a holder of Shares (other than any Share held by a Dissenting Shareholder in respect of which Dissent Rights have been validly exercised), will be transferred by the holder thereof, without any further act or formality by or on behalf of the holder of such Shares, to the Purchaser in exchange for the Consideration, and:

   (a) each holder of Shares will cease to be a holder of such Shares and will cease to have any rights as a holder of Shares other than the right to be paid the Consideration in accordance with the Plan of Arrangement;

   (b) the name of each holder of Shares will be removed as a holder of Shares from the register of Shares maintained by or on behalf of the Company; and

   (c) the Purchaser will be deemed to be the transferee of such Shares free and clear of all Liens and will be entered in the register of Shares maintained by or on behalf of the Company as the holder of such Shares.

4. the ESPP and all agreements related thereto will be terminated, and none of the Company or any of its affiliates will have any liabilities or obligations with respect to such plan, and no Shares will be issued or issuable under the ESPP after the Effective Time.

See the Plan of Arrangement attached as Schedule "B" – "*Plan of Arrangement*" for additional information.

Guarantee of the Parent

Under the Arrangement Agreement, the Parent has unconditionally, absolutely and irrevocably guaranteed in favour of Waterloo Brewing all of the obligations of the Purchaser under the Arrangement Agreement and the Arrangement.

Securityholder and Court Approvals

Securityholder Approval of Arrangement

At the Meeting, the Shareholders will be asked to consider and, if deemed advisable, approve the Arrangement Resolution set forth in Schedule "A" to this Circular to approve the Arrangement.

To be effective, the Arrangement Resolution must be approved, with or without variation, at the Meeting by:

- at least 66⅔% of the votes cast on the Arrangement Resolution by the Securityholders, voting as a single class, present or represented by proxy and entitled to vote at the Meeting, each being entitled to one vote per Share held and one vote per Share underlying the Options held;

- at least 66⅔% of the votes cast on the Arrangement Resolution by the Shareholders, voting as a separate class, present or represented by proxy and entitled to vote at the Meeting, each being entitled to one vote per Share held; and

- a simple majority (more than 50%) of the votes cast on the Arrangement Resolution by the Shareholders, voting as a separate class, present or represented by proxy and entitled to vote at the Meeting, each being entitled to one vote per Share held, and excluding any votes in respect of Shares that are required to be excluded pursuant to MI 61-101.

The Arrangement Resolution must be approved in order for Waterloo Brewing to seek the Final Order and implement the Arrangement on the Effective Date.

The Board recommends that Securityholders vote FOR the Arrangement Resolution. In the absence of instructions to the contrary, the persons whose names appear in the attached applicable Form(s) of Proxy intend to vote FOR the Arrangement Resolution.

If the resolution approving the Arrangement does not receive the requisite approval, the Arrangement will not proceed. Reference is made to the section *"The Arrangement – Dissent Rights"* in this Circular for information concerning the rights of Registered Shareholders to dissent in respect of the Arrangement Resolution.

Court Approval of the Arrangement

The Arrangement requires approval by the Court under Section 182 of the OBCA.

On January 19, 2023, Waterloo Brewing obtained the Interim Order providing for the calling, holding and conducting of the Meeting and other procedural matters. A Notice of Application for Final Order to approve the Arrangement has been filed. Copies of the Interim Order and the Notice of Application for Final Order are attached as Schedule "E" and Schedule "G", respectively, to this Circular. The Interim Order does not constitute approval of the Plan of Arrangement.

The Court hearing in respect of the Final Order is expected to take place at 10:00 a.m. (Toronto time), on February 28, 2023, or as soon thereafter as counsel for Waterloo Brewing may be heard, at the Court, located at 330 University Avenue, Toronto, Ontario, M5G 1R7, Canada.

The authority of the Court in respect of the Arrangement is very broad. The Court may make any order it considers appropriate with respect to the Arrangement. At the Final Order hearing, the Court will consider, among other things, the fairness of the terms and conditions of the Arrangement and the rights and interests of every person affected. The Court may approve the Arrangement in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court deems fit. Any amendment made by the Court to the Plan of Arrangement is only effective if it is agreed to by each of the Company and the Purchaser, each acting reasonably. Under the terms of the Interim Order, each Shareholder will have the right to appear and make submissions at the application for the Final Order. Any person desiring to appear at the hearing of the application for the Final Order may do so, but must comply

with certain procedural requirements described in the Interim Order and in the Notice of Application for Final Order, including filing an appearance with the Court registry and serving such appearance on Waterloo Brewing's counsel at the address set out below, no later than 5:00 p.m. (Toronto time) on February 21, 2023, a written contestation supported as to the facts alleged by affidavit(s) and exhibit(s), if any:

to Waterloo Brewing's counsel:

Wildeboer Dellelce LLP
365 Bay Street
Suite 800
Toronto, Ontario, M5H 2V1

Attention: Charlie Malone
Facsimile: (416) 361-1790

with a copy to:

Torys LLP
79 Wellington St. W., 30th Floor
Box 270, TD South Tower
Toronto, Ontario, M5K 1N2

Attention: Andrew Gray
Facsimile: (416) 865-7380

Shareholders who wish to participate in or be represented at the Court hearing for the Final Order should consult their legal advisors as to the necessary requirements.

Regulatory Approvals

The Shares are listed and posted for trading on the TSX.

Liquor Licence and Control Act (Ontario)

Waterloo Brewing holds certain licenses and authorizations from the Alcohol and Gaming Commission of Ontario ("**AGCO**"). The *Liquor Licence and Control Act* (Ontario) (the "**LLCA**") regulates the sale, service and delivery of liquor in Ontario. The Company holds certain licenses under the LLCA that are necessary for its manufacturing, retail store and sales activities.

Under the LLCA and the regulations thereto, the AGCO must approve a change in ownership of a corporation holding such licenses. The Purchaser is in the process of applying to the AGCO to approve the "transfer" of the Company's licenses with the approval expected to be obtained following completion of the Arrangement. The submission of such applications is a responsibility of the Purchaser (rather than the Company), and such applications may only be approved following the completion of the Arrangement.

Excise Act (Canada)

The Excise Act, the Excise Act, 2001, and the regulations thereto (together, "**Excise Acts**") impose taxation and registration requirements for the production of spirits, wine and beer in Canada. The Company holds a brewer's license and certain excise duty licenses under the Excise Acts that are necessary to carry on its business as a manufacturer and seller of alcohol products.

As a licensee under the Excise Acts, the Company is required to provide notice to the CRA on a change in ownership of the Company. Based on discussions with the CRA, the Company understands that such notice should be provided at least 30 days prior to the completion of the Arrangement.

Dissent Rights

Dissent Rights for Shareholders in respect of the Arrangement

If you are a Registered Shareholder as of the Record Date, you are entitled to dissent from the Arrangement Resolution, in the manner provided in Section 185 of the OBCA, as modified or supplemented by the applicable Interim Order, the Plan of Arrangement and any other order of the Court, provided that, notwithstanding Subsection 185(6) of the OBCA, the written objection to the Arrangement Resolution referred to in Subsection 185(6) of the OBCA must be received by Waterloo Brewing not later than 5:00 p.m. (Toronto time) on the date that is two (2) Business Days immediately preceding the date of the Meeting (as it may be adjourned or postponed from time to time). A Dissenting Shareholder who exercises Dissent Rights is entitled to be paid an amount equal to the fair value (determined as of the close of the last Business Day before the Arrangement Resolution is approved at the Meeting) of all, but not less than all, of such holder's Shares, provided the holder validly exercises its Dissent Rights and the Arrangement becomes effective.

In addition to any other restrictions under Section 185 of the OBCA (as modified or supplemented by the Interim Order, the Plan of Arrangement and any other order of the Court), Non-Registered Shareholders and none of the following will be entitled to exercise Dissent Rights: (i) holders of the Options; (ii) participants in the ESPP (except in respect of any Shares purchased pursuant to the ESPP); and (iii) holders of Shares who vote or have instructed a proxyholder to vote such Shares in favour of the Arrangement Resolution.

The following brief summary of the rights of Registered Shareholders to dissent from the Arrangement Resolution is not a comprehensive statement of the procedures to be followed by a Dissenting Shareholder who seeks payment of the fair value of their Shares. This summary is qualified in its entirety by the provisions of Section 185 of the OBCA, the full text of which is set forth in Schedule "F" to this Circular, the Interim Order and the Plan of Arrangement. The Court hearing the application for the Final Order has the discretion to alter the Dissent Rights described herein.

A Registered Shareholder's failure to follow exactly the procedures set forth in Section 185 of the OBCA, as modified or supplemented by the Interim Order, the Plan of Arrangement and any other order of the Court, will result in the loss of such Registered Shareholder's Dissent Rights. Any Shareholder that wishes to dissent in respect of the Arrangement Resolution should obtain their own legal advice and carefully read the Plan of Arrangement (see Schedule "B"), the provisions of Section 185 of the OBCA (see Schedule "F") and the Interim Order (see Schedule "E").

Dissenting Shareholders who duly exercise their Dissent Rights will be deemed to have transferred the Shares held by them and in respect of which Dissent Rights have been validly exercised to the Purchaser free and clear of all Liens as provided in the Plan of Arrangement, and if they:

- ultimately are entitled to be paid fair value for such Shares, then such Dissenting Shareholders will: (i) be deemed not to have participated in the Arrangement (other than in accordance with the dissent procedures provided in the Plan of Arrangement; (ii) be entitled to be paid the fair value of such Shares by the Purchaser, which fair value, notwithstanding anything to the contrary contained in the OBCA, will be determined as of the close of business on the Business Day before the Arrangement Resolution is adopted; and (iii) not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement had such holders not exercised their Dissent Rights in respect of such Shares; or

- ultimately are not entitled, for any reason, to be paid fair value for such Shares, then such Dissenting Shareholders will be deemed to have participated in the Arrangement on the same basis as a non-dissenting holder of Shares and will be entitled to receive only the Consideration that such Dissenting Shareholder would have received pursuant to the Arrangement if such Dissenting Shareholder had not exercised its Dissent Rights.

In no circumstances will the Purchaser, the Parent, Waterloo Brewing or any other person be required to recognize a person exercising Dissent Rights unless such person is the registered holder of those Shares on the Record Date in respect of which such Dissent Rights are sought to be exercised. For greater certainty, in no case will the Purchaser,

the Parent, Waterloo Brewing and any other person be required to recognize Dissenting Shareholders as Shareholders after the Effective Time, and the names of such Dissenting Shareholders will be removed from the applicable register of Shares maintained by or on behalf of the Company, in respect of which Dissent Rights have been validly exercised at the same time as the completion of such transfer at the Effective Time, and the Purchaser will be recorded as the holder of the Shares so transferred and will be deemed the legal and beneficial owner of the Shares free and clear of all Liens. In addition to any other restrictions under Section 185 of the OBCA, none of the following will be entitled to exercise Dissent Rights: (i) holders of Options; (ii) participants in the ESPP (except in respect of any Shares purchased pursuant to the ESPP); and (iii) holders of Shares who vote or have instructed a proxyholder to vote such Shares in favour of the Arrangement Resolution. There can be no assurance that a Dissenting Shareholder will receive consideration for its Shares of equal or greater value to the consideration that such Dissenting Shareholder would have received under the Arrangement.

The exercise of Dissent Rights does not deprive a Registered Shareholder of the right to vote at the Meeting. However, a Shareholder is not entitled to exercise Dissent Rights in respect of the Arrangement Resolution if such holder votes any of the Shares beneficially held by such holder in favour of the Arrangement Resolution.

A Dissenting Shareholder is required to send a written objection to the Arrangement Resolution to Waterloo Brewing prior to the Meeting. The execution or exercise of a proxy against the Arrangement Resolution or not voting on the Arrangement Resolution does not constitute a written objection for purposes of the Dissent Right under Section 185 of the OBCA.

Waterloo Brewing will, within 10 days after the Arrangement Resolution is approved, send to each applicable Dissenting Shareholder a notice that the Arrangement Resolution has been adopted, stating that Waterloo Brewing intends to act, or has acted, on the authority of the Arrangement Resolution and advise the Dissenting Shareholder of the manner in which dissent is to be completed under Section 185 of the OBCA.

If the Arrangement Resolution is approved by the Securityholders as required at the Meeting, and if Waterloo Brewing notifies a Dissenting Shareholder of its intention to act upon the Arrangement Resolution, pursuant to Section 185 of the OBCA, the Dissenting Shareholder is then required, within 20 days after receipt of such notice, to send to Waterloo Brewing a signed written notice setting out the Dissenting Shareholder's name and address, the number and class of Shares held by the Dissenting Shareholder and that the Dissent Right is being exercised in respect of all of the Dissenting Shareholder's Shares. The written notice will also include demand for payment of the fair value of such Shares. Within 30 days after sending such written notice, the Dissenting Shareholder must send to Waterloo Brewing or the Transfer Agent the certificates, if any, representing the Shares in respect of which the Dissenting Shareholder has exercised Dissent Rights.

A Dissenting Shareholder who does not send to Waterloo Brewing or the Transfer Agent, as applicable, within the required period of time, the required notices or the certificates representing the Shares, if any, in respect of which the Dissenting Shareholder wishes to dissent, may forfeit its Dissent Rights. Upon delivery of these documents, the Dissenting Shareholder ceases to have any rights as a Shareholder other than the right to be paid the fair value of the shares, except where the Dissenting Shareholder withdraws the notice referred to above before Waterloo Brewing makes an offer or Waterloo Brewing fails to make an offer and the Dissenting Shareholder withdraws notice, in which case the Dissenting Shareholder's rights are reinstated as of the date the Dissenting Shareholder sent the notice referred to above.

If the matters provided for in the Arrangement Resolution become effective, then Waterloo Brewing will be required to send, not later than the seventh (7^{th}) day after the later of the Effective Date and the day the demand for payment is received, to each Dissenting Shareholder whose demand for payment has been received, a written offer to pay for the Shares of such Dissenting Shareholder for such amount as the Board considers to be fair value accompanied by a statement showing how the fair value was determined.

The Purchaser must pay for the Shares of a Dissenting Shareholder within 10 days after an offer made as described above has been accepted by a Dissenting Shareholder, but any such offer lapses if Waterloo Brewing does not receive an acceptance thereof within 30 days after such offer has been made. Every offer made by Waterloo Brewing for Shares will be on the same terms.

If such offer is not made or accepted within 50 days after the Effective Date, Waterloo Brewing may apply to the Court to fix the fair value of such Shares. There is no obligation of Waterloo Brewing to apply to the Court. If Waterloo Brewing fails to make such an application, a Dissenting Shareholder has the right to so apply within a further 20 days.

Addresses for Notice

All notices to Waterloo Brewing of dissent to the Arrangement Resolution pursuant to Section 185 of the OBCA should be addressed to the attention of the individual set out below and be received not later than 5:00 p.m. (Toronto time) on the date that is two Business Day immediately preceding the date of the Meeting, or any date to which the Meeting may be adjourned or postponed to:

Waterloo Brewing Ltd.
400 Bingemans Centre Drive,
Kitchener, Ontario, N2B 3X9

Attention: Enida Zaimi, Chief Financial Officer
Facsimile: 519-742-7729

Condition of the Arrangement

Under the Arrangement Agreement, it is a condition precedent to the Arrangement that Dissent Rights will not have been exercised with respect to more than 17.5% of the issued and outstanding Shares (excluding any Dissent Rights that have been exercised and subsequently withdrawn).

THE ARRANGEMENT AGREEMENT

The Arrangement will be carried out pursuant to the Arrangement Agreement and the Plan of Arrangement. The following is a summary of the principal terms of the Arrangement Agreement. **The description of the Arrangement Agreement in this summary and elsewhere in this Circular, is a summary only and does not purport to be complete and is qualified in its entirety by reference to the Arrangement Agreement, which is incorporated by reference herein and the full text of which may be viewed on SEDAR at www.sedar.com, and may also be obtained on request without charge from Waterloo Brewing's Chief Financial Officer by email at investorrelations@waterloobrewing.com or by telephone at 519-742-2732 ext. 106, and to the Plan of Arrangement, the full text of which is attached as Schedule "B" to this Circular. Securityholders are encouraged to read each of the Arrangement Agreement and the Plan of Arrangement in their entirety.**

On December 14, 2022, Waterloo Brewing, the Parent and the Purchaser entered into the Arrangement Agreement, pursuant to which Waterloo Brewing, the Parent and the Purchaser agreed that, subject to the terms and conditions set forth in the Arrangement Agreement, the Purchaser will acquire all of the issued and outstanding Shares. Pursuant to the Arrangement, each Shareholder (other than any Shareholder who has validly exercised its Dissent Rights) will receive $4.00 in cash for each Share (without interest) held by such Shareholder.

Representations and Warranties

The Arrangement Agreement contains representations and warranties made by Waterloo Brewing to the Purchaser and the Parent and representations and warranties made by the Purchaser and the Parent to Waterloo Brewing. These representations and warranties were made solely for purposes of the Arrangement Agreement and may be subject to important qualifications and limitations agreed to by the Parties in connection with negotiating the terms of the Arrangement Agreement. In addition, some of these representations and warranties are made as of specified dates, are subject to a contractual standard of materiality or Material Adverse Effect different from that generally applicable to public disclosure of Waterloo Brewing, or are used for the purpose of allocating risk between the Parties to the Arrangement Agreement. For the foregoing reasons, you should not rely on the representations and warranties contained in the Arrangement Agreement as statements of factual information at the time they were made or otherwise.

The Arrangement Agreement contains certain representations and warranties of Waterloo Brewing, relating to, among other things: corporate existence and power; corporate authorization; Special Committee and Board approval; execution and binding effect; governmental authorization; non-contravention; capitalization; no subsidiaries; securities law matters; financial statements; disclosure controls and internal controls over financial reporting; auditors; audit committee; no undisclosed material liabilities; absence of certain changes; commitments for capital expenditures; non-arms length transactions; collateral benefit; compliance with laws and authorizations; regulatory matters; sufficiency and title to assets; inventory; no options; litigation; taxes; employment matters; employee plans; customers and suppliers; environmental matters; leases and leased real property; personal property; material contracts; restrictions on conduct of business; intellectual property; IT systems; third-party software; products, services and related liabilities; cybersecurity; private, security and anti-spam; insurance; books and records; Fairness Opinions; financial advisors; no Shareholder rights plan; transfer agent; sanctions, anti-money laundering and anti-corruption; customs and trade laws; *Investment Canada Act*; and *Competition Act*.

The Arrangement Agreement also contains certain representations and warranties of the Purchaser and the Parent, relating to, among other things: organization and qualification; corporate authorization; execution and binding effect; governmental authorization; non-contravention; funds; litigation; share ownership; bankruptcy and litigation; *Investment Canada Act*; *Competition Act*; and financial advisors.

Covenants

Covenants Regarding the Conduct of Business

Waterloo Brewing has covenanted and agreed that, during the period from the date of the Arrangement Agreement until the earlier of the Effective Time and the time that the Arrangement Agreement is terminated in accordance with its terms, except (i) as fully and accurately set out in the Company Disclosure Letter, (ii) as expressly required or expressly permitted by the Arrangement Agreement, (iii) as required by applicable Law, or (iv) with the prior written consent of the Purchaser, such consent not to be unreasonably withheld, delayed or conditioned; the Company will use its commercially reasonable efforts to (w) conduct its business in the Ordinary Course, (x) maintain its business organization, goodwill and assets to keep available the services of the employees of the Company and to maintain satisfactory relationships with others having business relationships with the Company, (y) comply in all material respects with the terms of all Material Contracts and with applicable Laws, and (z) not make any material change in its business, assets, liabilities, operations, capital or affairs. Without limiting the generality of the foregoing, during such above-mentioned time period and subject to such above-mentioned exceptions, the Company will not, directly or indirectly:

- amend or otherwise change or modify its Constating Documents;

- other than in connection with the acceleration of all currently unvested Acquired Options pursuant to the Plan of Arrangement, reduce the stated capital or adjust, split, reverse split, subdivide, combine, constitute, reclassify, modify or amend any shares in the capital of the Company (including the Shares) or other securities of the Company, including any debt securities, options, equity or equity-based compensation, restricted capital, restricted capital units, warrants, convertible securities or other rights of any kind to acquire any of such securities;

- set a record date for, declare, set aside, make or pay any dividend or other distribution (whether in cash, stock, capital or property or any combination thereof) with respect to the Company's securities;

- redeem, repurchase, or otherwise acquire or offer to redeem, repurchase or otherwise acquire, directly or indirectly, any shares in the capital of the Company (including the Shares) or other securities of the Company, other than pursuant to the exercise of the Options outstanding as of the date hereof or the redemption, forfeiture or withholding of Taxes with respect to Options that are outstanding on the date hereof or issued after the date hereof in compliance with the terms of the Arrangement Agreement and the Arrangement;

- (i) adopt a plan of liquidation or resolution providing for the liquidation, dissolution or winding up of the Company, (ii) reorganize, merge, combine or amalgamate with any person or (iii) (A) acquire (by merger,

consolidation, acquisition of shares or assets or otherwise), sell, pledge, lease, dispose of, mortgage, licence, transfer or otherwise encumber or agree to do any of the foregoing, directly or indirectly, in one transaction or in a series of related transactions, in respect of any person, assets (other than assets that are *de minimis*), securities, properties, interests or businesses, other than (x) routine purchase orders in the Ordinary Course, or (y) the acquisition, sale, lease or other transfer of inventories for resale or use by the Company or its customers in the Ordinary Course, or (z) in respect of obsolete, damaged or destroyed assets, (B) make any investment or agree to make any investment, directly or indirectly, in one transaction or in a series of related transactions, either by purchase of shares or securities, contributions of capital or otherwise, or (C) purchase any property or assets of any other person, except for *de minimis* purchases;

- enter into, or resolve to enter into, any agreement that has the effect of creating a joint venture, partnership, shareholders' agreement, profit-sharing arrangement, collaboration agreement, codevelopment agreement or similar relationship;

- engage in any transaction with any employees, director or contractor of the Company or any of their respective affiliates or associates outside of the Ordinary Course;

- issue, grant, transfer, deliver, sell, pledge, dispose of, mortgage, licence or otherwise encumber, or authorize the issuance, grant, delivery, sale, pledge, disposal, mortgaging, licencing or encumbrance of or create any derivative interest in, any shares in the capital of the Company or other equity or voting interests of the Company, or any Options, deferred share units, warrants or similar rights exercisable or exchangeable for or convertible into, or otherwise evidencing a right to acquire such securities or other equity or voting interests, or any share appreciation rights, phantom share awards or other rights that are linked to the price or the value of the Shares except upon the exercise or settlement of the currently outstanding Options;

- make available any additional Shares under the ESPP or set a Notice Date (as defined in the ESPP);

- other than certain exceptions, make or commit to make any capital expenditures (as defined in accordance with IFRS) during the remaining portion of the current fiscal year which in the aggregate exceed $250,000;

- other than as required by court order or the terms of a contract, commence, cancel, waive, release, assign, settle or compromise any proceeding (including any insurance claim), in whole or in part (i) relating to the assets (including inventory) or the business of the Company, other than as results solely in monetary obligations involving payment (without admission of wrongdoing) by the Company of an amount not greater than $250,000 (net of insurance proceeds) in the aggregate, or (ii) brought by any present, former or purported holder of securities of the Company in connection with the transactions contemplated by the Arrangement Agreement or the Arrangement;

- except for scheduled renewals in the Ordinary Course and certain exceptions, amend, modify or voluntarily terminate, or fail to use commercially reasonable efforts to maintain in effect, any material insurance (or re-insurance) policy of the Company in effect on the date of the Arrangement Agreement, unless simultaneously with any such termination, replacement policies underwritten by insurance and re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the terminated policy for a substantially similar premium are in full force and effect;

- (i) except for any prepayment required as a result of the amendment, if any, to the Company's credit facilities as set out in the Waterloo Brewing Disclosure Letter (to the extent fully and accurately described therein), prepay, discharge or satisfy any indebtedness for borrowed money before its scheduled maturity or, other than to pay for costs and expenses incurred in connection with the Arrangement Agreement and the Arrangement or in connection with advances in the Ordinary Course under the Company's existing debt facilities, increase, create, incur, assume or otherwise become liable for any material indebtedness for borrowed money or guarantees thereof, or (ii) (A) before due and owing, pay, discharge or satisfy, or (B) waive, release, assign, settle or compromise, any material claims or material liabilities (including any Proceedings by any Governmental Entity);

- make or forgive any loan or advance to, or any capital contribution or investment in, or assume, guarantee, endorse or otherwise become liable or responsible (whether directly, indirectly, contingently or otherwise) with respect to any material liabilities or obligations of, any other person, including any current or former director, officer, Company Employee, contractor or agent of the Company (other than with respect to accounts payable to trade creditors in the Ordinary Course);

- enter into any interest rate, currency, equity or commodity swaps, hedges, derivatives, forward sales Contracts or similar financial instruments other than in the Ordinary Course;

- except as required by Law: (i) adopt, enter into, materially amend or terminate any Employee Plan (or any plan, policy, program, contract, arrangement or agreement that would be an Employee Plan if it were in effect on the date hereof); (ii) grant, accelerate, increase or otherwise amend any compensation, salary or other remuneration, payment, bonus, award, profit sharing distribution or other benefit payable to, or for the benefit of, any current or former Company Employee, contractor or director, other than as required pursuant to an existing Employee Plan or employment agreement as in force on the date hereof, applicable Law, in the Ordinary Course or as it relates to *de minimis* employee benefits; (iii) hire, engage, promote or terminate (other than for cause) the employment or engagement of: (A) any executive officer or director, or (B) other than in the Ordinary Course, any other Company Employee or contractor; (iv) grant any rights of indemnification, or pay any retention, severance, change of control, bonus, termination pay or similar payment to, or enter into any employment agreement, indemnity agreement, deferred compensation or bonus compensation agreement (or amend such existing agreement) with any current or former officer or director or Company Employee, except as required by the terms of an existing Employee Plan or employment agreement in effect on the date hereof; or

- communicate with any Company Employee or contractor with respect to the compensation, benefits or other treatment they will receive following the Effective Time, unless such communication (A) does not include any information regarding compensation, benefits or other treatment that is not specifically set forth in the Arrangement Agreement; or (B) is approved by the Purchaser in advance of such communication;

- negotiate or enter into any union recognition agreement, collective bargaining agreement, union agreement or similar agreement with any trade union or representative body;

- other than:(i) as set out in the Waterloo Brewing Disclosure Letter, or (ii) with respect to any new co-pack or procurement contracts or renewals of co-pack or procurement contracts which are on terms and conditions that are, in the case of new co-pack or procurement contracts, not materially different from existing co-pack or procurement Contracts and, in the case of renewals of co-pack or procurement Contracts, materially the same as the co-pack or procurement Contract so renewed, as applicable, in force as of the date of the Arrangement Agreement, do not materially restrict the Company's business and, in the case of a co-pack Contract, which would not result in a material decrease in the Company's beer brewing capacity, negotiate, amend, extend, renew or modify in any material respect, voluntarily terminate, cancel, waive any material right under or release or assign any material rights under any Material Contract, or enter into any Contract that would be a Material Contract if in effect on the date hereof, or fail to enforce upon any material breach of any Material Contract of which it becomes aware, or breach, violate or be in default in any material respect under any Material Contract without curing such breach, violation or default;

- enter into an agreement that could result in the payment by the Company of a finder's fee, success fee or other similar fee in connection with the Arrangement or the other transactions contemplated in the Arrangement Agreement, provided that the foregoing will not prohibit the Company from entering into an agreement with any dealer and proxy solicitation services firm for purposes of soliciting proxies in connection with the Arrangement;

- make, amend or rescind any material express or deemed Tax election, settle or compromise any material Tax Proceeding, controversy or liability, amend any Tax Return in any material respect, surrender any right to claim a material Tax abatement, reduction, deduction, exemption, credit or refund, consent to the extension or waiver of the limitation period applicable to any material Tax matter, incur any liability for material Taxes

outside of the Ordinary Course, fail to pay any material Tax that becomes due and payable (including any estimated Tax payments) except for Taxes being disputed in good faith for which adequate reserve has been set aside in accordance with IFRS, or materially amend or change any of its methods of reporting income, deductions or accounting for income Tax purposes, where the result of such action is inconsistent with past practice, the Tax Act, or any other applicable Laws;

- make a request for a Tax ruling or enter into any material agreement with a Governmental Entity with respect to Taxes;

- make any material change in the Company's, methods, policies or procedures of accounting, except as required by changes in IFRS, as otherwise required by Law or pursuant to written instructions, comments or Orders of a Governmental Entity;

- (i) sell, transfer, assign or dispose of any right in any Intellectual Property, other than non-exclusive licenses in the Ordinary Course that are terminable by the Company without any consent, penalty or payment, lease, or grant a license of any right in any Intellectual Property, or (ii) assign or grant a license of any material right in any other Intellectual Property;

- (i) waive, amend or voluntarily terminate any inbound license in favour of the Company with respect to any Intellectual Property (other than licenses of commercial off-the-shelf Software with total annual license, maintenance, support and other fees not in excess of $50,000 in the aggregate per vendor); or (ii) amend any Contract with respect to the use of any material Intellectual Property;

- (i) waive or materially amend (except in the course of using reasonable efforts to prosecute Intellectual Property) the Company's rights in or to any Intellectual Property that is registered or the subject of an application for registration; or (ii) fail to use reasonable efforts to prosecute or maintain any Intellectual Property that is registered or the subject of an application for registration, in each case, in the name of the Company;

- (i) waive, release or condition any non-compete, non-solicit, non-disclosure, confidentiality or other restrictive covenant owed to the Company; or (ii) enter into any Contract which creates any noncompetition or material non-solicit obligations for the Company, except for any new co-pack Contracts or renewals of co-pack Contracts which are on terms and conditions that are, in the case of new co-pack or procurement Contracts, not materially different from existing co-pack Contracts and, in the case of renewals of co-pack Contracts, materially the same as the co-pack Contract so renewed, as applicable, and which would not result in a material decrease in the Company's beer brewing capacity;

- other than in the Ordinary Course, write down the value of any of the Company's property or assets (including Inventory);

- make any material changes to the purchase terms or reserve levels of Inventory, or otherwise make any material changes to the Inventory policies of the Company;

- make any forward commitments for the business of the Company in excess of the requirements of the business of the Company for normal operating purposes in the Ordinary Course;

- make any material change in the method of billing or the credit terms made available to the customers of the Company;

- make an application to or otherwise amend, modify, terminate, allow to expire or lapse any of its Authorizations or abandon or fail to diligently pursue any ongoing application for any Authorization;

- materially change the nature of its business or the business; or

- authorize, agree, resolve or otherwise commit to do any of the foregoing.

Covenants of the Company Regarding the Performance of Obligations

Subject to the terms and conditions of the Arrangement Agreement (including the provisions that govern in relation to Regulatory Approvals), Waterloo Brewing agreed to perform all obligations required or desirable to be performed by the Company under the Arrangement Agreement, and co-operate with the Parent and the Purchaser in connection therewith, in order to consummate and make effective, as soon as reasonably practicable, the Arrangement and, without limiting the generality of the foregoing, Waterloo Brewing will:

- use commercially reasonable efforts to obtain the Required Approvals, including submitting the Arrangement Resolution for approval by the Securityholders at the Meeting in accordance with the Arrangement Agreement, except to the extent that the Board has withdrawn, modified or qualified its recommendation to the Securityholders in accordance with the terms of the Arrangement Agreement;

- promptly advise and the Purchaser orally and, if then requested, in writing of: (i) any event, change or development that has or is reasonably expected to have a Material Adverse Effect; (ii) any notice or other communication from any person alleging that the consent (or waiver, permit, exemption, Order, approval, agreement, amendment or confirmation) of such person is required in connection with the Arrangement Agreement or the Arrangement; (iii) any notice or other communication from any person to the effect that such person is terminating or otherwise materially adversely modifying its relationship with the Company as a result of the Arrangement Agreement or the Arrangement; (iv) any notice or other communication from any Governmental Entity in connection with the Arrangement Agreement (and the Company will contemporaneously provide a copy of any such written notice or communication to the Purchaser); or (v) any filing or Proceedings commenced or, to the knowledge of the Company, threatened against, relating to or involving or otherwise affecting the Company.

- it being acknowledged and agreed by the Parties that any of the following will not be a condition to closing of the Arrangement, use commercially reasonable efforts to obtain, as soon as possible following the execution of the Arrangement Agreement, and maintain all Authorizations and third person and other consents, waivers, permits, exemptions, Orders, approvals, agreements, amendments and modifications necessary to permit the consummation of the transactions contemplated by the Arrangement Agreement and the Arrangement, necessary to be obtained from any Governmental Entity or under any Material Contracts in connection with the Arrangement Agreement or the Arrangement or required in order to maintain any Authorizations or Material Contracts in full force and effect following completion of the Arrangement, in each case on terms satisfactory to the Purchaser and without paying or providing a commitment to pay any consideration in respect thereof without the prior written consent of the Purchaser;

- subject to obtaining all necessary information from the Parent and the Purchaser, file the CRA Notices at least thirty (30) days prior to closing of the Arrangement;

- use commercially reasonable efforts to defend and, upon request of the Purchaser, take all commercially reasonable steps to resolve, in consultation with the Purchaser, all legal, regulatory or other Proceedings or disputes relating to the Arrangement Agreement or the Arrangement (including with respect to any proxy solicitation matters), and consult with and permit the Purchaser to participate in any discussions with and in formulating strategies for responding to any such matters, provided that the Company will not enter into any settlement of any such matters without the Purchaser's prior written consent; and

- conduct itself so as to keep the Purchaser fully informed as to the material decisions required to be made or actions required to be taken with respect to the operation of the business of the Company.

Covenants of the Parent Regarding the Performance of Obligations

Subject to the terms and conditions of the Arrangement Agreement (including the provisions that govern in relation to Regulatory Approvals), the Parent will, and will cause its subsidiaries, including the Purchaser, to:

- perform all obligations required to be performed by Parent or the Purchaser under the Arrangement Agreement, co-operate with the Company in connection therewith, and do all such other acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated by the Arrangement Agreement and, without limiting the generality of the foregoing or the obligations in the Arrangement Agreement regarding payment of the Consideration, the Parent will ensure that the Purchaser will, by the Effective Date, have sufficient funds to pay the aggregate Consideration for all Shares and the Option Consideration for the Acquired Options pursuant to the Arrangement in accordance with the terms of the Arrangement Agreement;

- use commercially reasonable efforts to assist the Company in obtaining the Required Approvals and those Authorizations and third person and other consents, waivers, permits, exemptions, Orders, approvals, agreements, amendments and modifications contemplated by the Arrangement Agreement;

- make all applications required to obtain the AGCO Approvals as soon as commercially reasonable after the date of the Arrangement Agreement and obtain such approvals as soon as reasonably practicable and available from the AGCO; and

- use commercially reasonable efforts to effect all necessary, or in the opinion of the Parent, advisable, registrations, filings and submissions of information and obtain all authorizations required by the Parent relating to the Arrangement Agreement.

Mutual Covenants

Each of Waterloo Brewing and the Parent has given to the other Party certain usual and customary covenants for an agreement of the nature of the Arrangement Agreement, including, among others:

- using commercially reasonable efforts to satisfy, or cause the satisfaction of, all the conditions precedent in the Arrangement Agreement and to take all steps set forth in the Interim Order and Final Order applicable to it and to comply promptly with all requirements which applicable Laws may impose on it with respect to the Arrangement Agreement or the Arrangement;

- using commercially reasonable efforts to: (i) oppose, lift or rescind any injunction, restraining or other order seeking to restrain, enjoin or otherwise prohibit or delay or otherwise adversely affect the consummation of the Arrangement, and (ii) defend, or cause to be defended, any proceedings to which it is a party or brought against it or its directors or officers challenging the Arrangement or the Arrangement Agreement; and

- not taking any action, or refrain from taking any commercially reasonable action, or permitting any action to be taken or not taken, which would reasonably be expected to prevent, materially delay, impair or otherwise impede the consummation of the Arrangement or the transactions contemplated by the Arrangement Agreement or any Regulatory Approvals.

Conditions Precedent to the Arrangement

Mutual Conditions Precedent

The obligations of the Parties to complete the Arrangement and the transactions contemplated by the Arrangement Agreement are subject to the fulfillment, on or before the Effective Time, of each of the following conditions precedent, each of which may only be waived with the mutual consent of the Parties:

- the Arrangement Resolution will have been approved by the Securityholders at the Meeting in accordance with the Interim Order;

- the Interim Order and the Final Order will each have been obtained on terms consistent with the Arrangement Agreement, and will not have been set aside or modified in a manner unacceptable to the Company and the Purchaser, each acting reasonably, on appeal or otherwise;

- no applicable Law will be in effect that makes the consummation of the Arrangement illegal or otherwise prohibits or enjoins the Company or the Purchaser from consummating the Arrangement and there is no Proceeding commenced (that has not been withdrawn or otherwise abandoned or terminated) to prohibit or enjoin the Company or the Purchaser from consummating the Arrangement; and

- the Plan of Arrangement will not have been amended, modified or supplemented by approval or direction of the Court without the written consent of the Company and the Purchaser, such consent not to be unreasonably withheld, delayed or conditioned.

Additional Conditions in Favour of Waterloo Brewing

The obligation of Waterloo Brewing to complete the transactions contemplated by the Arrangement Agreement will also be subject to the following conditions precedent (each of which is for the exclusive benefit of the Company and may be waived by the Company):

- the representations and warranties of the Parent and the Purchaser set forth in the Arrangement Agreement will be true and correct in all respects, without regard to any materiality qualifications contained in them, as of the Effective Time as though made at and as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which will be determined as of that specified date), except where the failure or failures of all such representations and warranties to be so true and correct in all respects would not prevent, enjoin or materially hinder or delay the consummation of the Arrangement, and the Company will have received a certificate of the Parent and the Purchaser, addressed to the Company and dated the Effective Date, signed on behalf of the Parent and the Purchaser respectively by one of its senior executive officers (on such senior executive officer's behalf and without personal liability), confirming the same as of the Effective Date;

- all covenants of the Parent and the Purchaser under the Arrangement Agreement to be performed on or before the Effective Time will have been duly performed by the Parent and the Purchaser in all material respects, and the Company will have received a certificate of the Parent and the Purchaser, addressed to the Company and dated the Effective Date, signed on behalf of the Parent and the Purchaser respectively by one of its senior executive officers (on such senior executive officer's behalf and without personal liability), confirming the same as of the Effective Date; and

- the Purchaser will have deposited or caused to be deposited with the Depositary in escrow (the terms and conditions of such escrow to be satisfactory to each of the Purchaser and the Company, acting reasonably) in accordance with the Arrangement Agreement the funds required to effect payment in full of: (i) the aggregate Consideration for all of the Shares to be acquired pursuant to the Arrangement; and (ii) as contemplated by the Arrangement Agreement, the aggregate Option Consideration for all of the Acquired Options to be disposed of pursuant to the Arrangement, and the Depositary will have confirmed in writing to the Company receipt of these funds.

Additional Conditions in Favour of the Parent and Purchaser

The obligations of the Parent and the Purchaser to complete the transactions contemplated by the Arrangement Agreement will also be subject to the fulfillment of each of the following conditions precedent (each of which is for the exclusive benefit of the Parent and the Purchaser and may be waived by the Parent and the Purchaser):

- certain fundamental representations and warranties of the Company set forth in the Arrangement Agreement will be true and correct in all respects as of the date hereof and as of the Effective Time, except for de minimis inaccuracies, and all the other representations and warranties of the Company set forth the Arrangement Agreement will be true and correct in all respects, without regard to any materiality or Material Adverse Effect qualifications contained in them, as of the Effective Time, as though made at and as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which will be determined as of that specified date), except where the failure or failures of all such representations and warranties to be so true and correct in all respects would not reasonably be expected to have a Material

Adverse Effect and the Parent and the Purchaser will have received a certificate of the Company addressed to the Parent and the Purchaser and dated the Effective Date, signed on behalf of the Company by two senior executive officers of the Company (on the Company's behalf and without personal liability), confirming the same as of the Effective Date;

- all covenants of the Company under the Arrangement Agreement to be performed on or before the Effective Time will have been duly performed by the Company in all material respects, and the Parent and the Purchaser will have received a certificate of the Company addressed to the Parent and the Purchaser and dated the Effective Date, signed on behalf of the Company by two senior executive officers of the Company (on the Company's behalf and without personal liability), confirming the same as of the Effective Date;

- since the date of the Arrangement Agreement, there will have not occurred or have been disclosed to the public (if previously undisclosed to the public) a Material Adverse Effect; and

- Dissent Rights will not have been exercised with respect to more than seventeen and one-half percent (17.5%) of the issued and outstanding Shares (excluding any Dissent Rights that have been exercised and subsequently withdrawn).

Non-Solicitation

Except as provided for in the Arrangement Agreement, Waterloo Brewing has covenanted and agreed to not, directly or indirectly, through any officer, director, employee, representative (including any financial or other advisor) or agent of the Company (collectively, "**Representatives**"), or otherwise, and will not permit any such person to:

- solicit, assist, initiate, facilitate or knowingly encourage (including by furnishing information) any inquiry, proposal or offer that relates to or that constitutes, or which may reasonably be expected to constitute or lead to, an Acquisition Proposal;

- engage, encourage or participate in any discussions or negotiations with any person (other than the Purchaser and the Parent) regarding any inquiry, proposal or offer that relates to or that constitutes, or which may reasonably be expected to constitute or lead to, an Acquisition Proposal;

- make a Change in Recommendation;

- accept, approve, endorse, enter into or recommend, or propose publicly to accept, approve, endorse or recommend, any inquiry, proposal or offer that relates to or that constitutes, or which may reasonably be expected to constitute or lead to, an Acquisition Proposal, it being understood that publicly taking no position or a neutral position with respect thereto for a period of more than five (5) Business Days following the formal announcement thereof will be considered to be in violation of the Arrangement Agreement; and

- accept, approve, endorse, recommend or enter into, or publicly propose to accept, approve, endorse or enter into, any agreement in respect of any inquiry, proposal or offer that relates to or that constitutes, or which may reasonably be expected to constitute or lead to, an Acquisition Proposal (other than an Acceptable Confidentiality Agreement permitted by the Arrangement Agreement).

Waterloo Brewing has covenanted and agreed that, except as provided in the Arrangement Agreement, it will cause its Representatives to, immediately cease and cause to be terminated any solicitation, encouragement, discussion or negotiation with any persons conducted heretofore by the Company or any of its Representatives with respect to any inquiry, proposal or offer that relates to or that constitutes, or which may reasonably be expected to constitute or lead to, an Acquisition Proposal, and, in connection therewith, the Company will discontinue access to any data room established (and not establish or allow access to any other data rooms, virtual or otherwise) or otherwise furnish information and will as soon as possible request, to the extent that it is entitled to do so (and exercise all rights it has to require) the return or destruction of all copies of any confidential information regarding the Company provided to any such person or any other person and will request (and exercise all rights it has to require) the destruction of all material including or incorporating or otherwise reflecting such confidential information regarding the Company. The

Company represented and warranted that, as of the date of the Arrangement Agreement, it had not, and agreed that it will not without the prior written consent of the Purchaser (which may be withheld or delayed in the Purchaser's sole and absolute discretion), terminate, waive, amend or modify, and agrees to actively prosecute and enforce, any provision of any confidentiality, standstill, use, business purposes or similar agreement or restriction to which the Company is a party in connection with any potential or actual Acquisition Proposal, it being acknowledged and agreed that the automatic termination of any standstill provisions of any such agreement as a result of entering into and the announcement of the Arrangement Agreement by the Company, pursuant to the express terms of any such agreement, will not be a violation of the Arrangement Agreement and, for greater certainty and notwithstanding any such restrictions, that the Company will not be prohibited from considering whether, or determining that, such Acquisition Proposal constitutes, or could reasonably be expected to lead to, a Superior Proposal from a party to an Acceptable Confidentiality Agreement or a party whose standstill obligations so terminated automatically upon the entering into and announcement of the Arrangement Agreement.

Waterloo Brewing has covenanted and agreed that it will promptly (and in any event within 24 hours following receipt thereof) notify the Purchaser (first orally and then in writing) in the event it receives or becomes aware of an Acquisition Proposal or any inquiry, proposal or offer that relates to or that constitutes an Acquisition Proposal (or any request for copies of, access to, or disclosure of, any non-public or confidential information relating to the Company, in each case in connection with a potential Acquisition Proposal), including the material terms and conditions thereof, the identity of the person making such Acquisition Proposal, inquiry, proposal, offer or request, and will keep the Purchaser reasonably informed on a reasonably current basis as to the status of material developments and negotiations with respect to such Acquisition Proposal, inquiry, proposal, offer or request, including any changes, modifications or other amendments to the terms or conditions of any such Acquisition Proposal, inquiry, proposal, offer or request and will provide to the Purchaser copies of all material or substantive correspondences and documents if in writing or electronic form, and if not in writing or electronic form, a description of the material terms of such correspondences and documents sent or communicated to the Company by or on behalf of any person making such Acquisition Proposal, inquiry, proposal, offer or request.

Notwithstanding the foregoing, if at any time following the date of the Arrangement Agreement and prior to obtaining the Required Approval, the Company receives an Acquisition Proposal not resulting from a material breach of the non-solicitation provisions of the Arrangement Agreement that the Board concludes in good faith, after consultation with its financial and outside legal advisors, constitutes a Superior Proposal and that failure to take such action would be inconsistent with its fiduciary duties under applicable Law, the Board may, subject to compliance with the procedures set forth in the non-solicitation provisions of the Arrangement Agreement, make a Change in Recommendation and enter into a definitive agreement with respect to such Superior Proposal, if and only if:

- the person making the Superior Proposal was not restricted from making such Superior Proposal pursuant to an existing confidentiality, standstill, use, business purpose or similar restriction, provided such requirement will not apply to a person whose standstill obligations terminated automatically upon the entering into and announcement of the Arrangement Agreement or, in the case of an Acceptable Confidentiality Agreement, where the Acquisition Proposal did not result from a material breach of such restriction contained in the Acceptable Confidentiality Agreement or the Board has consented to the release of such restrictions;

- the Company has provided the Purchaser with a copy of the definitive agreement proposed to be entered into in respect of the Superior Proposal, together with any financing documents supplied to the Company in connection therewith, and written confirmation from the Company that the Board has determined that such proposal constitutes a Superior Proposal (including the value of any non-cash consideration);

- at least five (5) Business Days (the "**Matching Period**") will have elapsed from the date that is the later of: (i) the date on which the Purchaser received written notice advising the Parent that the Board has resolved, subject only to compliance with the non-solicitation provisions of the Arrangement Agreement, to enter into a definitive agreement with respect to such Superior Proposal; and (ii) the date the Purchaser has received all of the materials set forth in the terms of the Arrangement Agreement (it being understood that the Company will promptly inform the Purchaser of any amendment to the financial or other material terms of such Superior Proposal during such period); and

- the Company has terminated the Arrangement Agreement in connection with a Superior Proposal and paid any applicable Termination Fee pursuant to the terms of the Arrangement Agreement.

During the Matching Period, the Company has agreed that the Parent and the Purchaser will have the right, but not the obligation, to offer to amend the terms of the Arrangement Agreement. Further, Waterloo Brewing has covenanted and agreed that, during the Matching Period, the Board will review any offer to amend the terms of the Arrangement Agreement in good faith in order to determine, in its discretion in the exercise of its fiduciary duties and in consultation with its financial and outside legal advisors, whether the Parent's and the Purchaser's amended offer, upon acceptance by the Company would cause the Superior Proposal giving rise to the Matching Period to cease to be a Superior Proposal. If the Board determines that the Acquisition Proposal giving rise to such Matching Period does not continue to be a Superior Proposal compared to the Arrangement Agreement as it is proposed to be amended by the Parent and the Purchaser, the Parties will amend the Arrangement Agreement to give effect to such amendments and the Board will promptly reaffirm the Board Recommendation. If the Board continues to believe, in good faith, after consultation with its financial and outside legal advisors, that such Superior Proposal remains a Superior Proposal and therefore rejects the Parent's and the Purchaser's amended offer, if any, or the Parent and the Purchaser fail to enter into an agreement with the Company reflecting such amended offer, the Board may, subject to compliance with the procedures set forth in the Arrangement Agreement, make a Change in Recommendation and enter into a definitive agreement with respect to such Superior Proposal. Each successive material modification to any Acquisition Proposal will constitute a new Acquisition Proposal for purposes of the requirements under the Arrangement Agreement, provided that the Matching Period will be three (3) Business Days for such Acquisition Proposal.

In the event the Company provides the notice of an Acquisition Proposal contemplated by the Arrangement Agreement on a date which is less than five (5) Business Days prior to the Meeting, the Purchaser will be entitled to require the Company to adjourn or postpone the Meeting to a date that is not more than seven (7) Business Days after the date of the notice.

Nothing in the Arrangement Agreement will prohibit the Board from making a Change in Recommendation or from making any disclosure to Securityholders to comply with its fiduciary duties or as required by applicable Securities Laws (including by responding to an Acquisition Proposal under a directors' circular). In addition, nothing contained in the Arrangement Agreement will prevent the Company or the Board from calling and holding a meeting of the Securityholders, or any of them, requisitioned by the Shareholders, or any of them, in accordance with the OBCA or ordered to be held by a court in accordance with applicable Laws. Notwithstanding the foregoing, the Company will provide the Purchaser and its outside legal advisors with a reasonable opportunity to review the form and content of any such disclosure and will make all reasonable amendments to such disclosure as requested by the Purchaser and its outside legal advisors.

Further, the Company covenanted and agreed to advise its Representatives of the foregoing prohibitions set out in the Arrangement Agreement and any violation of such restrictions by the Company or its Representatives is deemed to be a breach by the Company.

Termination

The Arrangement Agreement may be terminated and the Arrangement may be abandoned at any time prior to the Effective Time (notwithstanding any approval of the Arrangement Agreement or the Arrangement Resolution or the Arrangement by the Securityholders and/or the Court):

- by mutual written agreement of the Parties; or

- by either Waterloo Brewing or the Parent, on its own behalf and on behalf of the Purchaser, if:

    - the Effective Time does not occur on or before the Outside Date, except that the right to terminate the Arrangement Agreement will not be available to any such Party whose failure (or, in the case of the Parent, the failure of any of the Purchaser or the Parent) to fulfill any of its obligations has been the cause of, or resulted in, the failure of the Effective Time to occur by such date; or

- there will be enacted or made any applicable Law (or any such applicable Law will have been amended) that makes consummation of the Arrangement illegal or otherwise prohibited or enjoins the Company, the Parent or the Purchaser from consummating the Arrangement and such applicable Law (if applicable) or enjoinment will have become final and non-appealable; or

- the Arrangement Resolution fails to receive the Required Approval at the Meeting (including any adjournment or postponement thereof) in accordance with the Interim Order, except that the right to terminate the Arrangement Agreement will not be available to any such Party whose failure (or, in the case of the Parent, the failure of any of the Purchaser or the Parent) to fulfill any of its obligations has been the cause of, or resulted in, the failure to receive the Required Approval; or

- by the Parent, on its own behalf and on behalf of the Purchaser, if:

  - prior to obtaining the Required Approval: (i) the Board has withdrawn, withheld, qualified or modified, in a manner adverse to the Parent, the Purchaser or to the consummation of the Arrangement, its Board Recommendation, or failed to reconfirm its Board Recommendation within five (5) Business Days after request by the Parent (it being understood, other than following the public announcement of an Acquisition Proposal, the Board will have no obligation to make such reaffirmation on more than two (2) separate occasions and it is further understood that, publicly taking a neutral position or no position with respect to an Acquisition Proposal beyond a period of five (5) Business Days after public announcement of an Acquisition Proposal will be considered an adverse modification); (ii) the Board has approved or recommended any Acquisition Proposal; (iii) the Company enters into a written agreement in respect of an Acquisition Proposal (other than a confidentiality agreement permitted by the Arrangement Agreement); or (iv) the Company has publicly announced the intention to do any of the foregoing (each of the clauses (i), (ii), (iii) and (iv) above, a "**Change in Recommendation**") or the Company wilfully breaches non-solicitation provisions of the Arrangement Agreement in any material respect; or

  - subject to the terms of the Arrangement Agreement, a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Company set forth in the Arrangement Agreement has occurred that would cause the mutual conditions precedent of the Arrangement Agreement or the additional conditions precedent to the obligations of the Parent and the Purchaser of the Arrangement Agreement not to be satisfied, and such conditions are not satisfied or are incapable of being satisfied by the Outside Date; provided, however, that, the Purchaser or the Parent is not then in breach of the Arrangement Agreement so as to cause any of the conditions set forth in the m*utual conditions precedent* of the Arrangement Agreement or the additional conditions precedent to the obligations of the Company of the Arrangement Agreement not to be satisfied; or

  - a Material Adverse Effect will have occurred which is incapable of being cured by the Outside Date; or

- by Waterloo Brewing if:

  - subject to the terms of the Arrangement Agreement, a breach of any representation or warranty or failure to perform any covenant or agreement on the part of any of the Purchaser or the Parent set forth in the Arrangement Agreement will have occurred that would cause the conditions set forth in the mutual conditions precedent of the Arrangement Agreement or the additional conditions precedent to the obligations of the Company of the Arrangement Agreement not to be satisfied, and such conditions are not satisfied or are incapable of being satisfied by the Outside Date; provided, however, that, the Company is not then in breach of the Arrangement Agreement so as to cause any of the conditions set forth in the mutual conditions precedent of the Arrangement Agreement or the additional conditions precedent to the obligations of the Parent and the Purchaser of the Arrangement Agreement not to be satisfied; or

- the Purchaser does not provide, or cause to be provided to, the Depositary sufficient funds to complete the transactions contemplated by the Arrangement Agreement as required pursuant to the Arrangement Agreement; provided that, the Company is not then in breach of the Arrangement Agreement so as to cause any of the conditions set forth in the mutual conditions precedent of the Arrangement Agreement or the additional conditions precedent to the obligations of the Parent and the Purchaser the Arrangement Agreement not to be satisfied; or

- prior to obtaining the Required Approval, the Board approves and authorizes the Company to enter into, a written definitive agreement, providing for the implementation of a Superior Proposal in compliance with the Arrangement Agreement.

Termination Fee

If a Termination Fee Event occurs, Waterloo Brewing has agreed to pay to the Purchaser (or, if directed by the Parent in writing, the Parent) by wire transfer of immediately available funds, the Termination Fee in accordance with the Arrangement Agreement.

For the purposes of the Arrangement Agreement, "**Termination Fee Event**" means any of the following events:

(a) the termination of the Arrangement Agreement by the Parent, on its own behalf and on behalf of the Purchaser, if prior to obtaining the Required Approval, the Board makes a Change in Recommendation or the Company wilfully breaches the non-solicitation provisions in the Arrangement Agreement;

(b) the termination of the Arrangement Agreement by the Company if prior to obtaining the Required Approval, the Board approves and authorizes the Company to enter into, a written definitive agreement, providing for the implementation of a Superior Proposal in compliance with the Arrangement Agreement;

(c) the termination of the Arrangement Agreement by the Company or the Parent, on its own behalf and on behalf of the Purchaser, if:

(i) the Effective Times does not occur on or before the Outside Date, provided that the right to terminate will not be available to any such Party whose failure to fulfill any of its obligations has been the cause of, or resulted in, the failure (or, in the case of the Parent, the failure of any of the Purchaser or the Parent) of the Effective Time to occur by such date; or

(ii) the Arrangement Resolution will have failed to receive the Required Approval at the Meeting (including any adjournment or postponement thereof) in accordance with the Interim Order, except that the right to terminate will not be available to any such Party whose failure (or, in the case of the Parent, the failure of any of the Purchaser or the Parent) to fulfill any of its obligations has been the cause of, or resulted in, the failure to receive the Required Approval; and

(iii) only if:

(A) prior to the Meeting a *bona fide* Acquisition Proposal will have been publicly announced, proposed or disclosed by any person other than the Purchaser or the Parent or any affiliate thereof;

(B) the Arrangement Resolution will have failed to receive the Required Approval at the Meeting or the Meeting will not have been held; and

(C) an Acquisition Proposal (whether or not the previously announced Acquisition Proposal) is consummated within twelve (12) months following the termination of the Arrangement Agreement, or a definitive agreement with respect to an Acquisition Proposal (whether or not the previously announced Acquisition Proposal) is entered into within such twelve (12) month period and such Acquisition Proposal is subsequently consummated; provided that, in the case of a termination pursuant to the foregoing, all references to "20%" in the definition of "Acquisition Proposal" in the Arrangement Agreement will be deemed to be references to "50%";

(d) Otherwise validly terminated if at such time the Parent is entitled to terminate the Arrangement Agreement pursuant to paragraph (a) above, provided that the Purchaser gives notice within fifteen (15) days of its becoming aware of the action or event underlying the Parent's right to terminate.

The Arrangement Agreement also stipulates certain timing requirements for payment of the Termination Fee based on the Termination Fee Event that has occurred.

Each Party has acknowledged that all of the payment amounts for the Termination Fee are payments are payments of liquidated damages which are a genuine pre-estimate of the damages which the Party entitled to such damages will suffer or incur as a result of the event giving rise to such payment and the resultant termination of the Arrangement Agreement and are not penalties. Each Party irrevocably waived any right that it may have to raise as a defence that any such liquidated damages are excessive or punitive.

Notwithstanding anything to the contrary set forth in the Arrangement Agreement, (a) upon receipt by the Purchaser or the Parent of any Termination Fee, neither the Purchaser nor the Parent will have any further claim against the Company, its Securityholders, advisors, directors and officers and other Representatives (collectively, with the Company, the "**Company Related Persons**") arising from or in connection with the Arrangement Agreement or the Arrangement, and the Purchaser and the Parent agree that, if paid by the Company in accordance with the terms hereof, the Termination Fee will be the sole and exclusive remedy of the Purchaser and the Parent against the Company Related Persons in respect of a Termination Fee Event or for any losses arising from or in connection with breaches by the Company Related Persons or arising in law or equity that the Purchaser or the Parent may have for any loss suffered in connection with the Termination Fee Event or the Arrangement Agreement or the transactions contemplated by the Arrangement Agreement (including with respect to any loss suffered as a result of the failure of the Arrangement to be consummated or for a breach (wilful breach or otherwise) or failure to perform hereunder) and, upon payment of such Termination Fee, none of the Company Related Persons will have any further liability or obligations relating to or arising out of the Arrangement Agreement or the transactions contemplated by the Arrangement Agreement, and (b) in no event will the Company be obligated to pay an amount that is, in the aggregate, in excess of the Termination Fee nor will the Company Related Persons be subject to monetary damages (including any payment of the Termination Fee) that are, in the aggregate, in excess of the Termination Fee for any losses arising from or in connection with breaches by the Company Related Persons or arising in law or equity that the Parent or the Purchaser may have for any loss suffered in connection with the Arrangement Agreement or the transactions contemplated by the Arrangement Agreement (including with respect to any loss suffered as a result of the failure of the Arrangement to be consummated or for a breach (wilful breach or otherwise) or failure to perform hereunder); provided, however, that nothing in the Arrangement Agreement will preclude the Parent or the Purchaser from, prior to the termination of the Arrangement Agreement in accordance with its terms, seeking injunctive relief to restrain any breach or threatened breach by the Company of any of its obligations hereunder or otherwise to obtain specific performance, provided that any such remedy will be in the alternative to, and not in addition to, damages.

Company Damages for Purchaser Breach

Pursuant to the terms of the Arrangement Agreement, the Company has the right to pursue claims for damages (subject to, and in accordance with, the limitations contained in Arrangement Agreement) on behalf of the Securityholders for any breach of the Purchaser or the Parent of the terms of the Arrangement Agreement. The rights granted to the Company with respect to Securityholders will be enforceable on behalf of such Securityholders by the Company only in its sole and absolute discretion (and not directly by any Securityholder), it being understood that any and all interest

in such claims will attach to the Shares or Options, as applicable, and subsequently trade and transfer therewith and, consequently, damages recovered or received by the Company with respect to such claims (net of expenses incurred by the Company in connection therewith) may, in the Company's sole and absolute discretion, be (A) distributed, in whole or in part, by the Company to the Securityholders as of any record date determined by the Company, which determination may be made by the Company as of any date or (B) retained by the Company for use and benefit of the Company on behalf of its Securityholders in any manner it deems fit.

If the Arrangement Agreement is terminated, neither the termination of the Arrangement Agreement nor anything contained in provisions relating to the effect of such termination contained in the Arrangement Agreement will relieve any Party for any liability for any breach of the Arrangement Agreement, subject to the limitations set forth in the Arrangement Agreement (which will not be limited to reimbursement of expense or out of pocket costs and, in the case of a breach by the Purchaser, would include the benefit of the transactions contemplated by the Arrangement Agreement lost by the Securityholders (including, for greater certainty, the Supporting Securityholders), taking into consideration all relevant matters, including lost bargain and shareholder premium, other combination opportunities and the time value of money, which will be deemed in such event to be damages payable by the Parent and the Purchaser.

Notwithstanding anything to the contrary set forth in the Arrangement Agreement, in no event will the Parent and the Purchaser, their respective securityholders, advisors, directors, officers and representatives (collectively, with the Parent and the Purchaser, the "**Purchaser Related Persons**") be subject to monetary damages that are, in the aggregate, in excess of $12,000,000 for any losses arising from or in connection with breaches by the Purchaser Related Persons or arising in law or equity that the Company (or it Securityholders) may have for any loss suffered in connection with the Arrangement Agreement or the transactions contemplated by the Arrangement Agreement (including with respect to any loss suffered as a result of the failure of the Arrangement to be consummated or for a breach (wilful breach or otherwise) or failure to perform thereunder), except that the Parent and Purchaser will also be obligated to satisfy its indemnification and expense obligations in accordance with the terms and conditions of the Arrangement Agreement; provided, however, that nothing in the Arrangement Agreement will preclude the Company from, prior to the termination of the Arrangement Agreement in accordance with its terms, seeking injunctive relief solely as provided in the Arrangement Agreement to restrain any breach or threatened breach by the Parent or the Purchaser of any of its obligations hereunder or otherwise to obtain specific performance, provided that any such remedy will be in the alternative to, and not in addition to, damages.

Amendment

The Arrangement Agreement may, at any time and from time to time before or after the holding of the Meeting but not later than the Effective Time, be amended by mutual written agreement of the Parties, without further notice to or authorization on the part of the Securityholders, and any such amendment may, subject to the Interim Order, the Final Order and applicable Law, without limitation:

(a) change the time for performance of any of the obligations or acts of the Parties;

(b) modify or waive any inaccuracy of any representation or warranty contained in the Arrangement Agreement or in any document delivered pursuant to the Arrangement Agreement;

(c) modify any of the covenants contained in the Arrangement Agreement and waive or modify performance of any of the obligations of any of the Parties; and/or

(d) modify or waive compliance with any mutual conditions contained in the Arrangement Agreement.

Waiver

No waiver of any of the provisions of the Arrangement Agreement will be deemed to constitute a waiver of any other provision (whether or not similar) or a future waiver of the same provisions, nor will such waiver be binding unless executed in writing by the Party to be bound by the waiver. No failure or delay by any Party in exercising any right,

power or privilege hereunder will operate as a waiver thereof nor will any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

Expenses

Except as otherwise provided in the Arrangement Agreement with regards to who will pay, all costs and expenses (including the fees and disbursements of legal counsel, brokers, investment advisors, consultants and accountants) incurred in connection with the Arrangement Agreement and the Arrangement are to be, and may be, paid by the Party incurring such expenses; provided, however, that the Purchaser will pay filing fees payable in connection with the Regulatory Approvals, including the cost and expenses of all Proceedings required to obtain the Regulatory Approvals.

THE SUPPORT AND VOTING AGREEMENT

The description of the Support and Voting Agreement in this summary and elsewhere in this Circular, is a summary only and does not purport to be complete and is qualified in its entirety by reference to the Support and Voting Agreement, which is incorporated by reference herein and the full text of which may be viewed on SEDAR at www.sedar.com, and may also be obtained on request without charge from Waterloo Brewing's Chief Financial Officer by email at investorrelations@waterloobrewing.com or by telephone at 519-742-2732 ext. 106. Securityholders are encouraged to read the Support and Voting Agreement in its entirety.

Each of the Supporting Securityholders have entered into a Voting Agreement with the Purchaser and the Parent in respect of Shares representing, in the aggregate, approximately 39% of the outstanding Shares and 45% of the outstanding Options, each as at the date of the Support and Voting Agreement.

The Support and Voting Agreement sets forth, among other things and subject to certain exceptions, the agreement of such Supporting Securityholders to irrevocably vote their Subject Securities in favour of the Arrangement Resolution at the Meeting and any matters related thereto. The Supporting Securityholders have agreed from time to time, until the termination of the Support and Voting Agreement, to cause to be counted as present for purposes of establishing quorum and to vote (or cause to be voted) all of the Subject Securities (to the extent that they carry the right to vote) against any proposed action by the Company, any Shareholder or any other person (or group of persons) other than the Purchaser: (i) in respect of an Acquisition Proposal; or (ii) which would reasonably be regarded as being directed towards or likely to prevent or delay the successful completion of the Arrangement, including without limitation any amendment to the Company's constating documents or the Company's corporate structure or capitalization, except if and to the extent permitted by the Arrangement or the Arrangement Agreement.

The Supporting Securityholders have agreed in the event that any transaction for the proposed acquisition of at least a majority of the Securities, where such transaction requires the approval of Shareholders under applicable law, other than the Arrangement, is presented prior to the termination of the Support and Voting Agreement for approval of, or acceptance by, the Shareholders, whether or not it may be recommended by the Board, not to directly or indirectly, accept, assist or otherwise further the successful completion of such transaction or purport to tender or deposit into any such transaction any of the Subject Securities.

In addition, until the termination of the Support and Voting Agreement, the Supporting Securityholders have agreed, subject to the terms and conditions of the Support and Voting Agreement, among other things, to:

(a) not, without having first obtained the prior written consent of the Purchaser:

(i) sell, transfer, gift, assign, convey, pledge, hypothecate, encumber, option or otherwise dispose of any right or interest in any of the Subject Securities or tender any of the Subject Securities to a take-over bid or enter into any agreement, arrangement, commitment or understanding in connection therewith, other than (A) pursuant to the Arrangement, (B) any exercise of options or other convertible securities of the Company exercisable for Purchased Securities in accordance with their terms, or (C) to one or more of a parent, spouse, child or grandchild of, or a corporation, partnership, limited liability company or other entity controlled by, the Supporting Securityholder

or a trust or account (including an RRSP, RESP, RRIF or similar account) existing for the benefit of such person or entity, provided that in such case and for greater certainty, any Subject Securities acquired as a result thereof will remain Subject Securities and subject to the terms and conditions of the Arrangement Agreement and, in the case of a corporation, partnership, limited liability company or other entity controlled by, the Supporting Securityholder, provided that such entity remains controlled by the Supporting Securityholder until the termination of the Support and Voting Agreement;

(ii) other than as set forth in the Support and Voting Agreement, grant or agree to grant any proxies or powers of attorney, deliver any voting instruction form, deposit any Subject Securities into a voting trust or pooling agreement, or enter into a voting agreement, commitment, understanding or arrangement, oral or written, with respect to the voting of any Subject Securities; or

(iii) requisition or join in the requisition of any meeting of any of the Securityholders for the purpose of considering any resolution;

(b) not, and will ensure that its affiliates do not, directly or indirectly, through any officer, director, employee, representative or agent or otherwise:

(i) solicit proxies or become a participant in a solicitation in opposition to or competition with the Purchaser's proposed purchase of the Securities as contemplated by the Arrangement;

(ii) assist any person in taking or planning any action that would compete with, restrain or otherwise serve to interfere with or inhibit the Purchaser's proposed purchase of the Securities as contemplated by the Arrangement;

(iii) act jointly or in concert with others with respect to voting securities of the Company for the purpose of opposing or competing with the Purchaser's proposed purchase of the Securities as contemplated by the Arrangement;

(iv) solicit, initiate, encourage or otherwise facilitate (including by way of furnishing or providing copies of, access to, or disclosure of, any confidential information, properties, facilities, books or records of the Company or entering into any form of agreement, arrangement or understanding) any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to, an Acquisition Proposal;

(v) participate in any discussions or negotiations with any person (other than the Purchaser) regarding any inquiry, proposal or offer that constitutes or would reasonably be expected to constitute or lead to an Acquisition Proposal;

(vi) accept or enter into, or publicly propose to accept or enter into, any letter of intent, agreement, arrangement or understanding regarding any Acquisition Proposal;

(vii) take any action that would make any representation or warranty contained in the Support and Voting Agreement untrue or incorrect or reasonably be expected to have the effect of impairing the ability of such the Supporting Securityholder from performing the Supporting Securityholder's obligations under the Arrangement Agreement or any other agreement contemplated by the Arrangement Agreement or preventing or materially delaying the consummation of any of the transactions contemplated by the Arrangement Agreement; or

(viii) cooperate in any way with, assist or participate in, knowingly encourage or otherwise facilitate or encourage any effort or attempt by any other person to do or seek to do any of the foregoing;

(c) not: (i) exercise any Dissent Rights in respect of the Arrangement, and irrevocably waived any such Dissent Rights; (ii) contest in any way the approval of the Arrangement by any Governmental Entity; or (iii) take any other action of any kind, in each case which would reasonably be regarded as likely to reduce the success of, or materially delay or interfere with the completion of, the transactions contemplated by the Arrangement Agreement;

(d) immediately cease and terminate, and cause to be terminated, any solicitation, encouragement, discussion, negotiations, or other activities commenced prior to the date of the Support and Voting Agreement with any person (other than the Purchaser or an affiliate thereof) with respect to any inquiry, proposal or offer that constitutes, or may reasonably be expected to constitute or lead to, an Acquisition Proposal and cause each of such Supporting Securityholder's affiliates and instruct each such Supporting Securityholder's representatives to comply with the foregoing.

The Supporting Securityholders' obligations under the Support and Voting Agreements terminate and become of no further force or effect upon the earliest to occur of: (a) the mutual agreement in writing of the Supporting Securityholder and the Purchaser; (b) written notice by the Supporting Securityholder to the Purchaser if (i) the Parent or Purchaser has not complied in any material respect with its covenants contained therein, and (ii) any representation or warranty of the Parent or the Purchaser under the Arrangement Agreement is untrue or incorrect in any material respect (and, in each case, following any such written notice to the Purchaser of such non-compliance with its covenants or breach of any representation or warranty, such default is not rectified within five (5) Business Days of receipt of any such written notice); (c) 5:00 p.m. (Toronto time) on the fifth (5th) Business Day following the valid termination of the Arrangement Agreement (other than in connection with the acceptance by the Company of a Superior Proposal)); (d) any amendment to the Arrangement Agreement which reduces the Consideration or other consideration payable by the Purchaser thereunder, changes the form of any such consideration or imposes additional material conditions; (e) the Effective Time; and (f) the date that is four (4) months from the date of the Support and Voting Agreement.

REGULATORY MATTERS

Competition Act (Canada)

Under the Competition Act, the acquisition of voting shares of a corporation that carries on an operating business or controls an entity that carries on an operating business requires pre-merger notification if certain financial thresholds (size of parties and size of transaction) are exceeded.

It has been determined, based on the representations of the Parties in the Arrangement Agreement, that no pre-merger notification is required in respect of the Arrangement. The Commissioner of Competition (Canada) has jurisdiction to challenge any transaction (not just those subject to mandatory notification) for up to one year after the transaction has been substantially completed if he is of the view that the transaction is likely to result in a substantial lessening or prevention of competition in a relevant market in Canada.

Investment Canada Act

Under the *Investment Canada Act*, a transaction exceeding certain financial thresholds, and which involves the acquisition of control of Canadian business by a non-Canadian, may be subject to review (a "**Reviewable Transaction**") and in such case cannot be implemented unless the Canadian Minister of Innovation, Science and Economic Development is satisfied, or is deemed to be satisfied, that the transaction is "likely to be a net benefit to Canada".

The Arrangement is below the financial thresholds and is not a Reviewable Transaction. The Purchaser will file a notification under the *Investment Canada Act* within the prescribed time following completion of the Arrangement.

The filing of the notification under the *Investment Canada Act* is not required in order to complete the Arrangement and is not a condition precedent thereto.

United States Securities Law Matters

THIS CIRCULAR AND THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR ANY OTHER SECURITIES REGULATORY AUTHORITY IN ANY STATE OF THE UNITED STATES, NOR HAS THE SEC OR ANY SECURITIES REGULATORY AUTHORITY IN ANY STATE OF THE UNITED STATES PASSED UPON THE FAIRNESS OR MERITS OF THE ARRANGEMENT OR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

Waterloo Brewing, a corporation existing under the laws of the Province of Ontario, this Circular and the solicitation of proxies contemplated in this Circular are not subject to the proxy solicitation and disclosure requirements of the U.S. Exchange Act and the rules and regulations promulgated thereunder and therefore, this solicitation is not being effected in accordance with those proxy rules and regulations under the U.S. Exchange Act. The solicitation of proxies is being made, and the transactions contemplated herein are being undertaken, by a Canadian issuer in accordance with applicable Canadian federal and provincial corporate and securities laws, and this Circular has been prepared in accordance with the federal and provincial disclosure requirements applicable in Canada. Shareholders in the United States should be aware that disclosure requirements under such Canadian laws are different from those of the United States applicable to registration statements and proxy statements under U.S. federal and state securities laws. Shareholders in the United States should also be aware that other requirements under Canadian Laws may differ from those required under United States corporate and U.S. Securities Laws.

The enforcement by Shareholders and Optionholders of rights, claims and civil liabilities under U.S. federal or state securities laws may be affected adversely by the fact that Waterloo Brewing exists under the laws of the Province of Ontario and the Purchaser exists under the federal laws of Canada, that some or all of its respective officers and directors or experts named herein, if any, are not residents of the United States and that all or substantially all of the respective assets of such persons are located outside the United States. You may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of U.S. federal or state securities laws. It may be difficult to compel such parties or affiliates of a non-U.S. company to subject themselves to the jurisdiction of a court in the United States or to enforce a judgment obtained from a court in the United States. In addition, you should not assume that the courts of Canada: (i) would enforce judgments of United States courts obtained in actions against such persons predicated upon civil liabilities under the federal securities laws of the United States or applicable securities laws of any state within the United States; or (ii) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under the federal securities laws of the United States or applicable securities laws of any state within the United States.

Shareholders in the United States should be aware that the financial statements and financial information of Waterloo Brewing, as publicly filed on SEDAR (www.sedar.com) under Waterloo Brewing's issuer profile, are prepared in accordance with IFRS as issued by the International Accounting Standards Board and are subject to Canadian auditing and auditor independence standards, each of which differ in certain material respects from U.S. generally accepted accounting principles and auditing and auditor independence standards and thus may not be comparable in all respects to financial statements and information of U.S. companies.

Shareholders should be aware that the Arrangement, the transactions described in this Circular and the Arrangement Agreement, and the sale, exchange, exercise or disposition of any such securities discussed in this Circular may have tax consequences under Canadian or United States state, local or foreign tax law. The U.S. tax treatment of the Arrangement is subject to uncertainty. Shareholders and Optionholders who are resident in, or citizens of, the United States are advised to consult their own tax advisors to determine the particular United States tax consequences to them of the Arrangement in light of their particular situation, as well as any tax consequences that may arise under the laws of any other relevant foreign, state, local, or other taxing jurisdiction.

No broker, dealer, salesperson or other person has been authorized to give any information or make any representation other than those contained in this Circular and, if given or made, such information or representation must not be relied upon as having been authorized by Waterloo Brewing or Purchaser.

Stock Exchange Matters

The Shares are currently listed for trading on the TSX under the symbol "WBR". Following completion of the Arrangement, it is expected that the Shares will be delisted from the TSX, and the Company will make an application to cease to be a reporting issuer under applicable securities laws or take such other measures as may be appropriate to ensure that Waterloo Brewing is not required to prepare and file continuous disclosure documents.

Other Regulatory Matters

Liquor Licence and Control Act (Ontario)

The LLCA regulates the sale, service and delivery of liquor in Ontario. The Company holds certain licenses under the LLCA that are necessary for its manufacturing, retail store and sales activities.

Under the LLCA and the regulations thereto, the AGCO must approve a change in ownership of a corporation holding such licenses. The Purchaser is in the process of applying to the AGCO to approve the "transfer" of the Company's licenses with the approval expected to be obtained following completion of the Arrangement. The submission of such applications is a responsibility of the Purchaser (rather than the Company), and such applications may only be approved following the completion of the Arrangement.

Excise Act (Canada)

The Excise Acts impose taxation and registration requirements for the production of spirits, wine and beer in Canada. The Company holds a brewer's license and certain excise duty licenses under the Excise Acts that are necessary to carry on its business as a manufacturer and seller of alcohol products.

As a licensee under the Excise Acts, the Company is required to provide notice to the CRA on a change in ownership of the Company. Based on discussions with the CRA, the Company understands that such notice should be provided at least 30 days prior to the completion of the Arrangement.

PROCEDURE FOR EXCHANGE OF SHARES

Letter of Transmittal

A Letter of Transmittal is being mailed, together with this Circular, to each person who was a Registered Shareholder on the Record Date. Each person who is a Registered Shareholder immediately prior to the Effective Time must forward a properly completed and signed Letter of Transmittal, along with the accompanying Share certificate(s), if applicable, to the Depositary in order to receive the Consideration to which such Shareholder is entitled under the Arrangement. It is recommended that Registered Shareholders complete, sign and return the Letter of Transmittal, along with the accompanying Share certificate(s), if applicable, to the Depositary as soon as possible. For greater certainty, the Purchaser will not receive the Consideration in respect of any Shares owned by the Purchaser (if any) at the Effective Time. Should the Arrangement not proceed for any reason, the deposited Share certificate(s) or other relevant documents will be returned in accordance with the instructions provided by the holder in the Letter of Transmittal.

Shareholders whose Shares are registered in the name of a nominee (bank, trust company, securities broker, investment dealer or other nominee) should contact that nominee for assistance in depositing their Shares.

Exchange Procedure

Registered Shareholders

In order to receive the Consideration to which a Registered Shareholder (other than any Dissenting Shareholder) is entitled if the Arrangement Resolution is passed and the Arrangement is completed, a Registered Shareholder must complete, sign, date and return the enclosed Letter of Transmittal in accordance with the instructions set out therein

and in this Circular. The Letter of Transmittal is also available from the Depositary, Computershare Investor Services Inc., by telephone at: 1-800-564-6253 (North American Toll Free) or 1-514-982-7555 (Collect Outside North America); or by email at: service@computershare.com; or under Waterloo Brewing's issuer profile on SEDAR at www.sedar.com.

On or immediately prior to the Effective Date, the Purchaser will deposit with the Depositary cash representing the aggregate Consideration payable pursuant to the Arrangement.

The Depositary will act as the agent of Registered Shareholders who have deposited Shares pursuant to the Arrangement for the purpose of receiving the Consideration and transmitting cheques issuable to such persons, and receipt by the Depositary of the aggregate Consideration payable by the Purchaser under the Arrangement will be deemed to constitute receipt of payment by Registered Shareholders depositing Shares.

Upon surrender to the Depositary for cancellation of a certificate which immediately prior to the Effective Time represented outstanding Shares that were transferred pursuant to the Plan of Arrangement, together with a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require, the holder of the Shares represented by such surrendered certificate will be entitled to receive in exchange therefor from the Depositary, and the Depositary will deliver to such holder as soon as possible, a cheque (or other form of immediately available funds) representing the cash which such holder has the right to receive under the Arrangement for such Shares, less any amounts required to be withheld pursuant to the Plan of Arrangement, and any certificate so surrendered will forthwith be cancelled. For certainty, as of the Effective Time, the right of a holder of Shares to receive cash under the Arrangement will be satisfied only out of the amount deposited by the Purchaser pursuant to the Plan of Arrangement, and such holder will have no further right or claim as against the Company or the Purchaser, except to the extent the cash so deposited is insufficient to satisfy the amounts payable to such former holders.

Until surrendered for cancellation under the Arrangement, each certificate that immediately prior to the Effective Time represented Shares (other than Shares in respect of which Dissent Rights have been validly exercised and not withdrawn) will be deemed after the Effective Time to represent only the right to receive upon such surrender the Consideration in lieu of such certificate less any amounts withheld pursuant to the Plan of Arrangement. Any such certificate formerly representing Shares not duly surrendered on or before the fourth anniversary of the Effective Date will cease to represent a claim by or interest of any former holder of Shares of any kind or nature against or in the Company or the Purchaser. On such date, all Consideration to which such former holder was entitled will be deemed to have been surrendered to the Purchaser.

The Letter of Transmittal contains complete instructions on how to exchange the certificate(s) representing Shares and how Registered Shareholders will receive the Consideration payable to them under the Arrangement.

Registered Shareholders should return properly completed documents, including the Letter of Transmittal, to Computershare Investor Services Inc., by mail or courier at 100 University Avenue, 8th Floor, Toronto, ON, M5J 2Y1, Canada (Attention: Corporate Actions).

Shareholders with questions regarding the deposit of Shares should contact the Depositary, Computershare Investor Services Inc., by telephone at: 1-800-564-6253 (North American Toll Free) or 1-514-982-7555 (Collect Outside North America); or by email at: service@computershare.com. Further information with respect to the Depositary is set forth in the Letter of Transmittal.

In order for Registered Shareholders to receive the Consideration payable to them under the Arrangement as soon as possible after the closing of the Arrangement, Registered Shareholders should submit their Share certificates and the Letter of Transmittal as soon as possible. Registered Shareholders will not actually receive the Consideration until the Arrangement is completed and they have returned their properly completed documents, including the Letter of Transmittal and certificates representing their Shares, if applicable, to the Depositary.

In the event that any certificate which immediately prior to the Effective Time represented one or more outstanding Shares that were transferred pursuant to the Plan of Arrangement has been lost, stolen or destroyed, upon the making

of an affidavit of that fact by the person claiming such certificate to be lost, stolen or destroyed, the Depositary will deliver in exchange for such lost, stolen or destroyed certificate, the Consideration deliverable in accordance with such holder's Letter of Transmittal. When authorizing such payment in exchange for any lost, stolen or destroyed certificate, the person to whom such Consideration is to be delivered will, as a condition precedent to the delivery of such Consideration, give a bond satisfactory to the Purchaser and the Depositary (acting reasonably) in such sum as the Purchaser may direct, or otherwise indemnify the Parent, the Purchaser and the Company in a manner satisfactory to the Purchaser and the Company, acting reasonably, against any claim that may be made against the Purchaser or the Company with respect to the certificate alleged to have been lost, stolen or destroyed.

Where a certificate representing Shares has been destroyed, lost or stolen, the Registered Shareholder of that certificate should immediately contact the Depositary by telephone at: 1-800-564-6253 (North American Toll Free) or 1-514-982-7555 (Collect Outside North America); or by email at: corporateactions@computershare.com.

Non-Registered Shareholders

The exchange of Shares for the Consideration in respect of Non-Registered Shareholders is expected to be made with the Non-Registered Shareholder's nominee (bank, trust company, securities broker, investment dealer or other nominee) account through the procedures in place for such purposes between CDS and such nominee. Non-Registered Shareholders should contact their intermediary if they have any questions regarding this process and to arrange for their nominee to complete the necessary steps to ensure that they receive payment for their Shares as soon as possible following completion of the Arrangement.

Cancellation of Rights after Four Years

To the extent that a Former Shareholder has not complied with the provisions of the Arrangement described under the heading *"Procedure for Exchange of Shares – Exchange Procedure"* on or before the date that is four years after the Effective Date (the "**Final Proscription Date**"), then: any cash to which such Former Shareholder was entitled will be deemed to be surrendered to the Purchaser and will be returned to the Purchaser, and any claim or interest of the Former Shareholder in such cash to which it was entitled will be terminated as of such Final Proscription Date.

Withholding Rights

Pursuant to the terms of the Plan of Arrangement, each of the Company, Parent, Purchaser and the Depositary will be entitled to deduct and withhold from any amounts payable to any person pursuant to this Plan of Arrangement such amounts as are required to be deducted or withheld with respect to such payment under the Tax Act or any provision of any other applicable Law. To the extent that amounts are so withheld or deducted and remitted to the applicable Governmental Entity, such withheld or deducted amounts will be treated for all purposes of this Plan of Arrangement as having been paid to such person as the remainder of the payment in respect of which such deduction and withholding were made.

Options

Each Acquired Option that is outstanding immediately prior to the Effective Time that has not been duly exercised will, notwithstanding the terms of such Acquired Option, in the order stipulated in the Plan of Arrangement, without any further action by or on behalf of any holder of such Acquired Option and without any payment except as provided in the Plan of Arrangement, and subject to, for greater certainty, applicable withholdings and other source deductions in accordance with the Plan of Arrangement, be deemed to be vested and disposed of to the Company in consideration for a cash payment by the Company equal to the Option Consideration to which such holder of Acquired Options is so entitled. Each Option (including all Options that are not Acquired Options) issued and outstanding immediately prior to the Effective Time will thereafter be immediately cancelled and the Stock Option Plan will be terminated in accordance with the Plan of Arrangement. For greater certainty, all Options that are "out-of-the-money" will be cancelled by the Company at the time stipulated in the Plan of Arrangement for no consideration.

In order to pay the Option Consideration, the Purchaser will advance a loan to Waterloo Brewing having principal amount equal to the aggregate Option Consideration deliverable by Waterloo Brewing in respect of all Acquired

Options. Waterloo Brewing will pay the amounts, less any amounts required to be deducted or withheld under applicable Law in accordance with the Plan of Arrangement, to be paid to holders of Acquired Options at or as soon as reasonably practicable after the Effective Time, which payment may occur through Waterloo Brewing's payroll system or payroll provider (to the extent such holder of Acquired Options is a continuing employee of Waterloo Brewing), and such Acquired Options will immediately thereafter terminate and be cancelled.

The foregoing information is a summary only. For further details of procedures, see the Plan of Arrangement attached as Schedule "B" to this Circular.

SECURITIES LAW MATTERS

The following is a brief summary of the Canadian Securities Law considerations applying to the transactions contemplated herein not discussed elsewhere in this Circular. This summary is of a general nature only and is not intended to be, and should not be construed to be, legal or business advice to any particular Securityholder. This summary does not include any information regarding securities law considerations for jurisdictions other than Canada. Securityholders who reside in a jurisdiction outside of Canada are urged to obtain independent advice in respect of the consequences to them of the Arrangement having regard to their particular circumstances.

Multilateral Instrument 61-101

Waterloo Brewing is subject to the requirements of MI 61-101, which regulates transactions which raise the potential for conflicts of interest, including issuer bids, insider bids, related party transactions and business combinations. MI 61-101 is intended to ensure the protection and fair treatment of Minority Shareholders. MI 61-101 regulates certain transactions to ensure equality of treatment among securityholders, generally requiring enhanced disclosure, approval by a majority of securityholders excluding interested parties or related parties of interested parties, independent valuations in certain circumstances and, in certain instances, approval and oversight of the transaction by a special committee of independent directors. The protections of MI 61-101 generally apply to, among others, transactions that terminate the interests of securityholders without their consent. MI 61-101 provides that, in certain circumstances, where a "related party" of an issuer (as defined in MI 61-101 and including directors, executive officers and shareholders holding over 10% of outstanding voting shares of the issuer) is entitled to receive a "collateral benefit" (as defined in MI 61-101) in connection with such a transaction (such as the Arrangement), such transaction may be considered a "business combination" for the purposes of MI 61-101 and be subject to requirements that the issuer obtain minority approval of the transaction and provide a formal valuation, subject to the availability of exemptions in certain circumstances.

The Arrangement does not constitute an issuer bid, an insider bid or a related party transaction for the purposes of MI 61-101. In assessing whether the Arrangement could be considered a "business combination" for the purposes of MI 61-101, the Company reviewed all benefits or payments which related parties of the Company are entitled to receive, directly, or indirectly, as a consequence of the Arrangement to determine whether any constituted a "collateral benefit". A collateral benefit (as defined in MI 61-101) includes any benefit that a related party of Waterloo Brewing is entitled to receive, directly or indirectly, as a consequence of the Arrangement, including without limitation, an increase in salary, a lump sum payment, a payment for surrendering securities, or other enhancement in benefits related to services as an employee, director or consultant of Waterloo Brewing. MI 61-101 excludes from the meaning of collateral benefit a payment per security that is identical in amount and form to the entitlement of the general body of holders in Canada of securities of the same class, as well as certain benefits to a related party received solely in connection with the related party's services as an employee or director of an issuer, of an affiliated entity of such issuer or of a successor to the business of such issuer where (a) the benefit is not conferred for the purpose, in whole or in part, of increasing the value of the consideration paid to the related party for securities relinquished under the transaction; (b) the conferring of the benefit is not, by its terms, conditional on the related party supporting the transaction in any manner; (c) full particulars of the benefit are disclosed in the disclosure document for the transaction; and (d) either (i) at the time of the transaction the related party and his or her associated entities beneficially own, or exercise control or direction over, less than one percent of the outstanding securities of each class of equity securities of the issuer, or (ii) the related party discloses to an independent committee of the issuer the amount of consideration that he or she expects to be beneficially entitled to receive, under the terms of the transaction, in

exchange for the equity securities he or she beneficially owns and the independent committee acting in good faith determines that the value of the benefit, net of any offsetting costs to the related party, is less than five percent of the value of the consideration the related party will receive pursuant to the terms of the transaction for the equity securities it beneficially owns, and the independent committee's determination is disclosed in the disclosure document for the transaction.

Certain directors and officers of Waterloo Brewing may have interests in the Arrangement that are, or may be, different from, or in addition to, the interests of other Securityholders. These interests include those described below. The Special Committee and the Board are aware of these interests and considered them, among other matters, when recommending approval of the Arrangement by Securityholders.

The Company's employment agreements with George Croft, Russell Tabata, Enida Zaimi and Laura Falby may each be seen to confer a benefit on Mr. Croft, Mr. Tabata, Ms. Zaimi and Ms. Falby, as a result of the change of control entitlements available to them as a result of the Arrangement (see "*Interests of Directors and Officers of Waterloo Brewing in the Arrangement – Change of Control Payments*"). Each of Mr. Croft and Mr. Tabata owns more than 1% of the outstanding Shares, and the change of control payments to be received by each of them will have a value, net of any offsetting costs, that exceeds 5% of the value of the Consideration they expect to receive under the terms of the Arrangement. Ms. Zaimi does not hold any Shares and holds 150,000 Options, being less than 1% of the outstanding Shares, so her change of control entitlement is not considered to be a "collateral benefit" under MI 61-101. Ms. Falby holds 1,950 Shares and 75,000 Options, being less than 1% of the outstanding Shares, so her change of control entitlement is not considered to be a "collateral benefit" under MI 61-101. Accordingly, such benefits may constitute a "collateral benefit" to Mr. Croft and Mr. Tabata only.

In addition, certain of the officers of the Company hold Options. If the Arrangement is completed, the vesting of all Options is to be accelerated in accordance with their terms, and such officers holding in-the-money Options will be entitled to receive cash payments in respect thereof at the Effective Time. See "*The Arrangement – Effect of the Arrangement – Optionholders*". Mr. Croft and Mr. Tabata will each receive a cash payment in respect of their in-the-money Options which, together with the change of control payments noted above, may constitute a "collateral benefit". No other senior officers who hold in-the-money Options hold 1% or more of the outstanding Shares (including Shares underlying such Options).

As a result of the foregoing, all Shares owned by Mr. Croft and Mr. Tabata, and each of their respective related parties will be excluded from the majority of minority approval of the Arrangement.

Minority Approval Requirements

The minority approval requirements of MI 61-101 in connection with a business combination apply in connection with the Arrangement and in addition to obtaining approval of the Arrangement Resolution at least 66⅔% of the votes cast on the Arrangement Resolution by the Securityholders, voting as a single class, present or represented by proxy and entitled to vote at the Meeting, each being entitled to one vote per Share and one vote per Share underlying Options held and at least 66⅔% of the votes cast on the Arrangement Resolution by the Shareholders, voting as a separate class, present or represented by proxy and entitled to vote at the Meeting, each being entitled to one vote per Share held, approval will also be sought from a simple majority (more than 50%) of the votes cast on the Arrangement Resolution by the Shareholders, voting as a separate class, present or represented by proxy and entitled to vote at the Meeting, each being entitled to one vote per Share held, and excluding any votes of in respect of the Shares that are required to be excluded pursuant to MI 61-101. The table below sets forth the votes of interested parties (or related parties of interested parties) required to be excluded for purposes of determining minority approval in accordance with MI 61-101:

Name	**Number of Shares to be Excluded**
George Croft	1,099,916
Russell Tabata	934,027

As a result of the relatively small number of Shares involved, if the Arrangement Resolution is passed by the requisite 66⅔% of the votes cast at the Meeting, it will necessarily be the case that the minority approval requirement will be satisfied.

Formal Valuation Exemption

Notwithstanding that the Arrangement constitutes a "business combination" for purposes of MI 61-101, as no interested party would, as a consequence of the transaction, directly or indirectly acquire the Company or combine with the Company, and no interested party is a party to any connected transaction to the business combination, a formal valuation of the Shares is not required pursuant to Section 4.3(1) of MI 61-101.

Ownership of Securities of Waterloo Brewing

For complete details regarding the securities held by each officer and director of Waterloo Brewing, please see *"Interest of Directors and Officers of Waterloo Brewing – Benefits of Directors and Executive Officers of Waterloo Brewing"*.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following summary describes the principal Canadian federal income tax considerations under the Tax Act of the Arrangement generally applicable to a beneficial owner of Shares who: (a) deals at arm's length with the Company and the Purchaser and is not affiliated with the Company or the Purchaser, in each case for purposes of the Tax Act; and (b) holds its Shares as capital property for purposes of the Tax Act (a "**Holder**"). Generally, the Shares will be capital property to a Holder provided the Holder does not hold the Shares in the course of carrying on a business of buying and selling securities or as part of an adventure or concern in the nature of trade.

This summary is based on the current provisions of the Tax Act, the current published administrative policies and assessing practices of the CRA made public prior to the date hereof and all specific proposals to amend the Tax Act which have been publicly announced by the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**"). This summary assumes that all Proposed Amendments will be enacted in their present form, but no assurances can be given that the Proposed Amendments will be enacted in the form proposed, or at all. Except for the Proposed Amendments, this summary does not take into account or anticipate any changes in Law or administrative policy or assessing practice, whether by legislative, administrative or judicial decision or action, nor does it take into account provincial, territorial or foreign income tax legislation or consequences, which may differ from the Canadian federal income tax consequences described herein.

This summary is not applicable to a Holder: (a) that is a "financial institution" for purposes of certain rules applicable to "mark-to-market property" or a "specified financial institution"; (b) an interest in which is a "tax shelter" or a "tax shelter investment"; (c) that has made a "functional currency" reporting election under section 261 of the Tax Act to report the Holder's "Canadian tax results" in a currency other than Canadian currency; or (d) that has entered or will enter into a "derivative forward agreement" in respect of the Shares, each as defined in the Tax Act. Such Holders should consult their own tax advisors with respect to the particular tax consequences to them of the Arrangement.

This summary is also not applicable to a Holder that acquired Shares pursuant to any equity-based employment compensation plan (including an Option). Such Holders should consult their own tax advisors with respect to the particular tax consequences to them of the Arrangement, including in respect of any taxable benefit arising as a result of a disposition of a Share acquired pursuant to such a plan.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to the Arrangement. The income or other tax consequences will vary depending on the particular circumstances of the Holder. Accordingly, this summary is of a general nature only and is not intended to be, and should not be construed to be, legal, business or income tax advice to any particular Holder. This summary does not discuss any non-Canadian income or other tax consequences of the Arrangement. Holders resident or subject to taxation in a jurisdiction other than Canada should be aware that the Arrangement may have tax consequences both in Canada and in such other jurisdiction. Such consequences are not described in this summary. Holders should consult their own income tax advisors with respect to the tax consequences applicable to them having regard to their own particular circumstances.

This summary does not address the tax consequences of the Arrangement for Optionholders. Optionholders should consult their own tax advisors with respect to the tax consequences applicable to them having regard to their own particular circumstances.

Holders Resident in Canada

The following is a summary of the principal Canadian federal income tax consequences generally applicable under the Tax Act to a Holder who, at all relevant times for purposes of the Tax Act, is resident or deemed to be resident in Canada (a "**Resident Holder**"). Resident Holders who might not otherwise be considered to hold their Shares as capital property may, in certain circumstances, be entitled to make the irrevocable election permitted by subsection 39(4) of the Tax Act to have the Shares (and all other "Canadian securities", as defined in the Tax Act) owned by the Resident Holder in the taxation year in which the election is made and in all subsequent taxation years treated as capital property. Resident Holders who do not hold the Shares as capital property should consult their own tax advisors with respect to their own particular circumstances.

Disposition by Resident Holders

Generally, a Resident Holder who disposes of Shares under the Arrangement will realize a capital gain (or capital loss) equal to the amount, if any, by which the proceeds of disposition to the Resident Holder of the Shares exceed (or are less than) the total of the adjusted cost base to the Resident Holder of the Shares immediately before the disposition and any reasonable costs of disposition.

A Resident Holder will generally be required to include in computing its income for a taxation year one-half of the amount of any capital gain (a "**taxable capital gain**") realized by the Resident Holder in that taxation year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder will generally be required to deduct one-half of the amount of any capital loss (an "**allowable capital loss**") realized by the Resident Holder in a taxation year from taxable capital gains realized by the Resident Holder in that taxation year. Allowable capital losses in excess of taxable capital gains realized by a Resident Holder in a particular taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized by the Resident Holder in any such taxation year, subject to and in accordance with the provisions of the Tax Act.

The amount of any capital loss realized by a Resident Holder that is a corporation on the disposition of a Share may be reduced by the amount of any dividends received (or deemed to be received) by it on such Share to the extent and under the circumstances described in the Tax Act. Similar rules may apply where the Share is owned by a partnership or trust of which a corporation, trust or partnership is a member or beneficiary. Such Resident Holders should consult their own tax advisors in this regard.

A Resident Holder that is, throughout its taxation year, a "Canadian-controlled private corporation" (as defined in the Tax Act) or a "substantive CCPC" (as defined in certain Proposed Amendments released by the Minister of Finance (Canada) on August 9, 2022) may be liable to pay a refundable tax on its "aggregate investment income" (as defined in the Tax Act), including amounts in respect of taxable capital gains and interest.

Capital gains realized by individuals (other than certain trusts) may give rise to alternative minimum tax under the Tax Act. Resident Holders should consult their own advisors with respect to the potential application of alternative minimum tax.

Dissenting Resident Holders

A Resident Holder who has validly exercised its Dissent Right (a "**Resident Dissenting Holder**") will be deemed under the Arrangement to have transferred its Shares to the Purchaser and will be entitled to be paid the fair value of such Shares.

A Resident Dissenting Holder will realize a capital gain (or capital loss) to the extent that the payment of fair value by the Purchaser (other than any portion thereof that is interest awarded by a court) exceeds (or is less than) the

aggregate of the adjusted cost base of the Shares to the Resident Dissenting Holder and reasonable costs of the disposition. The taxation of capital gains and losses is discussed above, see "*Holders Resident in Canada – Disposition by Resident Holders*".

Pursuant to the Plan of Arrangement, Resident Dissenting Holders who are, for any reason, ultimately determined not to be entitled to be paid fair value for their Shares will be deemed to have participated in the Arrangement on the same basis as any Resident Holder that did not exercise Dissent Rights. . In general, the tax consequences as described above under "*Holders Resident in Canada – Disposition by Resident Holders*" should apply to a Resident Dissenting Holder who receives the Consideration instead of cash equal to the fair value of such Resident Dissenting Holder's Shares.

A Resident Dissenting Holder will be required to include in computing its income any interest awarded by a court in connection with the Arrangement.

Resident Dissenting Holders should consult their own tax advisors with respect to the Canadian federal income tax consequences of exercising their Dissent Rights.

Holders Not Resident in Canada

The following is a summary of the principal Canadian federal income tax consequences generally applicable under the Tax Act to a Holder who, at all relevant times for purposes of the Tax Act: (a) is not, and is not deemed to be, resident in Canada; and (b) does not use or hold, and is not deemed to use or hold, the Shares in connection with a business carried on, or deemed to be carried on, in Canada (a "**Non-Resident Holder**"). This summary does not apply to Non-Resident Holders that carry on an insurance business in Canada or elsewhere. Any such Non-Resident Holders should consult their own tax advisors.

Disposition by Non-Resident Holders

A Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized on the disposition of the Shares pursuant to the Arrangement unless the Shares constitute, or are deemed to constitute, "taxable Canadian property" (as defined in the Tax Act) to the Non-Resident Holder at the time of the disposition and the Non-Resident Holder is not entitled to relief under an applicable income tax treaty or convention.

Such Shares will not be considered taxable Canadian property to a Non-Resident Holder at the time of the disposition provided that the Shares are listed on a "designated stock exchange" as defined in the Tax Act (which currently includes the TSX), unless at any time during the 60-month period immediately preceding the disposition:

(a) 25% or more of the issued Shares of any class or series of the capital stock of the Company were owned by any combination of (i) the Non-Resident Holder, (ii) persons with whom the Non-Resident Holder did not deal at arm's length for purposes of the Tax Act and (iii) partnerships in which the Non-Resident Holder or a person described in (ii) holds a membership interest directly or indirectly through one or more partnerships; and

(b) the Shares derived (directly or indirectly) more than 50% of their fair market value from one or any combination of real or immovable property situated in Canada, "Canadian resource properties", "timber resource properties" or options in respect of, or interests in or for civil law rights in respect of, any such property (whether or not such property exists), all for purposes of the Tax Act.

Notwithstanding the foregoing, Shares which are not otherwise taxable Canadian property may in certain circumstances be deemed to be taxable Canadian property to the Non-Resident Holder for the purposes of the Tax Act.

If the Shares are considered taxable Canadian property to the Non-Resident Holder, any capital gain realized on the disposition or deemed disposition of such Shares may not be subject to tax under the Tax Act pursuant to the terms of an applicable income tax treaty or convention. If the Shares are taxable Canadian property of a Non-Resident Holder

and are not "treaty-protected property", as defined in the Tax Act, of the Non-Resident Holder at the time of disposition (or deemed disposition), the consequences above under "*Holders Resident in Canada – Disposition by Resident Holders*" will generally apply.

Non-Resident Holders whose Shares may be taxable Canadian property should consult their own tax advisors in this regard.

Dissenting Non-Resident Holders

A Non-Resident Holder who has validly exercised its Dissent Right (a "**Non-Resident Dissenting Holder**") will be deemed under the Arrangement to have transferred its Shares to the Purchaser and will be entitled to be paid the fair value of such Shares.

A Non-Resident Dissenting Holder will be considered to have disposed of the Shares for proceeds of disposition equal to the amount paid to such Non-Resident Dissenting Holder less an amount in respect of interest, if any, awarded by the Court. A Non-Resident Dissenting Holder will not be subject to tax under the Tax Act in respect of any capital gain realized on the disposition of the Shares pursuant to the Arrangement unless the Shares constitute, or are deemed to constitute, taxable Canadian property to the Non-Resident Dissenting Holder at the time of the disposition and the Non-Resident Dissenting Holder is not entitled to relief under an applicable income tax treaty or convention. The taxation of capital gains and capital losses for such a Non-Resident Dissenting Holder is generally the same as the consequences for a Resident Holder discussed under "*Holders Resident in Canada – Disposition by Resident Holders*" above.

Pursuant to the Plan of Arrangement, Dissenting Shareholders who are ultimately determined not to be entitled, for any reason, to be paid fair value for their Shares will be deemed to have participated in the Arrangement on the same basis as any non-Dissenting Shareholder. In general, the tax consequences as described above under "*Holders Not Resident in Canada – Disposition by Non-Resident Holders*" should apply to a Non-Resident Dissenting Holder who receives the Consideration instead of cash equal to the fair value of such Non-Resident Dissenting Holder's Shares.

Any interest awarded by the Court to a Non-Resident Dissenting Holder will not be subject to Canadian withholding tax unless such interest constitutes "participating debt interest" for purposes of the Tax Act.

Non-Resident Dissenting Holders should consult their own tax advisors with respect to the Canadian federal income tax consequences of exercising their Dissent Rights.

INTERESTS OF DIRECTORS AND OFFICERS OF WATERLOO BREWING IN THE ARRANGEMENT

In considering the recommendation of the Board, Securityholders should be aware that certain members of the Board and the executive officers of Waterloo Brewing have interests in the Arrangement or may receive benefits that may differ from, or be in addition to, the interests of Securityholders generally. These interests and benefits are described below.

Except as otherwise disclosed in this Circular, all benefits received, or to be received, by directors or executive officers of Waterloo Brewing as a result of the Arrangement are, and will be, solely in connection with their services as directors or employees of Waterloo Brewing. No benefit has been, or will be, conferred for the purpose of increasing the value of consideration payable to any such person for Shares, nor is it, or will it be, conditional on the person supporting the Arrangement.

Shares

As of the Record Date, the directors and executive officers of Waterloo Brewing beneficially owned, or exercised control or direction, directly or indirectly, over Shares representing in the aggregate approximately 39% of all issued and outstanding Shares. All of the Shares held by such directors and executive officers of Waterloo Brewing will be treated in the same fashion under the Arrangement as Shares held by all other Shareholders.

Options

As of the Record Date, the directors other than Mr. Croft held no Options and executive officers of Waterloo Brewing beneficially owned, or exercised control or direction, directly or indirectly, over Options representing in the aggregate approximately 45% of all issued and outstanding Options. All of the Options held by such directors and executive officers of Waterloo Brewing will be treated in the same fashion under the Arrangement as Options held by all other holders of Options.

Benefits of Directors and Executive Officers of Waterloo Brewing

Other than as disclosed in this Circular, no executive officer or director of Waterloo Brewing will receive any payment as a result of the proposed Arrangement. If the Arrangement is completed, certain executive officers of Waterloo Brewing will be entitled to receive additional compensation as a result of the change of control of Waterloo Brewing.

The chart below sets out for each director and executive officer of Waterloo Brewing the number of Shares and Options beneficially owned, directly or indirectly, by such director and executive officer, and their associates and affiliates where applicable. All of the Shares and Options held by the directors and executive officers of Waterloo Brewing, including their associates and affiliates, will be treated in the same fashion under the Arrangement as Shares and Options held by any other Securityholder.

Name and Last Position Held	Number of Shares[1]	% of Shares[1][2]	Number of Options[1]	% of Options[1][3]
George H. Croft President, Chief Executive Officer and Director	1,099,916	3.06%	466,667	15.76%
Enida Zaimi Chief Financial Officer	Nil	Nil	150,000	5.07%
Russell Tabata Chief Operating Officer	934,027	2.60%	853,333	28.82%
Edward H Kernaghan[4] Director	4,315,299	12.01%	Nil	Nil
Stan G. Dunford[5] Director	6,001,997	16.71%	Nil	Nil
Peter J. Schwartz[6] Director and Chair of the Board	1,481,218	4.12%	Nil	Nil
David R. Shaw Director	60,000	0.17%	Nil	Nil
John H. Bowey[7] Director	20,500	0.06%	Nil	Nil

Notes:

(1) The information as to Shares and Options beneficially owned, controlled or directed, is not known by Waterloo Brewing and has been obtained by Waterloo Brewing from publicly disclosed information and/or provided by the Securityholder listed above.
(2) Calculated on a non-diluted basis on the basis of 35,915,514 issued and outstanding Shares as at the Record Date.
(3) Calculated the basis of 2,960,838 issued and outstanding Options as at the Record Date.
(4) Edward H. Kernaghan indirectly owns his Shares through Kernwood Limited, an entity controlled by Mr. Kernaghan.
(5) These Shares are held by Benbrick Holdings Inc. and are beneficially owned by Stan Dunford through his holdings of units of Laurence Capital Fund III L.P., which is controlled by Laurence Capital Corp. Benbrick Holdings Inc. holds in total 7,483,215 Shares (being the total of Mr. Dunford and Mr. Schwartz's indirect holding of Shares).
(6) These Shares are held by Benbrick Holdings Inc., which is indirectly controlled by Laurence Capital Corp. which is controlled by Peter Schwartz. Benbrick Holdings Inc. holds in total 7,483,215 Shares (being the total of Mr. Dunford and Mr. Schwartz's indirect holding of Shares).
(7) John H. Bowey's Shares are registered in the name of his spouse.

Change of Control Payments

Waterloo Brewing has entered into employment agreements with each of George Croft, Russell Tabata, Enida Zaimi and Laura Falby, which employment agreements will entitle each individual to, upon completion of the Arrangement, a change of control and termination payment following their termination on the Effective Date or, in the case of Mr. Croft, Mr. Tabata and Ms. Zaimi, should they terminate their employment on, or within twelve (12) months after, the

Effective Date, or in the case of Ms. Falby, Ms. Falby's employment will be deemed terminated should her current employment responsibilities be eliminated or materially reduced on or within six (6) months after the Effective Date.

Pursuant to the employment agreement between the Company and Mr. Croft, in the event of a change of control, such as the Arrangement, Mr. Croft is entitled to terminate his employment with the Company within 12 months of the change of control and receive: (i) a lump sum ($637,500) equal to 18 months of base salary ($425,000); (ii) a car allowance for a period of 18 months ($46,314); (iii) RRSP contributions contemplated by the employment agreement for a period of 18 months from termination ($30,000); (iv) a pro-rated bonus up to 100% of the base salary based on the number of days worked in the fiscal year, subject to a minimum of 50% of such maximum entitlement; and (v) continued benefits under the Company's benefits plans for a period of 18 months from termination.

Pursuant to the employment agreement between the Company and Mr. Tabata, in the event of a change of control, such as the Arrangement, Mr. Tabata is entitled to terminate his employment with the Company within 12 months of the change of control and receive: (i) a lump sum equal to 12 months of base salary ($325,000); (ii) a car allowance for a period of 12 months ($30,876); (iii) RRSP contributions contemplated by the employment agreement for a period of 12 months from termination ($33,958); (iv) a pro-rated bonus up to 100% of the base salary based on the number of days worked in the fiscal year, subject to a minimum of 50% of such maximum entitlement; and (v) continued benefits under the Company's benefits plans for a period of 12 months from termination.

Pursuant to the employment agreement between the Company and Ms. Zaimi, in the event of a change of control, such as the Arrangement, Ms. Zaimi is entitled to terminate her employment with the Company within 12 months of the change of control and receive: (i) a lump sum equal to 12 months of base salary ($225,000); (ii) RRSP contributions contemplated by the employment agreement for a period of 12 months from termination ($10,000); (iii) a pro-rated bonus up to 100% of the base salary based on the number of days worked in the fiscal year, subject to a minimum of 50% of such maximum entitlement; and (v) continued benefits under the Company's benefits plans for a period of 12 months from termination.

Pursuant to the employment agreement between the Company and Ms. Falby, in the event of a change of control, such as the Arrangement, Ms. Falby is deemed terminated should her current employment responsibilities be eliminated or materially reduced on or within 6 months after a change of control and is entitled to receive: (i) a lump sum ($68,620) equal to 6 months of base salary ($137,241); (ii) RRSP contributions contemplated by the employment agreement (up to $6,862); and (iii) continued benefits under the Company's benefits plans for a period of 6 months from termination.

Continuing Insurance Coverage for Directors and Executive Officers of Waterloo Brewing

Under the Arrangement Agreement, prior to the Effective Date, Waterloo Brewing may purchase customary "tail" policies of directors' and officers' liability insurance providing protection no less favourable in the aggregate to the protection provided by the policies maintained by the Company which are in effect immediately prior to the Effective Date, and such other tail liability insurance policies of the Company, in each case providing protection in respect of claims arising from facts or events which occurred on or prior to the Effective Date and the Purchaser will, or will cause the Company to maintain such tail policies in effect without any reduction in scope or coverage for the terms; provided that, the Purchaser will not be required to pay any amounts in respect of such coverage prior to the Effective Time and provided further that the cost of such policies will not exceed 300% of the Company's current annual aggregate premium for policies currently maintained by the Company.

RISK FACTORS

The following risk factors should be considered by Securityholders in evaluating whether to approve the Arrangement Resolution.

Risks Relating to Waterloo Brewing

If the Arrangement is not completed, Waterloo Brewing will continue to face the risks that it currently faces with respect to its affairs, business and operations and future prospects. Such risk factors are set forth and described in Waterloo Brewing's annual financial statements, management's discussion and analysis and annual information form

for the year ended January 31, 2022 and its financial statements and management's discussion and analysis for interim period ended October 30, 2022, which have been filed on SEDAR at www.sedar.com.

Risks Relating to the Arrangement

The Purchaser and Waterloo Brewing may be unable to obtain the Court approval required to complete the Arrangement or, in order to do so, the Purchaser and Waterloo Brewing may be required to comply with material restrictions or conditions that may negatively affect Waterloo Brewing or cause them to abandon the Arrangement. Failure to complete the Arrangement could negatively affect the future business and financial results of Waterloo Brewing.

Completion of the Arrangement is contingent upon, among other things, the receipt of the required Court approval under the OBCA. The Purchaser and Waterloo Brewing can provide no assurance that the required Court approval will be obtained or that the approval will not contain terms, conditions or restrictions that would be detrimental to the combined business after completion of the Arrangement. See "*The Arrangement – Securityholder and Court Approvals – Court Approval of the Arrangement*".

A competing purchaser would be unlikely to attempt to acquire the Company given that the Supporting Securityholders own approximately 39% of the Shares and have agreed not to support any other acquisition of the Company during the term of the Support and Voting Agreements.

The Supporting Securityholders have agreed not to support any other acquisition of the Company during the term of the Support and Voting Agreements. As a result, even if the Arrangement Resolution is not approved, the Supporting Securityholders will not be able to support an offer to purchase the Company from a competing purchaser while the Support and Voting Agreements are effective. In addition, under the Arrangement Agreement, Waterloo Brewing is restricted, subject to limited exceptions, from pursuing or entering into alternative transactions in lieu of the Arrangement. Waterloo Brewing has the right to terminate the Arrangement Agreement and enter into an agreement with respect to a Superior Proposal only if specified conditions have been satisfied, including compliance with the non-solicitation provisions of the Arrangement Agreement, the expiration of certain waiting periods that may give the Purchaser an opportunity to amend the Arrangement Agreement so the Superior Proposal is no longer a Superior Proposal and the payment of the required Termination Fee of $6,000,000. In light of these provisions and because the Supporting Securityholders own approximately 39% of the Shares and approximately 45% of the Options, a competing purchaser would be unlikely to attempt to acquire the Company during the term of the Support and Voting Agreements, even if such third party were prepared to pay consideration with a higher per Share cash or market value than the Consideration payable pursuant to the Arrangement. Additionally, the added expense of the Termination Fee that may become payable might result in a potential acquirer proposing to pay a lower price per Share than it would otherwise have proposed to pay.

Diversion of management's attention and Waterloo Brewing's resources.

There are risks to Waterloo Brewing if the Arrangement is not completed, including the costs to Waterloo Brewing in pursuing the Arrangement, the diversion of management's attention away from conducting Waterloo Brewing's business in the ordinary course and the potential impact on Waterloo Brewing's current business relationships.

There can be no certainty that all conditions precedent to the Arrangement will be satisfied or waived. Failure to complete the Arrangement could negatively impact the market price of the Shares.

The Arrangement is subject to certain conditions that may be outside the control of the Parties, including, without limitation, the receipt of the Final Order and the approval of the Arrangement Resolution. There can be no certainty, nor can either party provide any assurance, that these conditions will be satisfied or waived, or, if satisfied or waived, when they will be satisfied or waived. If the Arrangement is not completed, the market price of the Shares may decline to the extent that the market price reflects a market assumption that the Arrangement will be completed. If the Arrangement is not completed and the Board decides to seek another merger or business combination, there can be no

assurance that Waterloo Brewing will be able to find a party willing to pay an equivalent or more attractive price than the Consideration payable pursuant to the Arrangement.

The Arrangement Agreement may be terminated by the Purchaser or Waterloo Brewing in certain circumstances.

Each of the Purchaser and Waterloo Brewing has the right to terminate the Arrangement Agreement and not complete the Arrangement in certain circumstances. Accordingly, there is no certainty, nor can either party provide any assurance, that the Arrangement Agreement will not be terminated by either the Purchaser or Waterloo Brewing, as the case may be, before the completion of the Arrangement. If the Arrangement Agreement is terminated, Waterloo Brewing cannot provide any assurance that equivalent or greater purchase prices for the Shares will be available from an alternative party. If the Arrangement is not completed, the market price of the Shares may be adversely affected. See *"The Arrangement Agreement — Termination"*.

In addition, completion of the Arrangement is subject to a number of conditions precedent, certain of which are outside the control of Waterloo Brewing and/or the Purchaser. There is no certainty, nor can either party provide any assurance, that these conditions will be satisfied or waived.

Requisite Securityholder approvals may not be obtained.

The Arrangement Resolution will require the approval of the Securityholders of the Arrangement Resolution in accordance with applicable Laws and the Interim Order, being: (i) at least 66⅔% of the votes cast on the Arrangement Resolution by the Securityholders, voting as a single class, present or represented by proxy and entitled to vote at the Meeting, each being entitled to one vote per Share and one vote per Share underlying the Options held; (ii) at least 66⅔% of the votes cast on the Arrangement Resolution by the Shareholders, voting as a separate class, present or represented by proxy and entitled to vote at the Meeting, each being entitled to one vote per Share held; and (iii) a simple majority (more than 50%) of the votes cast on the Arrangement Resolution by the Shareholders, voting as a separate class, present or represented by proxy and entitled to vote at the Meeting, each being entitled to one vote per Share held, and excluding any votes in respect of Shares that are required to be excluded pursuant to MI 61-101. There can be no certainty, nor can Waterloo Brewing provide any assurance, that the requisite Securityholder approvals will be obtained. If such approvals are not obtained and the Arrangement is not completed, the market price of the Shares may decline.

Waterloo Brewing is subject to covenants in respect of the operation of its business which may prevent Waterloo Brewing from pursuing certain opportunities that may arise.

Pursuant to the Arrangement Agreement, Waterloo Brewing has agreed to certain interim operating covenants intended to ensure that Waterloo Brewing carries on business in the ordinary course consistent with past practice, except as required or expressly authorized by the Arrangement Agreement. These operating covenants cover a broad range of activities and business practices. Consequently, it is possible that a business opportunity will arise that is out of the ordinary course or is not consistent with past practices, and that Waterloo Brewing, subject to the consent of the Purchaser, will not be able to pursue or undertake the opportunity due to its covenants in the Arrangement Agreement.

Potential payments to Shareholders who exercise Dissent Rights could prevent the completion of the Arrangement.

The Purchaser's obligation to complete the Arrangement is conditional upon Shareholders holding no more than 17.5% of the outstanding Shares having exercised Dissent Rights. Accordingly, the Arrangement may not be completed if Shareholders exercise Dissent Rights in respect of more than 17.5% of the outstanding Shares.

Waterloo Brewing is responsible for its costs related to the Arrangement whether or not the Arrangement is completed.

Certain costs related to the Arrangement, such as legal, accounting and certain financial advisor fees, must be paid by Waterloo Brewing even if the Arrangement is not completed. Waterloo Brewing and the Purchaser are each liable for their own costs incurred in connection with the Arrangement in accordance with the Arrangement Agreement. If the

Arrangement is not completed, Waterloo Brewing may also be required to pay the Purchaser the Termination Fee. See "*The Arrangement Agreement – Termination Fee*".

Directors and executive officers of Waterloo Brewing may have interests in the Arrangement that are different from those of Securityholders generally.

Certain executive officers and directors of Waterloo Brewing may have interests in the Arrangement that may be different from, or in addition to, the interests of Shareholders generally. Shareholders should consider these interests in connection with their vote on the Arrangement Resolution.

The Arrangement is a taxable transaction.

The Arrangement will be a taxable transaction and, as a result, the Shareholders will generally be required to pay taxes on any gains that result from the receipt of the Consideration under the Arrangement. Shareholders are advised to consult with their own tax advisors to determine the tax consequences of the Arrangement to them. See "*Certain Canadian Federal Income Tax Considerations*".

On Closing of the Arrangement, Shareholders will not be shareholders of the Company.

At the Effective Time, each Shareholder will cease to hold such Shareholder's Shares and to have any rights as a holder of such Shares other than the right to be paid the Consideration by the Purchaser or, in the case of Shareholders who have validly exercised Dissent Rights, be paid the fair value for such Shareholder's Shares, in each case in accordance with the Plan of Arrangement. If the Arrangement is successfully completed, the Company will no longer exist as an independent public company, and, as a result the consummation of the Arrangement, Shareholders will no longer have the opportunity to participate in the potential long-term benefits of the Company's business, if any, notwithstanding the risks that the Company faces, to the extent that those potential benefits exceed the benefits reflected in the Consideration to be received pursuant to the Arrangement.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed in the Circular, to the knowledge of Waterloo Brewing, after reasonable enquiry, no "informed person" (as defined in National Instrument 51-102 – *Continuous Disclosure Obligations*) of Waterloo Brewing, or any associate or affiliate of such persons, has or had any material interest, direct or indirect, in any transaction or any proposed transaction which has materially affected or would materially affect Waterloo Brewing since the commencement of Waterloo Brewing's most recently completed fiscal year.

MANAGEMENT CONTRACTS

No management functions of Waterloo Brewing are performed to any substantial degree by a person other than the directors or officers of Waterloo Brewing.

AUDITORS

Waterloo Brewing's auditor is KPMG LLP, located at 20 Victoria Street South, Suite 600, Kitchener, ON N2G 0E1.

LEGAL MATTERS

Certain Canadian legal matters in connection with the Arrangement as they pertain to Waterloo Brewing will be passed upon by Wildeboer Dellelce LLP. As of the date of this Circular, the partners and associates of Wildeboer Dellelce LLP, as a group, beneficially owned, directly or indirectly, less than 1% of the outstanding Shares or shares of any of Waterloo Brewing's associates or affiliates. As of the date of this Circular, the partners and associates of Torys LLP, as a group, beneficially owned, directly or indirectly, less than 1% of the outstanding Shares or shares of any of Waterloo Brewing's associates or affiliates.

ADDITIONAL INFORMATION

Additional information relating to Waterloo Brewing is available on SEDAR under Waterloo Brewing's issuer profile at www.sedar.com. Securityholders may contact Waterloo Brewing at 400 Bingemans Centre Drive, Kitchener, Ontario N2B 3X9, to request copies of Waterloo Brewing's financial statements and management's discussion and analysis. Financial information is provided in Waterloo Brewing's financial statements and management's discussion and analysis for its most recently completed interim period and financial year, which are incorporated by reference in this Circular and available on SEDAR under Waterloo Brewing's issuer profile at www.sedar.com.

OTHER MATTERS

Management of Waterloo Brewing is not aware of any other matter to come before the Meeting other than as set forth in the Notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed Forms of Proxy to vote the shares represented thereby in accordance with their best judgment on such matter.

BOARD APPROVAL

The contents and the sending of the Notice of Meeting and this Circular have been approved by the Board.

ON BEHALF OF THE BOARD OF DIRECTORS OF WATERLOO BREWING LTD.

"George Croft"

George Croft
President and Chief Executive Officer
January 23, 2023

GLOSSARY OF TERMS

In this Circular and the Summary, the following capitalized words and terms shall have the following meanings:

"**Acceptable Confidentiality Agreement**" means a confidentiality agreement between the Company and a third party on terms that are no less favourable to the Company in any material respect, in the aggregate, than those contained in the Confidentiality Agreement and which restricts the third party from publicly announcing an Acquisition Proposal without the consent of the Board and which may provide for the automatic termination of such restriction following the public announcement of an Acquisition Proposal.

"**Acquired Option**" means an Option that (i) is vested or unvested, as at the Effective Time, and (ii) has an exercise price per Share less than the Consideration.

"**Acquisition Proposal**" means, other than the transactions contemplated by the Arrangement Agreement and other than any transaction involving only the Company, any *bona fide* offer, proposal or inquiry (written or oral) from any person or group of persons other than the Parent or the Purchaser (or any affiliates thereof) relating to: (i) any sale, disposition, alliance or joint venture (or any lease, long-term supply agreement or other arrangement having the same economic effect as the foregoing), direct or indirect, in a single transaction or a series of related transactions, of assets representing 20% or more of the consolidated assets or contributing 20% or more of the consolidated revenue of the Company or of 20% or more of the voting or equity securities of the Company (or rights or interests in such voting or equity securities); (ii) any direct or indirect take-over bid, exchange offer, treasury issuance or other transaction that, if consummated, would result in such person or group of persons beneficially owning 20% or more of any class of voting, equity or other securities of the Company (including securities convertible or exercisable or exchangeable for voting, equity or other securities of the Company); (iii) any plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution, winding up or exclusive license involving the Company, representing 20% or more of the consolidated assets or contributing 20% or more of the consolidated revenue of the Company; or (iv) any other similar transaction or series of transactions involving the Company.

"**affiliate**" has the meaning set forth in National Instrument 45-106 – *Prospectus Exemptions*.

"**AGCO**" has the meaning set out under the heading *"The Arrangement – Regulatory Approvals"* in this Circular.

"**allowable capital loss**" has the meaning set out under the heading *"Certain Canadian Federal Income Tax Considerations"* in this Circular.

"**Arrangement**" means the arrangement under the provisions of Section 182 of the OBCA on the terms and conditions set forth in the Plan of Arrangement, subject to any amendment or supplement thereto made in accordance therewith, herewith or made at the direction of the Court in the Final Order.

"**Arrangement Agreement**" means the arrangement agreement dated December 14, 2022 between the Purchaser, the Parent and Waterloo Brewing including all schedules attached thereto, together with the Waterloo Brewing Disclosure Letter, and as the same may be further amended, supplemented or otherwise modified from time to time in accordance with the terms thereof, the full text of which may be viewed on SEDAR at www.sedar.com.

"**Arrangement Resolution**" means the resolution of the Securityholders approving the Plan of Arrangement to be considered and voted on at the Meeting, substantially in the form set out in Schedule "A" to this Circular.

"**Articles of Arrangement**" means the articles of arrangement of the Company in respect of the Arrangement, required by the OBCA to be sent to the Director after the Final Order is made, which will include the Plan of Arrangement and otherwise be in form and content satisfactory to the Company and the Purchaser, each acting reasonably.

"**associate**" has the meaning ascribed to such term in the Securities Act, unless stated otherwise.

"**Board**" means the board of directors of Waterloo Brewing, as the same is constituted from time to time.

"**Board Recommendation**" means recommendation by each of the Board and the Special Committee (in each case, with directors abstaining or recusing themselves as required by Law or the Constating Documents) that the Securityholders vote in favour of the Arrangement Resolution.

"**Broadridge**" means Broadridge Investor Communications Corporation in Canada and its counterpart in the U.S.

"**business combination**" has the meaning ascribed to such term in MI 61-101.

"**Business Day**" means any day of the year, other than a Saturday, Sunday or any day on which major banks are generally closed for business in Toronto, Ontario or Copenhagen, Denmark.

"**Canaccord Genuity**" means Canaccord Genuity Corp.

"**Canadian Securities Administrators**" means, collectively, the provincial and territorial securities commission or similar regulatory authority of each of the provinces and territories of Canada.

"**Canadian Securities Laws**" means applicable Canadian provincial and territorial securities laws.

"**CDS**" means CDS Clearing and Depositary Services Inc. or its nominee, which at the date hereof is CDS & Co.

"**Certificate of Arrangement**" means the certificate of arrangement issued by the Director pursuant to Subsection 183(2) of the OBCA in respect of the Articles of Arrangement.

"**Change in Recommendation**" has the meaning ascribed to such term in this Circular under the heading *"The Arrangement Agreement – Termination"*.

"**Circular**" means this management information circular for the Meeting, including all schedules hereto, and all amendments and supplements hereto.

"**Code**" means the *Internal Revenue Code of 1986*, as amended.

"**collateral benefit**" has the meaning ascribed to such term in MI 61-101.

"**Company Disclosure Letter**" means the disclosure letter dated the date of the Arrangement Agreement that has been delivered by the Company to the Parent and the Purchaser with the Arrangement Agreement;

"**Confidentiality Agreement**" means the confidentiality agreement executed on July 6, 2022 between Waterloo Brewing and the Parent.

"**Consideration**" means $4.00 in cash per Share (without interest).

"**Constating Documents**" means articles of incorporation, amalgamation, or continuation, as applicable, by-laws or other constating documents of the Company, including all amendments thereto;

"**Contract**" means any legally binding written or oral agreement, commitment, engagement, contract, franchise, license, lease, obligation or undertaking to which the Company is a party or by which the Company is bound or affected, or to which any of its properties or assets is subject.

"**Court**" means the Ontario Superior Court of Justice (Commercial List).

"**CRA**" means Canada Revenue Agency.

"**Depositary**" means Computershare Investor Services Inc., as depositary, or any other bank, trust company or financial institution, as may be agreed to in writing by the Company and the Purchaser.

"**Director**" means the Director appointed pursuant to Section 278 of the OBCA.

"**Dissent Procedures**" means the procedures to be taken by a Shareholder in exercising Dissent Rights.

"**Dissent Rights**" means the rights of dissent in respect of the Arrangement as provided for in the Plan of Arrangement.

"**Dissenting Shareholder**" means a Registered Shareholder who validly dissents in respect of the Arrangement Resolution in compliance with the Dissent Rights and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights, but only in respect of the Shares in respect of which Dissent Rights are validly exercised by such Registered Shareholder.

"**Effective Date**" means the date upon which the Arrangement becomes effective, being the date shown on the Certificate of Arrangement.

"**Effective Time**" means 12:01 a.m. (Toronto time) on the Effective Date, or such other time on the Effective Date as may be agreed to in writing by the Purchaser and Waterloo Brewing.

"**ESPP**" means the employee stock purchase plan of the Company adopted on December 7, 1995, as amended and as may be further amended, restated and/or supplemented.

"**Excise Acts**" has the meaning set out under the heading *"Regulatory Matters"* in this Circular.

"**Fairness Opinions**" means, collectively, the opinions of Paradigm and Canaccord Genuity, the financial advisors to the Special Committee and Waterloo Brewing, respectively, addressed to the Special Committee and the Board, to the effect that, as of the date of such opinion, the Consideration to be received by the Shareholders under the Arrangement is fair, from a financial point of view, to the Shareholders, each as set out in Schedule "C" and Schedule "D" to this Circular.

"**Final Expression of Interest**" has the meaning set out under the heading "*The Arrangement*".

"**Final Order**" means the final order of the Court, in form acceptable to the Purchaser and Waterloo Brewing, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (provided that any such amendment is acceptable to both the Company and the Purchaser, each acting reasonably) at any time prior to the Effective Time or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both the Company and the Purchaser, each acting reasonably) on appeal.

"**Final Proscription Date**" has the meaning ascribed to such term in this Circular under the heading *"Procedure for Exchange of Shares – Cancellation of Rights after Four Years"*.

"**Forms of Proxy**" means, collectively, the form of proxy delivered to Shareholders (printed on yellow paper) and the form of proxy delivered to Optionholders (printed on green paper).

"**Former Optionholders**" means the holders of Options immediately prior to the Effective Time after giving effect to the Arrangement.

"**Former Shareholders**" means the holders of Shares immediately prior to the Effective Time after giving effect to the Arrangement.

"**forward-looking statements**" has the meaning ascribed to such term in this Circular under the heading *"Cautionary Statement Regarding Forward-Looking Statements"*.

"**Governmental Entity**" means any (i) supranational, multinational, federal, national, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, instrumentality, ministry, central bank, court, tribunal, arbitral body, office, Crown corporation, commission, commissioner, board (including any liquor control board), entity, bureau or agency, domestic or foreign; (ii) subdivision, agent, commission, board or authority

of any of the foregoing; or (iii) quasi-governmental or private body, including any tribunal, commission, stock exchange (including TSX), regulatory agency or self-regulatory organization, exercising any executive, legislative, regulatory, judicial, administrative, expropriation or taxing authority under or for the account of any of the foregoing, and "**Governmental Entities**" means more than one Governmental Entity.

"**Holder**" has the meaning set out under the heading *"Certain Canadian Federal Income Tax Considerations"* in this Circular.

"**IFRS**" means International Financial Reporting Standards adopted by the International Accounting Standards Board, as updated and amended from time to time.

"**In-The-Money Option**" means an Option, at the Effective Time, with an exercise price per Share less than the Consideration.

"**Interim Order**" means the interim order of the Court rendered January 19, 2023 pursuant to the OBCA, made in connection with the Arrangement, as such order may be amended, supplemented or varied (in a form acceptable to Waterloo Brewing and the Purchaser, each acting reasonably, in accordance with the Arrangement Agreement), providing for, among other things, the calling and holding of the Meeting, attached as Schedule "E" to this Circular, as such order may be amended by the Court, provided that any such amendment is acceptable to both the Company and the Purchaser, each acting reasonably.

"**IRS**" means the U.S. Internal Revenue Service.

"**Law**" or "**Laws**" means all federal, national, multinational, provincial, state, municipal, regional and local laws (statutory, common or otherwise), constitutions, treaties, conventions, by-laws, statutes, rules, regulations, principles of law and equity, Orders, rulings, certificates, ordinances, judgments, injunctions, determinations, awards, decrees, legally binding codes or other requirements, whether domestic or foreign, and the terms and conditions of any grant of approval, permission, authority or licence or other similar requirement enacted, adopted, promulgated, or applied by any Governmental Entity or self-regulatory authority (including TSX), and the term "applicable" with respect to such Laws and in a context that refers to one or more persons, means such Laws as are binding upon or applicable to such person or its assets.

"**Letter of Transmittal**" means a letter of transmittal on blue paper, a form of which accompanies this Circular, to be completed by Shareholders in connection with the Arrangement.

"**Liens**" means: (i) any mortgage, charge, pledge, hypothec, security interest, assignment, lien (statutory or otherwise), privilege, easement, servitude, pre-emptive right or right of first refusal, ownership or title retention agreement, restrictive covenant or conditional sale agreement or option, imperfections of title or encroachments relating to real property; and (ii) any other encumbrance of any nature or any arrangement or condition which, in substance, secures payment or performance of an obligation.

"**LLCA**" has the meaning set out under the heading *"The Arrangement – Regulatory Approvals – Liquor Licence and Control Act (Ontario)"* in this Circular.

"**Material Adverse Effect**" means any change, event, occurrence, effect, state of facts or circumstance that, individually or in the aggregate with other such changes, events, occurrences, effects, states of facts or circumstances is or would reasonably be expected to be material and adverse to the current or future business, operations, results of operations, assets, properties, financial condition, prospects or liabilities (contingent or otherwise) of the Company, except any such change, event, occurrence, effect, state of facts or circumstances resulting from or arising in connection with: (a) any change or development generally affecting the industries in which the Company operates; (b) any change in global, national or regional political conditions (including the outbreak or escalation of war or acts of terrorism) or in general economic, business, regulatory, political or market conditions or in national or global financial, currency, securities or credit markets; (c) any change in Law, IFRS or regulatory accounting or Tax requirements, or in the interpretation, application or non-application of the foregoing by any Governmental Entity; (d) any hurricane, flood, tornado, earthquake, forest fire or other natural disaster, man-made disaster or comparable event; (e) any epidemic, pandemic, disease, outbreak (including COVID-19), other health crisis or public health event,

including any worsening or re-occurrence thereof; (f) any action taken (or omitted to be taken) by the Company that is required by the Arrangement Agreement or upon the written request or with the written consent of the Parent or the Purchaser; (g) any change in the market price or trading volume of any securities of the Company (it being understood that the causes underlying such change in market price or trading volume may be taken into account in determining whether a Material Adverse Effect has occurred); (h) any failure by the Company to meet any internal or published projections, forecasts, guidance or estimate of revenues or earnings (it being understood that the causes underlying such failure may be taken into account in determining whether a Material Adverse Effect has occurred); (i) the execution, announcement or performance of the Arrangement Agreement or the Plan of Arrangement or the implementation and completion of the Arrangement, including any loss or threatened loss of, or adverse change or threatened adverse change in, the relationship of the Company with any Governmental Entity or any of its current or prospective employees, customers, security holders, financing sources, vendors, distributors, suppliers, counterparties, partners, licensors or lessors; or (j) any information or matter existing on the date hereof specifically disclosed in the Company Disclosure Letter, to the extent it is fully and accurately disclosed therein such that the Purchaser can reasonably determine the effect on the Company, provided, however, that: (A) with respect to clauses (a) through to and including (c) above, only to the extent that such matter does not have a disproportionate effect on the Company relative to other comparable companies and entities operating in the industries in which the Company operates; and (B) references in certain Sections of the Arrangement Agreement to dollar amounts are not intended to be, and will not be deemed to be, illustrative or interpretative for purposes of determining whether a Material Adverse Effect has occurred.

"**Material Contract**" means any Contract: (a) that, if terminated or modified or if it ceased to be in effect, would reasonably be expected to have a Material Adverse Effect; (b) relating, directly or indirectly, to any indebtedness for borrowed money, whether secured by any asset or not, in excess of $25,000; (c) relating directly or indirectly to the guarantee of any liabilities or obligations or to indebtedness for borrowed money, in excess of $175,000; (d) restricting the incurrence of indebtedness by the Company (including by requiring the granting of an equal and rateable Lien) or the incurrence of any Liens on any properties or assets of the Company; (e) under which the Company is obligated to make or expects to receive payments in excess of $500,000 in any 12 month period; (f) that creates an exclusive dealing arrangement or right of first offer or refusal or contains a "most favoured nation" provision; (g) providing for the purchase, sale or exchange of, or option to purchase, sell or exchange, any property or asset (including any of the foregoing where the transaction has closed and the Company has any existing indemnification, earn-out or other obligations in relation thereto) where the purchase or sale price or agreed value or fair market value of such property or asset exceeds $500,000; (h) providing for the establishment, investment in, organization or formation of any joint venture, limited liability company, partnership or other similar arrangement; (i) which is not terminable by the Company upon notice of six (6) months or less and under which the Company is obligated to make or expects to receive: (i) in respect of Contracts with a remaining term of twelve (12) months or more, annual payments in excess of $250,000 per annum or $500,000 in aggregate over the term of the Contract; or (ii) in respect of Contracts with a remaining term of less than twelve (12) months, payments in excess of $250,000 in aggregate over the remaining term of the Contract; or (j) that is a collective bargaining agreement, a labour union Contract or any other memorandum of understanding or other agreement with a union; (k) that contains any material exclusivity or non-solicitation obligations of the Company; (l) that limits or restricts in any material respect (i) the ability of the Company to engage in any line of business or carry on business in any geographic area, or (ii) the scope of persons to whom the Company may sell or deliver Products; (m) with a Governmental Entity for a value in excess of $100,000; (n) providing for severance or change in control payments in excess of $100,000; and (o) that is otherwise material to the Company.

"**Meeting**" means the special meeting of Securityholders, including any adjournment or postponement of such meeting in accordance with the terms of the Arrangement Agreement, to be called and held in accordance with the Interim Order to secure the approval of the Arrangement Resolution.

"**MI 61-101**" means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* of the Canadian Securities Administrators.

"**Minority Shareholders**" means all Shareholders, other than the Purchaser, the Parent and any other Shareholder that meets the criteria set out in Section 8.1(2)(a) to (d), inclusive, of MI 61-101.

"**NOBOs**" means Non-Registered Shareholders who do not object to their name being made known to the issuer of securities.

"**Non-Registered Shareholder**" means a non-registered holder of Shares.

"**Non-Resident Dissenting Holder**" has the meaning set out under the heading *"Principal Canadian Federal Income Tax Considerations"*.

"**Non-Resident Holder**" has the meaning set out under the heading *"Principal Canadian Federal Income Tax Considerations"* in this Circular.

"**Notice of Application for Final Order**" means the Notice of Application for Final Order substantially in the form set out in Schedule "G" to this Circular.

"**Notice of Meeting**" has the meaning set out under the heading "*Management Information Circular"* in this Circular.

"**OBCA**" means the *Business Corporations Act* (Ontario), as amended.

"**OBOs**" means Non-Registered Shareholders who object to their name being made known to the issuer of securities.

"**Optionholders**" means the holders of Options and "**Optionholder**" means any one of them.

"**Option**" means an option to purchase Shares granted by the Company under the Stock Option Plan or otherwise.

"**Option Consideration**" has the meaning ascribed to such term in this Circular under the heading *"The Arrangement – Effects of the Arrangement – Optionholders"*.

"**Out-Of-The-Money Option**" means an Option other than an In-The-Money Option.

"**Ordinary Course**" means, with respect to an action taken by a Party, that such action is consistent with the past practices of such Party and is taken in the ordinary course of the normal day-to-day operations of the business of such Party consistent with good business judgement (it being acknowledged that any action taken (or not taken) on a commercially reasonable basis in response to (i) COVID-19 or COVID-19 Measures (including in response to the actual or reasonably anticipated effects of COVID-19) or (ii) any other extraordinary event of the kind described in (a), (b), (c), (d) and (e) of the definition of Material Adverse Effect in Section 1.1 of the Arrangement Agreement that was not reasonably foreseeable as of the date of the Arrangement Agreement and occurring outside of the control of the Company will be deemed to have been taken in the Ordinary Course).

"**Outside Date**" means May 1, 2023, or such later date as may be agreed to in writing by Waterloo Brewing, and the Purchaser.

"**Paradigm**" means Paradigm Capital Inc.

"**Parent**" means Carlsberg Breweries A/S, a corporation existing under the laws of Denmark.

"**Parties**" means the Purchaser, the Parent and Waterloo Brewing and "**Party**" means any one of them.

"**Person**" means a natural person, partnership, limited partnership, limited liability partnership, syndicate, sole proprietorship, corporation or company (with or without share capital), limited liability company, stock company, trust, trustee, executor, administrator, legal representative, unincorporated association, joint venture, government (including any Governmental Entity), syndicate or other entity, whether or not having legal status.

"**Plan of Arrangement**" means the plan of arrangement, substantially in the form attached as Schedule "B" to this Circular, and any amendments or variations thereto made in accordance with the Arrangement Agreement, the Plan of Arrangement or made at the direction of the Court in the Final Order with the written consent of the Company and the Purchaser, each acting reasonably.

"**Proceeding**" means any litigation, arbitration, mediation, action, lawsuit, claim, grievance, complaint, investigation, assessment or reassessment, suit, audit or other proceeding (whether civil, administrative, quasi-criminal, criminal or by or before any Governmental Entity).

"**Proposed Amendments**" has the meaning set out under the heading *"Certain Canadian Federal Income Tax Considerations"* in this Circular.

"**Purchaser**" means Carlsberg Canada Inc., a corporation existing under the *Canada Business Corporations Act*, or an affiliate of Carlsberg Canada Inc. who may assume the rights and obligations thereof in accordance with the Arrangement Agreement.

"**Record Date**" means January 23, 2023.

"**Registered Optionholder**" means a registered holder of Option as recorded in the option register of Waterloo Brewing maintained by Waterloo Brewing.

"**Registered Securityholders**" means, collectively the Registered Shareholders and Registered Optionholders and "**Registered Securityholder**" means any one of them.

"**Registered Shareholder**" means a registered holder of Shares as recorded in the shareholder register of Waterloo Brewing maintained by the Transfer Agent.

"**Representatives**" means, collectively, with respect to Waterloo Brewing, the Purchaser or the Parent, such Party's officers, directors, employees, consultants, advisors, agents or other representatives (including lawyers, accountants, investment bankers and financial advisors) and includes, in the case of Waterloo Brewing, Canaccord Genuity and Paradigm.

"**Required Approval**" has the meaning set out under the heading *"Summary of the Arrangement – Securityholder Approval"* in this Circular.

"**Resident Dissenting Holder**" has the meaning set out under the heading *"Certain Canadian Federal Income Tax Considerations"* in this Circular.

"**Resident Holder**" has the meaning set out under the heading *"Certain Canadian Federal Income Tax Considerations"* in this Circular.

"**Reviewable Transaction**" has the meaning set out under the heading *"Regulatory Matters – Investment Canada Act"* in this Circular.

"**SEC**" means the United States Securities and Exchange Commission.

"**Securityholder Approval**" means the requisite approval of the Securityholders of the Arrangement Resolution in accordance with applicable Laws and the Interim Order, being: (i) two thirds of the votes cast on the Arrangement Resolution by Shareholders and holders of Options, voting as a single class, present or represented by proxy and entitled to vote at the Meeting, each being entitled to one vote per Share held and one vote per Share underlying the Options held; (ii) two thirds of the votes cast on the Arrangement Resolution by the Shareholders, voting as a separate class, present or represented by proxy and entitled to vote at the Meeting, each being entitled to one vote per Share held; and (iii) a simple majority (more than 50%) of the votes cast on the Arrangement Resolution by the Shareholders, voting as a separate class, present or represented by proxy and entitled to vote at the Meeting, each being entitled to one vote per Share held, and excluding any votes in respect of Shares that are required to be excluded pursuant to MI 61-101.

"**Securityholders**" means collectively, at any time, Shareholders and Optionholders and "**Securityholder**" means any one of them.

"**Securities**" means, collectively, the Shares and Options and "**Security**" means any one of them.

"**Securities Act**" means the *Securities Act* (Ontario), as amended from time to time.

"**Securities Authorities**" means, as applicable, the securities regulatory authorities listed in "Appendix C" of National Instrument 14-101 – *Definitions*.

"**Securities Laws**" means, as applicable, the statutes and other instruments listed in "Appendix B" to National Instrument 14-101 – *Definitions*.

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval.

"**Shareholders**" means, at any time, the holders of the issued and outstanding Shares and "**Shareholder**" means any one of them.

"**Shares**" means the common shares in the capital of Waterloo Brewing.

"**Special Committee**" means the special committee of the Board, formed in connection with the receipt of the non-binding expression of interest of the Parent in connection with the Company's evaluation of the Arrangement and any alternatives thereto.

"**Stock Option Plan**" means the stock option plan of Waterloo Brewing adopted on December 7, 1995, as amended, as amended and as may be further amended and/or supplemented.

"**Subject Securities**" means, for each Supporting Securityholder, the Securities listed in the applicable schedule to such Supporting Securityholder's Support and Voting Agreement and any Shares or Options acquired and/or controlled and directed by the Supporting Securityholder or any of its affiliates subsequent to the date of the Support and Voting Agreement, and includes all securities which such Subject Securities may be converted into, exchanged for or otherwise changed into.

"**Summary**" means the section of this Circular with the heading "*Summary of Circular*".

"**Superior Proposal**" means any *bona fide* unsolicited written Acquisition Proposal from person(s) who are an arm's length third party or parties, made after the date of the Arrangement Agreement, to acquire not less than all of the outstanding Shares or all or substantially all of the assets of the Company on a consolidated basis that: (a) complies with Securities Laws and did not result from or involve a breach of Section 7.2 of the Arrangement Agreement; (b) the Board determines, in its good faith judgment, after receiving the advice of outside legal and financial advisors, is reasonably capable of being completed in accordance with its terms without delay relative to the Arrangement, taking into account, all financial, legal, regulatory and other aspects of such Acquisition Proposal and the person making such Acquisition Proposal; (c) is not subject to any financing contingency and in respect of which adequate arrangements have been made to ensure that the required consideration will be available to effect payment in full for all of the Shares or assets, as the case may be; (d) is not subject to any due diligence or access condition; (e) the Board determines, in its good faith judgment, after receiving the advice of outside legal and financial advisors and after taking into account all the terms and conditions of the Acquisition Proposal, including all legal, financial, regulatory and other aspects of such Acquisition Proposal and the party making such Acquisition Proposal, would, if consummated in accordance with its terms, but without assuming away the risk of non-completion, result in a transaction which is more favourable, from a financial point of view, to the Shareholders, than the Arrangement (including any amendments to the terms and conditions of the Arrangement proposed by the Purchaser pursuant to Section 7.2 of the Arrangement Agreement); and (f) the terms of such Acquisition Proposal provide that the person making such Superior Proposal will guarantee or otherwise provide the Company the cash required for the Company to pay the Termination Fee and such amount will be provided on or before the date such Termination Fee becomes payable.

"**Supporting Securityholders**" means the Securityholders who are parties to the Support and Voting Agreement, being two officers and all directors of Waterloo Brewing.

"**Support and Voting Agreement**" means the support and voting agreement between the Purchaser, the Parent and the Supporting Securityholders pursuant to which such Supporting Securityholders have agreed, among other things, to support the Arrangement Agreement.

"**Tax**" and "**Taxes**" includes: (a) any taxes, duties, assessments, imposts, fees, withholdings, levies and other charges of any nature imposed by any Tax Authority and includes all interest, penalties, fines, additions to tax or other additional amounts imposed by any Tax Authority including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, withholding, business, property, occupancy, vacancy, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervailing and anti-dumping and all employment insurance, health insurance and Canada, Québec and other government pension plan and other employer plan premiums, contributions or withholdings and all other taxes and similar governmental charges of any kind imposed by any Governmental Entity; (b) all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Entity on or in respect of amounts of the type described in clause (a) above or this clause (b); and (c) any liability for the payment of any amounts of the type described in clause (a) or (b) above by Contract, as a result of any express or implied obligation to indemnify any other person, or as a result of being a member of an affiliated, consolidated, combined or unitary group for any period or as a result of being a transferee or successor in interest to any party.

"**Tax Act**" means the *Income Tax Act* (Canada), as may be amended from time to time.

"**Tax Authority**" means the CRA and any other Governmental Entity having taxing authority, and their respective successors, if any.

"**taxable Canadian property**" has the meaning ascribed to such term in the Tax Act.

"**taxable capital gain**" has the meaning set out under the heading *"Certain Canadian Federal Income Tax Considerations"* in this Circular.

"**Termination Fee**" means a cash termination payment in an amount equal to $6,000,000 payable by Waterloo Brewing to the Purchaser (or, if directed by the Parent in writing, the Parent) upon the occurrence of a Termination Fee Event in accordance with the Arrangement Agreement.

"**Termination Fee Event**" has the meaning ascribed to such term in this Circular under the heading *"The Arrangement Agreement – Termination Fees"*.

"**Transfer Agent**" means the transfer agent and registrar of the Company, Computershare Investor Services Inc.

"**Treasury Regulations**" means the provisions of the U.S. Tax Code, existing final and temporary regulations promulgated thereunder.

"**TSX**" means Toronto Stock Exchange.

"**U.S.**" or "**United States**" means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.

"**U.S. Exchange Act**" means the United Shares Securities Exchange Act of 1934, as amended and the rules and regulations promulgated thereunder.

"**U.S. Tax Code**" means the Internal Revenue Code of 1986, as amended.

"**Waterloo Brewing**" or the "**Company**" means Waterloo Brewing Ltd., a corporation existing under the OBCA, as amended.

"**Waterloo Brewing Disclosure Letter**" means a letter dated as of the date of the Arrangement Agreement and delivered by Waterloo Brewing to the Purchaser contemporaneous with the execution of the Arrangement Agreement.

"**Waterloo Brewing Management Proxyholder**" has the meaning ascribed to such term in this Circular under the heading *"General Proxy Information – Securityholders Entitled to Vote"*.

CONSENT OF CANACCORD GENUITY CORP.

TO: The Directors and Special Committee of Waterloo Brewing Ltd.

We have read the management information circular of Waterloo Brewing Ltd. ("**Waterloo Brewing**") dated January 23, 2023 (the "**Circular**") relating to the special meeting of securityholders of Waterloo Brewing which is convened to approve, among other things, a resolution relating to the proposed arrangement under Section 182 of the *Business Corporations Act* (Ontario), as amended, pursuant to which Carlsberg Canada Inc. (or an affiliate of Carlsberg Canada Inc.) will acquire all of the outstanding common shares in the capital of Waterloo Brewing. We hereby consent to the references to our firm name and to the references to our fairness opinion dated December 14, 2022 (the "**Fairness Opinion**") in the Circular, to the inclusion of the Fairness Opinion as Schedule "C" to the Circular and the inclusion of a summary of the Fairness Opinion being included in the Circular.

"Canaccord Genuity Corp."
Toronto, Ontario
January 23, 2023

CONSENT OF PARADIGM CAPITAL INC.

TO: The Special Committee and Board of Directors of Waterloo Brewing Ltd.

We have read the management information circular of Waterloo Brewing Ltd. ("**Waterloo Brewing**") dated January 23, 2023 (the "**Circular**") relating to the special meeting of securityholders of Waterloo Brewing which is convened to approve, among other things, a resolution relating to the proposed arrangement under Section 182 of the *Business Corporations Act* (Ontario), as amended, pursuant to which Carlsberg Canada Inc. (or an affiliate of Carlsberg Canada Inc.) will acquire all of the outstanding common shares in the capital of Waterloo Brewing. We hereby consent to the references to our firm name and to the references to our fairness opinion dated December 14, 2022 (the "**Fairness Opinion**") in the Circular, to the inclusion of the Fairness Opinion as Schedule "D" to the Circular and the inclusion of a summary of the Fairness Opinion being included in the Circular.

"Paradigm Capital Inc."
Toronto, Ontario
January 23, 2023

SCHEDULE "A"

ARRANGEMENT RESOLUTION

BE IT RESOLVED THAT:

1. The arrangement (the "**Arrangement**") under Section 182 of the Business Corporations Act (Ontario) (the "**OBCA**") of Waterloo Brewing Ltd. (the "**Company**"), as more particularly described and set forth in the management information circular (the "**Circular**") dated January 23, 2023 of the Company accompanying the notice of this meeting (as the Arrangement may from time to time be amended, modified or supplemented in accordance with the arrangement agreement (as it may from time to time be amended, modified or supplemented, the "**Arrangement Agreement**") dated December 14, 2022 among the Company, Carlsberg Breweries A/S and Carlsberg Canada Inc. (as may be assigned and transferred to an affiliate of Carlsberg Canada Inc. in accordance with the Arrangement Agreement) is hereby authorized, approved and adopted.

2. The plan of arrangement of the Company (as it has been or may be amended, modified or supplemented in accordance with the Arrangement Agreement (the "**Plan of Arrangement**")), the full text of which is set out in Schedule "B" to the Circular, is hereby authorized, approved and adopted.

3. The (i) Arrangement Agreement and related transactions, (ii) actions of the directors of the Company in approving the Arrangement Agreement, and (iii) actions of the directors and officers of the Company in executing and delivering the Arrangement Agreement, and any amendments, modifications or supplements thereto, are hereby ratified and approved.

4. The Company be and is hereby authorized to apply for a final order from the Ontario Superior Court of Justice (Commercial List) to approve the Arrangement on the terms set forth in the Arrangement Agreement and the Plan of Arrangement (as described in the Circular).

5. Notwithstanding that this resolution has been passed (and the Arrangement adopted) by the securityholders of the Company or that the Arrangement has been approved by the Ontario Superior Court of Justice (Commercial List), the directors of the Company are hereby authorized and empowered to, without notice to or approval of the securityholders of the Company, (i) amend, modify or supplement the Arrangement Agreement or the Plan of Arrangement to the extent permitted thereby, and (ii) subject to the terms of the Arrangement Agreement, not proceed with the Arrangement and related transactions.

6. Any officer or director of the Company is hereby authorized and directed for and on behalf of the Company to execute and deliver for filing with the Director under the OBCA articles of arrangement and such other documents as are necessary or desirable to give effect to the Arrangement in accordance with the Arrangement Agreement, such determination to be conclusively evidenced by the execution and delivery of such articles of arrangement and any such other documents.

7. Any officer or director of the Company is hereby authorized and directed for and on behalf of the Company to execute or cause to be executed and to deliver or cause to be delivered all such other documents and instruments and to perform or cause to be performed all such other acts and things as such person determines may be necessary or desirable to give full effect to the foregoing resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or instrument or the doing of any such act or thing.

SCHEDULE "B"

PLAN OF ARRANGEMENT

See attached.

PLAN OF ARRANGEMENT UNDER SECTION 182
OF THE *BUSINESS CORPORATIONS ACT* (ONTARIO)

ARTICLE I
INTERPRETATION

1.1 Definitions

Unless indicated otherwise, where used in this Plan of Arrangement, capitalized terms used but not defined shall have the meanings ascribed thereto in the Arrangement Agreement (as defined below), and the following terms shall have the following meanings (and grammatical variations of such terms shall have corresponding meanings):

"**Advance**" has the meaning ascribed thereto in Section 3.1(2);

"**affiliate**" has the meaning set forth in National Instrument 45-106 – *Prospectus Exemptions*;

"**Arrangement**" means the arrangement under Section 182 of the OBCA on the terms set out in this Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the terms of the Arrangement Agreement, this Plan of Arrangement or made at the direction of the Court in the Final Order with the prior written consent of the Company, the Parent and the Purchaser, each acting reasonably;

"**Arrangement Agreement**" means the arrangement agreement dated as of December 14, 2022, including the schedules attached thereto or otherwise forming part thereof, between the Parent, the Purchaser and the Company, as same may be amended, restated, replaced or supplemented from time to time in accordance with the terms thereof;

"**Arrangement Resolution**" means the resolution of the Securityholders approving this Plan of Arrangement considered and voted on at the Company Meeting;

"**Articles of Arrangement**" means the articles of arrangement of the Company in respect of the Arrangement, required by the OBCA to be sent to the Director after the Final Order is made, which shall include this Plan of Arrangement and otherwise be in form and content satisfactory to the Company and the Purchaser, each acting reasonably;

"**business day**" means any day of the year, other than a Saturday, Sunday or any day on which major banks are generally closed for business in Toronto, Ontario or Copenhagen, Denmark;

"**Certificate of Arrangement**" means the certificate of arrangement to be issued by the Director pursuant to Section 183(2) of the OBCA in respect of the Articles of Arrangement;

"**Company**" means Waterloo Brewing Ltd., a corporation existing under the Laws of the Province of Ontario;

"**Company Circular**" means the notice of the Company Meeting and accompanying management information circular, including all schedules, appendices and exhibits thereto, and information incorporated by reference in, such management information circular, sent to the Securityholders and such other persons as may be required by the Interim Order or by Law in connection with the Company Meeting, as amended, supplemented or otherwise modified from time to time in accordance with the terms of the Arrangement Agreement;

"**Company Meeting**" means the special meeting of the Securityholders, including any adjournment or

postponement of such meeting in accordance with the terms of the Arrangement Agreement, called and held in accordance with the Interim Order to secure approval of the Arrangement Resolution and for any other purpose as set out in the Company Circular;

"**Consideration**" means four dollars ($4.00) in cash per Share (without interest);

"**Court**" means the Ontario Superior Court of Justice (Commercial List);

"**Depositary**" means Computershare Investor Services Inc., as depositary, or any other bank, trust company or financial institution, as may be agreed to in writing by the Company and the Purchaser;

"**Director**" means the Director under the OBCA;

"**Dissent Rights**" has the meaning ascribed thereto in Section 4.1;

"**Dissenting Shareholder**" means a registered holder of Shares who validly dissents in respect of the Arrangement Resolution in compliance with the Dissent Rights and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights, but only in respect of the Shares in respect of which Dissent Rights are validly exercised by such registered holder;

"**Effective Date**" means the date upon which the Arrangement becomes effective, being the date shown on the Certificate of Arrangement;

"**Effective Time**" means 12:01 a.m. (Toronto time) on the Effective Date, or such other time on the Effective Date as may be agreed to in writing by the Company and the Purchaser;

"**ESPP**" means the employee stock purchase plan of the Company adopted on December 7, 1995, as amended and as may be further amended, restated and/or supplemented;

"**Final Order**" means the final order of the Court, in a form acceptable to the Company and the Purchaser, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (provided that any such amendment is acceptable to both the Company and the Purchaser, each acting reasonably) at any time prior to the Effective Time or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both the Company and the Purchaser, each acting reasonably) on appeal;

"**Governmental Entity**" means any (i) supranational, multinational, federal, national, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, instrumentality, ministry, central bank, court, tribunal, arbitral body, office, Crown corporation, commission, commissioner, board (including any liquor control board), entity, bureau or agency, domestic or foreign; (ii) subdivision, agent, commission, board or authority of any of the foregoing; or (iii) quasi-governmental or private body, including any tribunal, commission, stock exchange (including the TSX), regulatory agency or self-regulatory organization exercising any executive, legislative, regulatory, judicial, administrative, expropriation or taxing authority under or for the account of any of the foregoing;

"**holders**" means (i) when used with reference to the Shares, except where the context otherwise requires, the holders of the Shares shown from time to time in the registers maintained by or on behalf of the Company in respect of the Shares, and (ii) when used with reference to the Options, the holders of Options shown from time to time in the registers or accounts maintained by or on behalf of the Company in respect of the Stock Option Plan;

"**In-The-Money Option**" means an Option, at the Effective Time, with an exercise price per Share less than the Consideration;

"**Interim Order**" means the interim order of the Court in a form acceptable to the Company and the

Purchaser, each acting reasonably, as contemplated by the Arrangement Agreement, providing for, among other things, the calling and holding of the Company Meeting, as such order may be amended by the Court, provided that any such amendment is acceptable to both the Company and the Purchaser, each acting reasonably

"**Law**" or "**Laws**" means all federal, national, multinational, provincial, state, municipal, regional and local laws (statutory, common or otherwise), constitutions, treaties, conventions, by-laws, statutes, rules, regulations, principles of law and equity, orders, rulings, certificates, ordinances, judgments, injunctions, determinations, awards, decrees, legally binding codes or other requirements, whether domestic or foreign, and the terms and conditions of any grant of approval, permission, authority or licence or other similar requirement enacted, adopted, promulgated, or applied by any Governmental Entity or self-regulatory authority (including the TSX), and the term "applicable" with respect to such Laws and in a context that refers to one or more persons, means such Laws as are binding upon or applicable to such person or its assets;

"**Letter of Transmittal**" means the letter of transmittal sent by the Company to registered holders of Shares for use in connection with the Arrangement, in a form acceptable to the Purchaser, acting reasonably;

"**Lien**" means: (i) any mortgage, charge, pledge, hypothec, security interest, assignment, lien (statutory or otherwise), privilege, easement, servitude, pre-emptive right or right of first refusal, ownership or title retention agreement, restrictive covenant or conditional sale agreement or option, imperfections of title or encroachments relating to real property; and (ii) any other encumbrance of any nature or any arrangement or condition which, in substance, secures payment or performance of an obligation;

"**OBCA**" means the *Business Corporations Act* (Ontario);

"**Option**" means an option to purchase Shares granted by the Company under the Stock Option Plan or otherwise;

"**Option Consideration**" means the funds required to pay in full the aggregate consideration payable in respect of the In-The-Money Options pursuant to the Arrangement in accordance with Article III;

"**Out-Of-The-Money Option**" means an Option other than an In-The-Money Option;

"**Parent**" means Carlsberg Breweries A/S, a corporation existing under the Laws of Denmark;

"**Parties**" means, collectively, the Company, the Parent and the Purchaser;

"**person**" means a natural person, partnership, limited partnership, limited liability partnership, syndicate, sole proprietorship, corporation or company (with or without share capital), limited liability company, stock company, trust, trustee, executor, administrator, legal representative, unincorporated association, joint venture, government (including any Governmental Entity), syndicate or other entity, whether or not having legal status;

"**Plan of Arrangement**" means this plan of arrangement proposed under Section 182 of the OBCA and any amendments or variations hereto made in accordance with the Arrangement Agreement, this plan of arrangement or made at the direction of the Court in the Final Order with the written consent of the Company and the Purchaser, each acting reasonably;

"**Purchaser**" means Carlsberg Canada Inc., a corporation existing under the Laws of Canada;

"**Record Date**" means the record date for receiving notice of, and voting at, the Company Meeting as set out in the Interim Order, being January 23, 2023;

"**Securityholders**" means, collectively, the holders of Shares and the holders of Options;

"**Shares**" means the common shares in the capital of the Company;

"**Stock Option Plan**" means the stock option plan of the Company adopted on December 7, 1995, as amended and as may be further amended, restated and/or supplemented;

"**Tax Act**" means the *Income Tax Act* (Canada); and

"**TSX**" means the Toronto Stock Exchange.

1.2 Interpretation Not Affected by Headings

The division of this Plan of Arrangement into Articles, Sections, Appendices, subsections, paragraphs and clauses and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Plan of Arrangement. Unless the contrary intention appears, references in this Plan of Arrangement to an Article, Section, Appendix, subsection, paragraph or clause by number or letter or both refer to the Article, Section, Appendix, subsection, paragraph or clause, respectively, bearing that designation in this Plan of Arrangement. The words "hereof', "herein" and "hereunder" and words of like import used in this Plan of Arrangement shall refer to this Plan of Arrangement as a whole and not to any particular provision of this Plan of Arrangement.

1.3 Rules of Construction

In this Plan of Arrangement, unless the contrary intention appears, words importing the singular include the plural and *vice versa*, and words importing gender include all genders. References in this Plan of Arrangement to the words "include", "includes" or "including" shall be deemed to be followed by the words "without limitation" whether or not they are in fact followed by those words or words of like import.

1.4 Currency

Unless otherwise stated, all references in this Plan of Arrangement to sums of money are expressed in, and all payments provided for herein shall be made in, Canadian currency and "Cdn$" or "$" refers to Canadian dollars.

1.5 Date for Any Action

If the date on which any action is required to be taken hereunder by a person is not a business day, such action shall be required to be taken on the next succeeding day which is a business day.

1.6 References to Dates, Statutes, etc.

In this Plan of Arrangement, references from or through any date mean, unless otherwise specified, from and including that date and/or through and including that date, respectively. In this Plan of Arrangement, references to a particular statute or Law shall be to such statute or Law and the rules, regulations and published policies made thereunder, as now in effect and as they may be promulgated thereunder or amended from time to time. References to any agreement, contract or plan are to that agreement, contract or plan as amended, modified or supplemented from time to time in accordance with the terms hereof and thereof. Any reference in this Plan of Arrangement to a person includes its heirs, administrators, executors, legal personal representatives, predecessors, successors and permitted assigns of that person.

1.7 Time

Time shall be of the essence in this Plan of Arrangement. All times expressed herein are Toronto, Ontario time unless otherwise stipulated herein.

1.8 Governing Law

This Plan of Arrangement shall be governed by and construed in accordance with the OBCA and the Laws of the Province of Ontario and the federal Laws of Canada applicable therein.

ARTICLE II
THE ARRANGEMENT

2.1 Arrangement Agreement

This Plan of Arrangement is made pursuant to, and is subject to the provisions of, the Arrangement Agreement.

2.2 Binding Effect

This Plan of Arrangement will, without any further act or formality required on the part of any person, become effective at, and be binding at and after, the Effective Time on: (i) the Purchaser, the Parent and the Company; (ii) all holders and beneficial owners of Shares (including Dissenting Shareholders) and Options; (iii) all participants in the Stock Option Plan; (iv) all participants in the ESPP; (v) the Depositary and the transfer agent and registrar of the Company; and (vi) all other persons.

ARTICLE III
ARRANGEMENT

3.1 The Arrangement

Commencing at the Effective Time, the following shall occur and shall be deemed to occur as set out below without any further authorization, act or formality, in each case, unless otherwise stated, effective as at two minute intervals starting at the Effective Time:

(1) each Share held by a Dissenting Shareholder in respect of which Dissent Rights have been validly exercised shall be transferred, without any further act or formality by or on behalf of such Dissenting Shareholder, to the Purchaser (free and clear of all Liens) in consideration for a debt claim against the Purchaser for the amount determined under Article IV, and:

(a) each Dissenting Shareholder shall cease to be the holder of such Share and shall cease to have any rights as a holder of such Share other than the right to be paid fair value for such Share in accordance with Section 4.1;

(b) the name of each Dissenting Shareholder shall be removed as a holder of Shares from the register of Shares maintained by or on behalf of the Company; and

(c) the Purchaser shall be deemed to be the transferee of such Share (free and clear of all Liens, other than the Dissenting Shareholder's right to be paid fair value for such Shares as set out in Section 4.1) and shall be entered in the register of Shares maintained by or on behalf of the Company as the holder of such Share;

(2) the Purchaser shall advance a loan to the Company having a principal amount equal to the aggregate Option Consideration payable in respect of all Options to be acquired by the Company in accordance with Section 3.1(2)(b), which amount shall be advanced to the Company from the funds deposited with the Depositary in accordance with this Plan of Arrangement (the "**Advance**"), and, notwithstanding the terms of the Stock Option Plan, any grant agreement or any other vesting provision applicable to an Option, and without any further act or formality by or on behalf of the holder of an Option:

(a) each Out-Of-The-Money Option outstanding immediately prior to the Effective Time (whether vested or unvested) shall be immediately cancelled for no consideration, and such holder of such Out-Of-The-Money Option shall cease to be a holder of such Out-Of-The-Money Option, and their name shall be removed as a holder of Options from the register of Options maintained by or on behalf of the Company;

(b) each In-The-Money Option shall be deemed to be vested and exercisable immediately, following which each In-The-Money Option that is outstanding immediately prior to the Effective Time and that has not been duly exercised prior to the Effective Time shall be disposed of to the Company in consideration for a cash payment by the Company, which amount shall be paid to the holders of the In-the-Money Options from the funds deposited by the Purchaser with the Depositary on account of the Advance, equal to the product obtained by multiplying (i) the amount by which the Consideration exceeds the exercise price per Share of such In-The-Money Option by (ii) the number of unexercised Shares underlying such In-The-Money Option, such payment being subject to, for greater certainty, applicable withholdings and other source deductions in accordance with Section 5.3;

(c) each In-The-Money Option outstanding immediately prior to the Effective Time shall thereafter be immediately cancelled, and such holder shall cease to be a holder of such In-The-Money Option, and their name shall be removed as a holder of Options from the register of Options maintained by or on behalf of the Company, and the former holder of such In-The-Money Option shall thereafter have only the right to receive the consideration to which such holder is entitled pursuant to this Section 3.1(2) in the manner specified in Section 5.1(4); and

(d) the Stock Option Plan and all agreements relating to the Options shall be terminated and be of no further effect, and none of the Company or any of its affiliates shall have any liabilities or obligations with respect to such plan or agreements except pursuant to this Section 3.1(2) and Article V.

(3) each Share held by a holder of Shares (other than any Share held by a Dissenting Shareholder in respect of which Dissent Rights have been validly exercised), shall be transferred by the holder thereof, without any further act or formality by or on behalf of the holder of such Shares, to the Purchaser in exchange for the Consideration, and:

(a) each holder of Shares shall cease to be a holder of such Shares and shall cease to have any rights as a holder of Shares other than the right to be paid the Consideration in accordance with this Plan of Arrangement;

(b) the name of each holder of Shares shall be removed as a holder of Shares from the register of Shares maintained by or on behalf of the Company; and

(c) the Purchaser shall be deemed to be the transferee of such Shares free and clear of all Liens and shall be entered in the register of Shares maintained by or on behalf of the Company as the holder of such Shares;

(4) the ESPP and all agreements related thereto shall be terminated, and none of the Company or any of its affiliates shall have any liabilities or obligations with respect to such plan, and no Shares shall be issued or issuable under the ESPP after the Effective Time.

3.2 Transfers Free and Clear

Any transfer of any securities pursuant to the Arrangement shall be free and clear of all Liens or other claims of third parties of any kind.

ARTICLE IV
RIGHTS OF DISSENT

4.1 Rights of Dissent

Pursuant to the Interim Order, each registered holder of Shares as of the Record Date may exercise rights of dissent ("**Dissent Rights**") in connection with the Arrangement pursuant to and in the manner set forth in Section 185 of the OBCA as modified by the Interim Order, the Final Order and this Article IV, provided that, notwithstanding subsection 185(6) of the OBCA, the written objection to the Arrangement Resolution referred to in subsection 185(6) of the OBCA must be received by the Company not later than 5:00 p.m. (Toronto time) two business days before the Company Meeting. Each Dissenting Shareholder that duly exercises such holder's Dissent Rights shall be deemed to have transferred the Shares held by such holder and in respect of which Dissent Rights have been validly exercised to the Purchaser free and clear of all Liens (other than the right to be paid fair value for such Shares as set out in this Section 4.1), as provided in Section 3.1(1), and, if they:

(1) ultimately are entitled to be paid fair value for such Shares, shall: (i) be deemed not to have participated in the transactions in Article III (other than Section 3.1(1)); (ii) be entitled to be paid the fair value of such Shares by the Purchaser, which fair value, notwithstanding anything to the contrary contained in the OBCA, shall be determined as of the close of business on the business day before the Arrangement Resolution was adopted; and (iii) not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement had such holder not exercised their Dissent Rights in respect of such Shares; or

(2) ultimately are not entitled, for any reason, to be paid fair value for such Shares, shall be deemed to have participated in the Arrangement on the same basis as a holder of Shares that is not a Dissenting Shareholder and shall be entitled to receive only the Consideration contemplated by Section 3.1(3) hereof that such Dissenting Shareholder would have received pursuant to the Arrangement if such Dissenting Shareholder had not exercised its Dissent Rights.

4.2 Recognition of Dissenting Shareholders

(1) In no circumstances shall the Purchaser, the Parent, the Company or any other person be required to recognize a person exercising Dissent Rights unless such person was the registered holder of those Shares on the Record Date in respect of which such rights are sought to be exercised.

(2) For certainty, in no case shall the Purchaser, the Parent, the Company or any other person be required to recognize a Dissenting Shareholder as a holder of Shares after the Effective Time, and the name of such Dissenting Shareholder shall be removed from the applicable register of Shares maintained by or on behalf of the Company, in respect of which Dissent Rights have been validly exercised at the same time as the steps described in Section 3.1(1) occur, and the Purchaser shall be recorded as the holder of

the Shares so transferred and shall be deemed the legal and beneficial owner thereof free and clear of all Liens.

(3) In addition to any other restrictions under Section 185 of the OBCA, none of the following shall be entitled to exercise Dissent Rights: (i) holders of the Options; (ii) participants in the ESPP; and (iii) holders of Shares who vote or have instructed a proxyholder to vote such Shares in favour of the Arrangement Resolution.

ARTICLE V
CERTIFICATES AND PAYMENTS

5.1 Payment of Consideration

(1) On or before the Effective Date, in accordance with the terms of the Arrangement Agreement and this Plan of Arrangement, the Purchaser shall deliver, or cause to be delivered, to the Depositary cash in the aggregate amount equal to the payments required by this Plan of Arrangement to be made to holders of Shares (other than holders of Shares who have validly exercised Dissent Rights and who have not withdrawn their notice of objection). The cash deposited with the Depositary shall not be used for any other purpose except as provided in this Plan of Arrangement. The cash deposited with the Depositary shall be held in an interest-bearing account, and any interest earned on such funds shall be for the account of the Purchaser.

(2) Upon the surrender to the Depositary for cancellation of a certificate which immediately prior to the Effective Time represented outstanding Shares that were transferred pursuant to Section 3.1(3), together with a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require, the holder of the Shares represented by such surrendered certificate shall be entitled to receive in exchange therefor from the Depositary, and the Depositary shall deliver to such holder as soon as possible, a cheque (or other form of immediately available funds) representing the cash which such holder has the right to receive under the Arrangement for such Shares, less any amounts required to be withheld pursuant to Section 5.3, and any certificate so surrendered shall forthwith be cancelled. For certainty, as of the Effective Time, the right of a holder of Shares to receive cash under the Arrangement shall be satisfied only out of the amount deposited pursuant to Section 5.1(1), and such holder shall have no further right or claim as against the Company or the Purchaser, except to the extent the cash so deposited is insufficient to satisfy the amounts payable to such former holders.

(3) Until surrendered for cancellation as contemplated by this Section 5.1, each certificate that immediately prior to the Effective Time represented Shares (other than Shares in respect of which Dissent Rights have been validly exercised and not withdrawn) shall be deemed after the Effective Time to represent only the right to receive upon such surrender the Consideration in lieu of such certificate as contemplated in this Section 5.1 less any amounts withheld pursuant to Section 5.3. Any such certificate formerly representing Shares not duly surrendered on or before the fourth anniversary of the Effective Date shall cease to represent a claim by or interest of any former holder of Shares of any kind or nature against or in the Company or the Purchaser. On such date, all Consideration to which such former holder was entitled shall be deemed to have been surrendered to the Purchaser.

(4) On or before the Effective Date, in accordance with the Arrangement Agreement, the Purchaser shall deposit the Advance with the Depositary for the exclusive purpose of making the cash payments to former holders of In-The-Money Options in accordance with this Section 5.1(4). The cash shall be held in a separate interest-bearing account and any interest earned on such funds prior to the Effective Time shall be for the account

of the Purchaser and thereafter shall be for the account of the Company for payment to the holders of Options. On or as soon as practicable after the Effective Date, the Depositary shall deliver, on behalf of the Company, to each person who immediately before the Effective Time was a holder of In-The-Money Options as reflected on the register or accounts maintained by or on behalf of the Company in respect of In-The-Money Options as provided to the Depositary and who is entitled to a payment hereunder pursuant to Section 3.1(2), a cheque (or other form of immediately available funds) representing the cash payment, if any, which such holder of In-The-Money Options is entitled to receive pursuant to Section 3.1(2) less any amounts required to be withheld pursuant to Section 5.3.

(5) Any payment made by way of cheque by the Depositary on behalf of the Company or the Purchaser pursuant to this Plan of Arrangement that has not been deposited or has been returned to the Depositary or that otherwise remains unclaimed, in each case, on or before the fourth anniversary of the Effective Time, and any right or claim to payment hereunder that remains outstanding on the fourth anniversary of the Effective Time shall cease to represent a right or claim of any kind or nature and the right of the holder to receive the consideration for the Shares or Options, as the case may be, pursuant to this Plan of Arrangement shall terminate and be deemed to be surrendered and forfeited to the Purchaser for no consideration.

(6) No holder of Shares or Options with respect to such securities shall be entitled to receive any consideration other than the consideration to which such holder is entitled to receive in accordance with Article III and this Section 5.1, and, for certainty, no such holder will be entitled to receive any interest, dividends, premium or other payment in connection therewith, other than any declared but unpaid dividends with a record date prior to the Effective Date. No dividend or other distribution declared or made after the Effective Time with respect to the Shares with a record date on or after the Effective Date shall be delivered to the holder of any unsurrendered certificate which, immediately prior to the Effective Date, represented outstanding Shares.

5.2 Lost Certificates

In the event that any certificate which immediately prior to the Effective Time represented one or more outstanding Shares that were transferred pursuant to Section 3.1(3) shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such certificate to be lost, stolen or destroyed, the Depositary will deliver in exchange for such lost, stolen or destroyed certificate, the Consideration deliverable in accordance with such holder's Letter of Transmittal. When authorizing such payment in exchange for any lost, stolen or destroyed certificate, the person to whom such Consideration is to be delivered shall, as a condition precedent to the delivery of such Consideration, give a bond satisfactory to the Purchaser and the Depositary (acting reasonably) in such sum as the Purchaser may direct, or otherwise indemnify the Parent, the Purchaser and the Company in a manner satisfactory to the Purchaser and the Company, acting reasonably, against any claim that may be made against the Purchaser or the Company with respect to the certificate alleged to have been lost, stolen or destroyed.

5.3 Withholding Rights

Each of the Company, Parent, Purchaser and the Depositary shall be entitled to deduct and withhold from any amounts payable to any person pursuant to this Plan of Arrangement (including any amounts payable pursuant to Article III, Article IV and Article V) such amounts as are required to be deducted or withheld with respect to such payment under the Tax Act or any provision of any other applicable Law. To the extent that amounts are so withheld or deducted and remitted to the applicable Governmental Entity, such withheld or deducted amounts shall be treated for all purposes of this Plan of Arrangement as having been paid to such person as the remainder of the payment in respect of which such deduction and withholding were made.

ARTICLE VI
AMENDMENTS

6.1 Amendments to Plan of Arrangement

(1) The Company may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time; provided, however, that each such amendment, modification and/or supplement must be: (i) set out in writing; (ii) approved by the Purchaser; (iii) filed with the Court, and, if made following the Company Meeting, approved by the Court; and (iv) communicated to Securityholders and others as may be required by the Interim Order if and as required by the Court.

(2) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by the Company at any time prior to the Company Meeting (provided that the Purchaser shall have consented thereto in writing) with or without any other prior notice or communication and, if so proposed and accepted by the persons voting at the Company Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

(3) Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the Company Meeting shall be effective only if: (i) it is consented to in writing by each of the Company and the Purchaser (in each case, acting reasonably); and (ii) if required by the Court, it is consented to by Securityholders voting in the manner directed by the Court.

(4) Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date unilaterally by the Purchaser; provided, however, that it concerns a matter which, in the reasonable opinion of the Purchaser, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the economic interest of any former holder of Shares or Options.

ARTICLE VII
FURTHER ASSURANCES

7.1 Further Assurances

Notwithstanding that the transactions and events set out herein shall occur and shall be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the Parties to the Arrangement Agreement shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order further to document or evidence any of the transactions or events set out herein.

SCHEDULE "C"

FAIRNESS OPINION OF CANACCORD GENUITY CORP.

See attached.

Canaccord Genuity Corp.
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December 14, 2022

The Board of Directors and Special Committee
Waterloo Brewing Ltd.
400 Bingemans Centre Drive
Kitchener, Ontario N2B 3X9
Canada

To the Board of Directors and Special Committee:

Canaccord Genuity Corp. ("**Canaccord Genuity**" or "**we**") understands that Waterloo Brewing Ltd. (the "**Company**") intends to enter into a definitive arrangement agreement to be dated December 14, 2022 (the "**Arrangement Agreement**") with Carlsberg Breweries A/S ("**Carlsberg**") and Carlsberg Canada Inc. (the "**Purchaser**"), providing for, among other things, the indirect acquisition by Carlsberg of all of the issued and outstanding common shares of Company (the "**Company Shares**") from the holders of such Company Shares (collectively, the "**Company Shareholders**") by way of a plan of arrangement (the "**Arrangement**") carried out under the provisions of section 182 of the *Business Corporations Act* (Ontario). Pursuant to the Arrangement, Company Shareholders will be entitled to receive C$4.00 in cash per Company Share (the "**Consideration**").

We also understand that each option to purchase common shares of the Company issued and outstanding immediately prior to closing of the Arrangement (the "**Options**") that has not been duly exercised shall be deemed to be vested and disposed of to the Company in consideration for a cash payment by the Company equal to the product obtained by multiplying (i) the amount by which the Consideration exceeds the exercise price per Option by (ii) the number of unexercised Company Shares underlying each such Option (the "**Option Consideration**"). All Options that have an exercise price equal to or in excess of C$4.00 will be deemed "out-of-the-money" and will be cancelled by the Company at the time stipulated in the Arrangement for no consideration.

Canaccord Genuity also understands that all of the directors and certain senior officers of the Company and certain related entities controlled by them (the "**Company Supporting Shareholders**") have each entered into a voting support agreement (the "**Voting Agreements**") with Carlsberg and the Purchaser whereby such Company Supporting Shareholders will agree, among other things, to irrevocably vote their Company Shares (the "**Company Supporting Shareholders Shares**") in favour of the Arrangement (subject to the terms and conditions of the Voting Agreements). Canaccord Genuity understands that the Company Supporting Shareholders Shares represent approximately 39% of the issued and outstanding Company Shares and 45% of the outstanding Options.

We further understand that the Company expects to hold a meeting of the Company securityholders for the purpose of obtaining the requisite securityholder approval for the Arrangement, consisting of: (i) 66 2/3% of the votes cast on the Arrangement resolution by Company Shareholders and Option holders (voting together as a single class); (ii) 66 2/3% of the votes cast on the Arrangement resolution by Company Shareholders (voting together as a single class); and (iii) a simple majority of the votes cast on the Arrangement resolution by Company Shareholders (voting on a separate class basis) excluding the votes for Company Shares that are required to be excluded pursuant to Multilateral Instrument 61-101 – *Protection of Minority Shareholders in Special Transactions* ("**MI 61-101**").

The Company has retained Canaccord Genuity to provide advice and assistance to the Company and to prepare and deliver to the board of directors of the Company (the "**Board of Directors**") and the special committee of the Board of Directors (the "**Special Committee**") an opinion (the "**Opinion**") as to the fairness, from a financial point of view, of the Consideration to be received under the Arrangement by the Company Shareholders. Canaccord Genuity understands that the Opinion will be for the use of the Board of Directors and the Special Committee and will be one factor, among others, that the Board of Directors and the Special Committee will consider in determining whether to

approve or recommend the Arrangement. This Opinion has been prepared in accordance with the disclosure standards for formal valuations and fairness opinions of the Investment Industry Regulatory Organization of Canada ("**IIROC**") but IIROC has not been involved in the preparation or review of this fairness opinion.

All dollar amounts herein are expressed in Canadian dollars, unless otherwise indicated.

Engagement

Canaccord Genuity was formally engaged by the Company through an agreement between the Company and Canaccord Genuity (the "**Engagement Agreement**") dated as at July 7, 2022. The Engagement Agreement provides the terms upon which Canaccord Genuity has agreed to act as a financial advisor to the Company in connection with the Arrangement during the term of the Engagement Agreement and to provide the Opinion. The terms of the Engagement Agreement provide that Canaccord Genuity is to be paid certain fees for its services as financial advisor, including a fee payable upon completion of the Arrangement or any alternative transaction and a fee payable in the event the Arrangement is not completed and a break-up fee or termination fee is paid to the Company. In addition, the Company has agreed to reimburse Canaccord Genuity for its reasonable out-of-pocket expenses and to indemnify Canaccord Genuity in respect of certain liabilities that might arise in connection with its engagement.

On December 14, 2022, at the request of the Board of Directors and the Special Committee, Canaccord Genuity orally delivered the Opinion to the Board of Directors and the Special Committee based upon and subject to the review, assumptions and limitations and other matters described herein and contemplated by the Engagement Agreement. This Opinion provides the same opinion, in writing, as that given orally by Canaccord Genuity on December 14, 2022.

Relationship with Interested Parties

Canaccord Genuity is not an insider, associate, or affiliate (as such terms are defined in the S*ecurities Act* (Ontario)) of the Company or Carlsberg. Canaccord Genuity has not been engaged to provide any financial advisory services, have not acted as lead or co-lead manager on any offering of securities of the Company, Carlsberg or their respective affiliates during the 24 months preceding the date on which Canaccord Genuity was first contacted by the Company in respect of the Arrangement, other than services provided under the Engagement Agreement or described herein.

In addition, Canaccord Genuity and its affiliates act as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have had and may in the future have long or short positions in the securities of the Company, Carlsberg or any of their respective associates or affiliates and, from time to time, may have executed or may execute transactions on behalf of such companies or clients for which it receives or may receive commission(s). As an investment dealer, Canaccord Genuity and its affiliates conduct research on securities and may, in the ordinary course of their business, provide research reports and investment advice to their clients on investment matters, including with respect to the Company, Carlsberg and the Arrangement. In addition, Canaccord Genuity and its affiliates may, in the ordinary course of their business, provide other financial services to the Company, Carlsberg or any of their respective associates or affiliates, including financial advisory, investment banking and capital market activities such as raising debt or equity capital. In addition, Canaccord Genuity and/or certain employees of Canaccord Genuity currently own or may have owned securities of the Company and/or Carlsberg.

Credentials of Canaccord Genuity

Canaccord Genuity is an independent investment bank which provides a full range of corporate finance, merger and acquisition, financial restructuring, sales and trading, and equity research services. Canaccord Genuity operates in North America, the United Kingdom, Europe, Asia, Australia, South America and the Middle East.

The Opinion expressed herein represents the views and opinions of Canaccord Genuity, and the form and content of the Opinion have been approved for release by a committee of Canaccord Genuity's managing directors, each of whom is experienced in merger, acquisition, divestiture, fairness opinion, and capital markets matters.

Scope of Review

In arriving at its Opinion, Canaccord Genuity has reviewed, analysed, considered and relied upon (without attempting to independently verify the completeness or accuracy thereof) or carried out, among other things, the following:

1. draft copy of the Arrangement Agreement and Plan of Arrangement (including accompanying schedules and exhibits) each dated December 13, 2022;

2. the Company's audited annual consolidated financial statements and associated management's discussions and analysis as at and for the periods ended January 31, 2022 and January 31, 2021 and January 31, 2020;

3. the Company's draft unaudited consolidated financial statements and associated management's discussion and analysis as at and for the periods ended October 30, 2022 and October 31, 2021;

4. draft form of the Voting Agreements dated December 14, 2022;

5. financial projections provided by the Company's management for the fiscal years 2023 through 2025, ending January 31, respectively, and discussions surrounding longer-term business and growth prospects;

6. Carlsberg's audited consolidated financial statements and associated management's discussions and analysis as at and for the periods ended December 31, 2021;

7. Carlsberg's unaudited consolidated financial statements and associated management's discussion and analysis as at and for the periods ended June 30, 2022 and June 30, 2021;

8. recent press releases, material change reports and other public documents filed by the Company on SEDAR;

9. discussions with the Company's senior management concerning the Company's financial condition, the industry and its future business prospects;

10. discussions with the Company's legal counsel and the Special Committee's legal counsel relating to legal matters including with respect to the Arrangement;

11. certain other corporate, industry and financial market information prepared or provided by the Company's senior management;

12. selected public market trading statistics and relevant financial information in respect of both the Company and Carlsberg, as well as other comparable public entities considered by Canaccord Genuity to be relevant;

13. representations contained in certificates, addressed to Canaccord Genuity and dated the date hereof, from senior officers of the Company; and

14. such other corporate, industry and financial market information, investigations and analyses as Canaccord Genuity considered necessary or appropriate at the time and in the circumstances.

Canaccord Genuity has not, to the best of its knowledge, been denied access by the Company or Carlsberg to any information requested by Canaccord Genuity. Canaccord Genuity did not meet with the auditors of the Company or Carlsberg and has assumed the accuracy and fair presentation of, and has relied upon, without independent verification, the consolidated financial statements of the Company and Carlsberg and the reports of the auditors thereon.

Prior Valuations

The Company has represented to Canaccord Genuity that, to the best of its knowledge, information and belief, there have not been any prior valuations (as defined in MI 61-101) of the Company or any of its affiliates or any of its material assets, securities or liabilities in the past two years.

Assumptions and Limitations

The Opinion is subject to the assumptions, explanations and limitations set forth herein.

Canaccord Genuity has not prepared a formal valuation or appraisal of the Company or any of its securities or assets and the Opinion should not be construed as such. Canaccord Genuity has, however, conducted such analyses as it considered necessary and appropriate at the time and in the circumstances. In addition, the Opinion is not, and should not be construed as, advice as to the price at which any securities of the Company may trade at any future date. We are not legal, tax or accounting experts, have not been engaged to review any legal, tax or accounting aspects of the Arrangement and express no opinion concerning any legal, tax or accounting matters concerning the Arrangement. Without limiting the generality of the foregoing, Canaccord Genuity has not reviewed and is not opining upon the tax treatment under the Arrangement.

As provided for in the Engagement Agreement, Canaccord Genuity has relied upon the completeness, accuracy and fair presentation of all of the financial and other information, data, documents, advice, opinions or representations, whether in written, electronic, graphic, oral or any other form or medium, including relating to the Company and Carlsberg, obtained by it from public sources, or provided to it by the Company and/or Carlsberg and their respective associates, affiliates, agents, consultants and advisors (collectively, the "**Information**"), and we have assumed that this Information did not omit to state any material fact or any fact necessary to be stated to make such Information not misleading. The Opinion is conditional upon the completeness, accuracy and fair presentation of such Information. Subject to the exercise of our professional judgment, we have not attempted to verify independently the completeness, accuracy and fair presentation of any of the Information. With respect to the financial projections provided to Canaccord Genuity used in the analysis supporting the Opinion, we have assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and judgements of management of the Company, as to the matters covered thereby and which, in the opinion of the Company, are (and were at the time of preparation and continue to be) reasonable in the circumstances. By rendering the Opinion, we express no view as to the reasonableness of such forecasts, projections, estimates or the assumptions on which they are based.

In preparing the Opinion, Canaccord Genuity has made several assumptions, including that all of the conditions required to implement the Arrangement will be met, that the final version of the Arrangement Agreement and the Voting Agreements (together, the "**Transaction Agreements**") will be identical to the most recent draft thereof reviewed by us, that all of the representations and warranties contained in the Transaction Agreements are true and correct as of the date hereof, that the Arrangement will be completed substantially in accordance with the terms set forth in the most recent draft of the Arrangement Agreement reviewed by us and all applicable laws, and that the accompanying circular sent to Company securityholders in connection with the Arrangement will disclose all material facts relating to the Arrangement and will satisfy all applicable legal requirements.

Senior management of the Company have represented to Canaccord Genuity in certificates delivered as of the date hereof, among other things, that (i) to the best of their knowledge, information and belief, the Information, other than Projections (as defined below), provided to Canaccord Genuity by the Company or its affiliates or its or their representatives for the purpose of preparing the Opinion (the "**Company Information**"), did not and does not omit to state a material fact in relation to the Company or its affiliates or the Arrangement necessary to make the Company Information not misleading in light of the circumstances under which the Company Information was provided; (ii) the Company Information was, at the date the information was provided to Canaccord Genuity, and, is at the date hereof, complete, true and correct in all material respects and did not and does not contain any untrue statement of a material fact in respect of the Company or the Arrangement; (iii) since the dates on which the Company Information was provided to Canaccord Genuity, there has been no material change or change in material facts, financial or otherwise, in or relating to the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of the Company or any of its subsidiaries and, no material change or change in material facts has occurred in the Company Information or any part thereof which would have or which would reasonably be expected to have a material

effect on the Opinion; (iv) any portions of the Company Information which constitute budgets, strategic plans, forecasts, projections, models or estimates ("**Projections**") in respect of the Company and its affiliates have been prepared using assumptions which are (and were at the time of preparation) and continue to be, among other things, reasonably prepared, having regard to the Company's industry, business, financial condition, plans and prospects, and do not contain any untrue statement of a material fact or omit to state any material fact necessary to make such Projections (as of the date of the preparation thereof) not misleading in light of the assumptions used at the time, any developments since the time of their preparation, or the circumstances in which such Projections was provided to Canaccord Genuity; and (v) since the dates on which the Company Information was provided to Canaccord Genuity, except for the Arrangement, no material transaction has been entered into by the Company or any of its affiliates which has not been publicly disclosed.

The Opinion is rendered on the basis of securities markets, economic, financial and general business conditions prevailing as of the date hereof and the conditions and prospects, financial and otherwise, of the Company, Carlsberg and their respective subsidiaries and affiliates, as they were reflected in the Information and the Company Information and as they have been represented to Canaccord Genuity in discussions with management of the Company and Carlsberg. In its analyses and in preparing the Opinion, Canaccord Genuity made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, which Canaccord Genuity believes to be reasonable and appropriate in the exercise of its professional judgement, many of which are beyond the control of Canaccord Genuity or any party involved in the Arrangement.

The Opinion has been provided to the Board of Directors and Special Committee (solely in their capacity as such) for their sole use and benefit and only addresses the fairness, from a financial point of view, of the Consideration to be received under the Arrangement by the Company Shareholders. The Opinion may not be relied upon by any other person or entity (including, without limitation, securityholders, creditors or other constituencies of the Company) or used for any other purpose or published without the prior written consent of Canaccord Genuity, provided that Canaccord Genuity consents to the inclusion of the Opinion in its entirety and a summary thereof (provided such summary is in a form acceptable to Canaccord Genuity) in any proxy statement of the Company to be mailed to Company securityholders in connection with seeking their approval of the Arrangement and to the filing thereof, as necessary, by the Company on SEDAR, in accordance with applicable securities laws in Canada.

Canaccord Genuity has not been asked to, nor does Canaccord Genuity offer an opinion as to the terms of the Arrangement (other than in respect of the fairness, from a financial point of view, of the Consideration to be received under the Arrangement by the Company Shareholders) or the forms of agreements or documents related to the Arrangement. The Opinion does not constitute a recommendation as to how the Board of Directors or Special Committee (or any director), management or any securityholder should vote or otherwise act with respect to any matters relating to the Arrangement, or whether to proceed with the Arrangement or any related transaction. The Opinion does not address the relative merits of the Arrangement as compared to other transactions or business strategies that might be available to the Company. In considering fairness from a financial point of view, Canaccord Genuity considered the Arrangement from the perspective of holders of Company Shares generally and did not consider the specific circumstances of any particular holder of Company Shares**,** including with regard to income tax considerations. The Opinion is given as of the date hereof, and Canaccord Genuity disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the Opinion which may come, or be brought, to the attention of Canaccord Genuity after the date hereof. Without limiting the foregoing, in the event that there is any material change in any fact or matter affecting the Opinion after the date hereof, including, without limitation, the terms and conditions of the Arrangement, or if Canaccord Genuity learns that the Information relied upon in rendering the Opinion was inaccurate, incomplete or misleading in any material respect, Canaccord Genuity reserves the right to change, modify or withdraw the Opinion after the date hereof.

Canaccord Genuity believes that its analyses must be considered as a whole and that selecting portions of the analyses or the factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying the Opinion. The preparation of an Opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.

Conclusion

Based upon and subject to the foregoing, and such other matters as Canaccord Genuity considered relevant, Canaccord Genuity is of the opinion that, as of the date hereof, the Consideration to be received under the Arrangement by the Company Shareholders is fair, from a financial point of view, to the Company Shareholders.

Yours truly,

Canaccord Genuity Corp.

CANACCORD GENUITY CORP.

SCHEDULE "D"

FAIRNESS OPINION OF PARADIGM CAPITAL INC.

See attached.

December 14, 2022

Special Committee of the Board of Directors and Board of Directors
Waterloo Brewing Ltd.
400 Bingemans Centre Drive
Kitchener, Ontario N2B 3X9

Paradigm Capital Inc. ("**Paradigm Capital**", "**we**" or "**us**") understands that Waterloo Brewing Ltd. ("**Waterloo**" or the "**Company**") intends to enter into an arrangement agreement (the "**Arrangement Agreement**") with Carlsberg Canada Inc. and one of its affiliates ("**Carlsberg**" or the "**Purchaser**"). The Arrangement Agreement outlines the proposed acquisition whereby the Purchaser will acquire all of the issued and outstanding common shares of the Company (the "**Waterloo Shares**") for cash consideration of $4.00 (the "**Share Consideration**") and all of the outstanding options (the "**Options**") of Waterloo for a cash payment equal to the amount (if any) by which the Share Consideration exceeds the exercise price of such Options (collectively, the "**Transaction**"). Paradigm Capital further understands that the contemplated Transaction will be effected by way of a statutory plan of arrangement under the *Business Corporations Act* (Ontario).

We understand that the terms and conditions of the Arrangement will be fully described in the Company's management information circular (the "**Circular**") to be mailed to its securityholders in connection with a special meeting of its securityholders to be held to consider and, if deemed advisable, approve the Arrangement.

Paradigm Capital further understands that (i) the Transaction will be subject to the requisite approval by holders of Waterloo Shares ("**Waterloo Shareholders**") and holders of Options and other closing conditions; and (ii) the material terms of the Transaction are described in the Arrangement Agreement and Voting and Support Agreement with directors and senior officers holding approximately 39% of the outstanding Waterloo Shares .

The special committee of the Board of Directors of the Company (the "**Special Committee**") has retained Paradigm Capital to assist in evaluating the Share Consideration payable to the Waterloo Shareholders pursuant to the Transaction and to prepare and deliver to the Special Committee and Board of Directors this opinion (the "**Opinion**") as to the fairness to Waterloo Shareholders, from a financial point of view, of the Share Consideration payable to the Waterloo Shareholders pursuant to the Transaction. Accordingly, Paradigm Capital has not evaluated, and is not providing any opinion in relation to the fairness of, the cash consideration to be paid for the Options of Waterloo. Paradigm Capital is aware that (i) the Transaction is a "business combination" as defined in Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"); and (ii) the majority-of-the-minority shareholder approval requirements (but not the formal valuation requirements) under MI 61-101 apply in respect of the Transaction.

Paradigm Capital has not prepared a formal valuation (as defined in MI 61-101) of the Company or any of its securities or assets, and this Opinion should not be construed as such. The Opinion does not constitute a recommendation to the members of the Special Committee or Board of Directors or a recommendation to Waterloo Shareholders as to whether they should approve or vote in favour of the Transaction. This Opinion should not be considered as an opinion concerning the trading price or value of any securities following the announcement or completion of the Transaction. The Opinion is solely for the use of the Special Committee and the Board of Directors and we understand that it will be one factor, among others, that they will consider in their evaluation of the Arrangement.

Unless otherwise noted, all dollar values stated in the Opinion are denominated in Canadian dollars.

Paradigm Capital Engagement and Background

Paradigm Capital was initially contacted by the Special Committee in October 26 of 2022 to determine its ability to act as financial advisor to the Special Committee in connection with a potential sale of the Company. Paradigm Capital was formally engaged by the Special Committee pursuant to the engagement agreement dated November 11, 2022 and returned and accepted on November 21, 2022 (the "**Engagement Agreement**"). Paradigm Capital began work immediately and agreed to present its conclusions to the Special Committee and Board of Directors and to issue this Opinion shortly thereafter. Paradigm Capital presented its conclusions to the Special Committee and Board of Directors on December 14, 2022 (the "**Opinion Date**") and issued a verbal Opinion based upon and subject to the scope of review, analyses, assumptions, limitations,

qualifications and other matters described herein. This Opinion provides the same opinion, in writing, as that given orally by Paradigm Capital to the Special Committee and the Board of Directors on the Opinion Date.

The Engagement Agreement provides that Paradigm Capital is to be paid a fixed fee for the Opinion (the "**Fee**"), and to be reimbursed for reasonable costs and expenses incurred in connection therewith. The Fee is not contingent on the completion of the Transaction or on the conclusions reached in this Opinion. Half of the Fee became payable upon the execution of the Engagement Agreement and half of the Fee is payable in upon delivery of a verbal Opinion to the Special Committee. Additionally, the Company has also agreed to indemnify Paradigm Capital, its affiliates and subsidiaries, and their respective officers, directors, employees, consultants, partners and shareholders for certain liabilities arising from the services performed by Paradigm Capital under the Engagement Agreement. The fees paid to Paradigm Capital in connection with the Engagement Agreement are not financially material to Paradigm Capital.

Subject to the terms of the Engagement Agreement, Paradigm Capital understands that this Opinion and its conclusion may be filed publicly with securities commissions or similar regulatory authorities, and the Opinion and its conclusions may be included or referred to in press releases and/or other publicly filed documents. Paradigm Capital consents to the inclusion of the Opinion in its entirety and a summary thereof (in a form acceptable to us) in the Circular, and to the filing thereof by the Company with the securities commissions or similar regulatory authorities in the applicable provinces of Canada.

Credentials and Independence of Paradigm Capital

Paradigm Capital is an independent Canadian investment banking firm with a sales, trading, research and corporate finance focus, providing services for institutional investors and corporations. Paradigm Capital was founded in 1999 and is a member of the Toronto Stock Exchange, the TSX Venture Exchange and the Investment Industry Regulatory Organization of Canada ("**IIROC**"). Paradigm Capital has participated in many transactions involving both public and private companies.

The Opinion expressed herein represents that of Paradigm Capital, and the form and content hereof has been approved for release by a committee of directors and other professionals of Paradigm Capital, each of whom is experienced in mergers, acquisitions, business combinations, divestitures, valuation and fairness opinion matters.

None of Paradigm Capital nor any of its associated or affiliated entities (as such terms are defined for the purposes of MI 61-101), is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Ontario)) or holds any material number of securities of the Company, the Purchaser, or any of their respective associates or affiliates (collectively, the "Interested Parties"). Paradigm Capital does not have a material financial interest in the completion of the Transaction. Paradigm Capital is not an advisor to any of the Interested Parties other than to the Special Committee with respect to the Transaction. Paradigm Capital has not previously provided any financial advisory services to the Company, the Purchaser, or any of their respective associates or affiliates for which it has received compensation in the past twenty-four months.

There are no understandings, agreements or commitments between Paradigm Capital and any Interested Party with respect to any future business dealings. However, Paradigm Capital may, in the ordinary course of its business, provide financial advisory or investment banking services to the Company or the Purchaser from time to time. Additionally, in the ordinary course of its business, Paradigm Capital may actively trade common shares and other securities of the Company or the Purchaser for its own account and for its client accounts, and, accordingly, may at any time hold a long or short position in such securities. As an investment dealer, Paradigm Capital conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including with respect to the Company, the Purchaser or the Transaction, when disclosed.

Scope of the Review

In connection with the Transaction, Paradigm Capital has reviewed and relied upon and in some cases carried out, among other things, the following:

a) Waterloo's Annual Information Form for the fiscal year ended January 31, 2022, dated April 6, 2022;

b) The Company's audited annual consolidated financial statements and management's discussion and analysis for the years ended January 31st, 2022, and 2021;
c) The Company's unaudited condensed interim consolidated financial statements and management's discussion and analysis for the three months ended May 1, 2022, and May 2, 2021, and the six months ended July 31st, 2022, and 2021;
d) Draft, unaudited condensed interim consolidated financial statements for the three months ended October 31, 2022;
e) Press releases and material change reports issued by the Company for the period from January 1, 2021 to December 14, 2022,
f) Public investor documents issued by the Company regarding its operations for the period from January 1, 2021, to December 14, 2022
g) Various independent and institutional equity research reports on the Company and other publicly traded peer companies;
h) Public information relating to the business, operations, financial performance, and equity trading history of Waterloo and other selected public issuers considered by Paradigm Capital to be relevant;
i) Certain internal financial information and other non-public disclosure requested by Paradigm Capital provided by management of the Company and Canaccord Genuity Group Inc. ("**Canaccord**") in its capacity as financial advisor to the Company, in a data room or at the request of Paradigm Capital by or on behalf of the Company
j) Discussions with the Company's management team and Canaccord in its capacity as financial advisor to the Company;
k) The certificate of representation addressed to us and signed by the President and Chief Executive Officer and the Chief Financial Officer of the Company dated December 14, 2022 (the "**Certificate**") as to the completeness and accuracy of certain information upon which the Opinion is based;
l) Financial Model prepared for or on behalf of Waterloo;
m) Draft Arrangement Agreement dated December 14, 2022;
n) Draft Plan of Arrangement dated December 14, 2022;
o) Draft Support and Voting agreement dated December 14, 2022;
p) Such other economic, financial, market, industry and corporate information, analyses, investigations and discussions as we considered necessary or appropriate in the circumstances.

Paradigm Capital has not, to the best of its knowledge, been denied access by the Company to any information requested. Paradigm Capital did not meet with the auditors of the Company and has assumed the accuracy and fair presentation of the audited consolidated financial statements of the Company and the reports of the auditors thereon.

This Opinion has been prepared in accordance with the Disclosure Standards for Formal Valuations and Fairness Opinions of IIROC but IIROC has not been involved in the preparation or review of this Opinion.

Prior Valuations

Senior officers of the Company have represented to Paradigm Capital that there are no independent appraisals or valuations or material non-independent appraisals or valuations relating to the Company or any of its subsidiaries or any of their respective securities or material assets or liabilities that have been prepared in the two years preceding the date hereof and which have not been provided to Paradigm Capital.

Assumptions and Limitations

With the approval of the Special Committee and as provided in the Engagement Agreement, Paradigm Capital has relied upon the Information (as defined below) without independent verification. We have assumed that this Information was complete and accurate as of the date thereof, and no necessary or material facts were omitted that may make the information misleading. In accordance with the terms of our engagement, but subject to the exercise of our professional judgment and except as expressly described herein, we have not conducted any independent investigation to verify the completeness or accuracy of such Information. This Opinion is conditional upon such completeness and accuracy of the Information.

With respect to any financial and operating forecasts, projections, financial models, estimates and/or budgets provided to Paradigm Capital and used in the analyses supporting the Opinion, Paradigm Capital has noted

that projecting future results of any business is inherently subject to uncertainty. Paradigm Capital has assumed that such forecasts, projections, financial models, estimates and/or budgets were reasonably prepared consistent with industry and past practices on a basis reflecting the best currently available assumptions, estimates and judgments of management of the Company as to the future financial performance of the Company and are (or were at the time and continue to be) reasonable in the circumstances. In rendering the Opinion, Paradigm Capital expresses no view as to the reasonableness of such forecasts, projections, financial models, estimates and/or budgets or the assumptions on which they are based. Furthermore, Paradigm Capital has not assumed any obligation to conduct, and has not conducted, any physical inspection of the properties or facilities of the Company, nor have we had any discussions with management or any representatives of the Purchaser.

The Chief Executive Officer and Chief Financial Officer of the Company have represented to us in the Certificate, after having made diligent inquiry and all due examinations or investigations necessary to enable them to make the statements expressed herein, that:

(i) with the exception of budgets, strategic plans, financial forecasts, projections, models or estimates referred to in paragraph (viii), technical information, and the financial information, and other information, technical information, data, advice, opinions, representations and other materials provided to Paradigm Capital, orally or in writing, by the Company or any of its associates or affiliates or its agents, advisors, consultants and representatives, for the purpose of preparing the Opinion (the "**Information**"), was, at the date the Information was provided to Paradigm Capital, and is at the date hereof, complete, true and correct in all material aspects, and did not and does not contain any untrue statement of a material fact nor any misrepresentation (as such term is defined in the *Securities Act* (Ontario) (the "**Act**")), or omits to state a material fact necessary to make the Information not misleading in light of the circumstances under which the Information was made or provided to Paradigm Capital;

(ii) since the dates on which the Information was provided to Paradigm Capital, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of the Company or any of its subsidiaries (as such term is defined in National Instrument 45-106 – *Prospectus* Exemptions) and there is no new material fact which is of a nature as to render any portion of the Information or any part thereof untrue or misleading in any material respect or which would have or which would reasonably be expected to have a material effect on the Opinion;

(iii) other than as disclosed in the Information, there are no independent appraisals or valuations or material non-independent appraisals, valuations or material expert reports relating to the Transaction, the Company, its securities, or any of its subsidiaries or any of its respective material assets or liabilities within their possession or control or knowledge that have been prepared as of a date within the two years preceding the date hereof, or is known to the Company to be in the course of preparation;

(iv) since the dates on which the Information was provided to Paradigm Capital, no material transaction has been entered into by the Company or any of its subsidiaries and there is no plan or proposal for any material change in the affairs of the Company, or any of their respective subsidiaries, associates or affiliates or their respective securities which has not been disclosed to Paradigm Capital, and, except for the Transaction, the Company has no plans and is not aware of any circumstances or developments that could reasonably be expected to have a material effect on the financial condition, assets, liabilities (contingent or otherwise), business or operations of the Company or any of its subsidiaries or that would constitute a "material change" (as such term is defined in the Act);

(v) they have no knowledge of any facts or circumstances, public or otherwise, not contained in or referred to in the Information that could reasonably be expected to affect the provision of the Services or the Opinion, including the assumptions used, procedures adopted, the scope of the review undertaken or the conclusions reached;

(vi) other than as disclosed in the Information, none of the Company or its subsidiaries has any material contingent liabilities (on a consolidated or non-consolidated basis) and there are no material actions, suits, proceedings or inquiries pending or threatened against or affecting the Company or any of its subsidiaries, at law or in equity or before or by any federal, provincial, municipal or other governmental department, commission, bureau, board, agency or instrumentality which has or could reasonably be expected to have a material adverse affect on the Company and any of its subsidiaries, taken as a whole;

(vii) all financial material, documentation and other data concerning the Company, its subsidiaries and the Transaction, including any strategic plans, financial forecasts, projections, models or estimates provided to Paradigm Capital, were prepared on a basis consistent in all material respects with the accounting policies of the Company applied in the audited consolidated financial statements of the Company;

(viii) with respect to any portions of the Information that constitute current budgets, strategic plans, financial forecasts, projections, models or estimates, such portions of the Information: (a) were reasonably prepared on bases reflecting the best currently available estimates and judgment of the Company; (b) were prepared using the assumptions identified therein, which in the reasonable belief of the management of the Company are (or were at the time of preparation) reasonable in the circumstances; (c) are not, in the reasonable belief of the management of the Company, misleading in any material respect in light of the assumptions used or in light of any developments since the time of their preparation; and (d) represent the actual views of management of the financial prospects and forecasted performance of the Company and the Transaction;

(ix) no verbal or written offers relating to the purchase or sale of all or a material part of the properties and assets owned by, or the securities of, the Company, or any of its subsidiaries, have been received or made and no negotiations have occurred relating to any such offer, within the two years preceding the date hereof that have not been disclosed to Paradigm Capital;

(x) there are no material agreements, undertakings, commitments or understandings (written or oral, formal or informal) relating to the Transaction, except as have been disclosed in writing to Paradigm Capital;

(xi) the Company's public disclosure documents are true and correct in all material respects as at the date they were filed and do not contain any misrepresentation and such disclosure documents comply in all material respects with all requirements under applicable laws. The Company has filed on a timely basis with the applicable securities regulatory authorities all documents required to be filed by the Company. The Company has not filed any confidential material change report which, at the date hereof, remains confidential;

(xii) they do not have any knowledge of any material facts not contained in or referred to in the Information which could reasonably be expected to affect the Opinion, including the assumptions used, the scope of the review undertaken or the conclusions reached;

(xiii) the Company has complied in all material respects with the terms and conditions of the Engagement Letter; and

(xiv) they understand and acknowledge that Paradigm Capital is relying on the statements and representations provided herein for the purposes of preparing and delivering the Opinion.

This Opinion is rendered as of the Opinion Date and is based on the securities markets, economic, financial and general business conditions prevailing as of the date of this Opinion and the conditions and prospects, financial and otherwise, of the Company as they were reflected in the Information reviewed by us and as they have been represented to us in discussions with management of the Company. In its analysis and in preparing this Opinion, Paradigm Capital has made a number of assumptions with respect to industry performance, general business and economic conditions, and other matters, many of which are beyond the control of Paradigm Capital, the Company, the Purchaser and any other party involved in the Transaction.

Paradigm Capital is not a legal, tax, or accounting expert and expresses no opinion concerning any legal, tax, or accounting matters concerning the Transaction or the sufficiency of the Opinion for the Special Committee's purposes.

Paradigm Capital has also assumed that the representations and warranties of the parties in the Draft Arrangement Agreement are true and correct and that the final terms of the Transaction will be fully complied with and will be substantially the same terms as those contained in the Draft Arrangement Agreement provided to Paradigm Capital, without waiver or amendment of any material term or condition thereof. Finally, Paradigm Capital has assumed that all material governmental, regulatory or other required consents and approvals necessary for the consummation of the Transaction will be obtained without any material adverse effect on the Company.

In rendering the Opinion, Paradigm Capital expresses no view as to the fairness or reasonableness of any consideration or benefit to be received by any party in connection with the Transaction, other than the Share Consideration to be received by the Waterloo Shareholders.

In rendering the Opinion, Paradigm Capital expresses no opinion as to the likelihood that the conditions to the Transaction will be satisfied or waived or that the Transaction will be implemented within the time frame outlined to Paradigm Capital. As well, Paradigm Capital assumed, without limitation, that each of the Company and the Purchaser will be in compliance at all times with their respective material contracts and has no material undisclosed liabilities (contingent or otherwise) not previously reviewed by Paradigm Capital; and that no material tax or other liabilities will result from the Transaction or related transactions. Paradigm Capital expresses no view as to, and the Opinion does not address, the relative merits of the Transaction as compared to any alternative opportunities which might exist for the Company, or the effect of any other transaction in which the Company might engage.

This Opinion has been provided for the use of the Special Committee and the Board of Directors and, other than as contemplated herein, may not be used or relied upon by any other person without the prior express written consent of Paradigm Capital. Except for the inclusion of the Opinion in its entirety and a summary thereof (in a form acceptable to us) in the Circular, the Opinion is not to be reproduced, disseminated, quoted from or referred to (in whole or in part) without our prior written consent. This Opinion is given as of the Opinion Date and Paradigm Capital disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting this Opinion which may come or be brought to Paradigm Capital's attention after such date. The Opinion is limited to Paradigm Capital's understanding of the Transaction as of the date hereof and Paradigm Capital assumes no obligation to update this Opinion to take into account any changes regarding the Transaction after such date. Without limiting the foregoing, Paradigm Capital reserves the right to change, modify or withdraw the Opinion in the event that there is a material change in any fact or matter affecting this Opinion.

Description of Waterloo Brewing Ltd.

Waterloo Brewing Ltd. is Ontario's largest Canadian-owned 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 highest and most internationally recognized standards for safe food production. Founded in 1984, the Company 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 premium craft beers with the popular Laker brand. In 2011, Waterloo purchased the Canadian rights to Seagram Coolers and in 2015, secured the exclusive Canadian rights to both LandShark and Margaritaville. In addition, Waterloo utilizes its leading-edge brewing, blending, and packaging capabilities to provide an extensive array of contract manufacturing services in beer, coolers, and ciders. Waterloo trades on the TSX under the symbol "WBR".

Description of Carlsberg Breweries A/S

Carlsberg Breweries A/S is a Danish multinational brewery and the parent company (the "**Parent**") of the Purchaser. The Parent is headquartered in Copenhagen, Denmark, and is one of the world's largest producers of beer with approximately 140 brands in its portfolio and approximately 40,000 employees. The Parent provides its products primarily under the Carlsberg, Tuborg, Feldschlösschen, Baltika, Chongqing, 1664 Blanc, Grimbergen, Ringnes, and Somersby brand names. The Parent also exports its products to approximately 100 countries worldwide. The Parent is listed in Copenhagen on the OMX Nordic Exchange and trades under the ticker 'CARL B'.

Opinions of Financial Advisors

In preparing this Opinion, Paradigm Capital performed a variety of financial and comparative analyses, including those described below. The summary of Paradigm Capital's analyses described below is not a complete description of the analyses underlying this Opinion. The preparation of a fairness opinion is a complex analytical process involving various determinations as to the most appropriate and relevant methods of financial analyses, and the application of those methods to the particular circumstances. Therefore, a fairness opinion is not readily susceptible to partial analysis or summary description. In forming the Opinion, Paradigm Capital made qualitative judgements as to the significance and relevance of each analysis and factor that it considered. Accordingly, Paradigm Capital believes that its analyses must be considered as a whole, and that selecting portions of its analyses and factors, without considering all analyses and factors, including the

narrative description of the analyses, could create a misleading or incomplete view of the processes underlying its analyses and this Opinion. This Opinion is not to be construed as to whether the Transaction is consistent with the best interests of the Company or Waterloo Shareholders.

In its analyses, Paradigm Capital considered industry performance, general business, economic, market, political and financial conditions and other matters, many of which are beyond the control of the Company. No company, transaction or business used in Paradigm Capital's analyses as a comparison is identical to the Company or the Transaction, and an evaluation of the results of those analyses is not entirely mathematical. Rather, the analyses involve complex considerations and judgements concerning financial and operating characteristics and other factors that could affect the sale of the Company, public trading of the Company or other values of the companies, business segments or transactions being analyzed. The estimates contained in Paradigm Capital's analyses, and the ranges of valuations resulting from any particular analysis are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favourable than those suggested by the analyses. In addition, analyses relating to the value of businesses or securities do not purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold. Accordingly, Paradigm Capital's analyses and estimates are inherently subject to substantial uncertainty and the Opinion is conditional upon the correctness of all of the assumptions indicated herein. This Opinion should be read in its entirety.

Fairness Methodology

The Opinion has been prepared based on techniques that Paradigm Capital considers appropriate in the circumstances, after considering all relevant facts and taking into account Paradigm Capital's assumptions, in order to determine the fairness, from a financial point of view, of the Share Consideration payable to Waterloo Shareholders pursuant to the Transaction.

In preparing the Opinion, Paradigm Capital relied on a variety of financial and comparative analyses, including those described below.

a) Trading Comparables Analysis – Enterprise Value ("**EV**") / Management Forecast Calendar Year ("**CY**") 2023E Net Revenue;
b) Trading Comparables Analysis – EV / Analyst Consensus CY2023E Net Revenue;
c) Trading Comparables Analysis – EV / Management Forecast CY2023E earnings before interest, taxes depreciation, and amortization ("**EBITDA**");
d) Trading Comparables Analysis – EV / Analyst Consensus CY2023E EBITDA;
e) Precedent transaction analysis – EV / Last-Twelve-Months ("**LTM**") Revenue; and
f) Precedent transaction analysis – EV / LTM EBITDA.

(a) Trading Comparables Analysis –EV / Management Forecast CY2023E Net Revenue

Paradigm Capital evaluated trading multiples for seven comparable brewers and four diversified alcohol companies and applied a range of comparable EV / consensus analyst CY2023E revenue multiples to the Company's management forecast CY2023E net revenue, as presented in the corporate model prepared by or on behalf of management, to develop implied enterprise value ranges and subtracted net debt to derive implied equity value ranges.

(b) Trading Comparables Analysis – EV / Analyst Consensus CY2023E Net Revenue

Paradigm Capital evaluated trading multiples for seven comparable brewers and four diversified alcohol companies and applied a range of comparable EV / consensus analyst CY2023E net revenue multiples to the analyst consensus CY2023E net revenue for the Company to develop implied enterprise value ranges and subtracted net debt to derive implied equity value ranges.

(c) Trading Comparables Analysis – EV / Management Forecast CY2023E EBITDA

Paradigm Capital evaluated trading multiples for seven comparable brewers and four diversified alcohol companies and applied a range of comparable EV / consensus analyst CY2023E EBITDA multiples to the Company's management forecast CY2023E EBITDA, as presented in the corporate model prepared by or on behalf of management, to develop implied enterprise value ranges and subtracted net debt to derive implied equity value ranges.

(d) Trading Comparables Analysis – EV / Analyst Consensus CY2023E EBITDA

Paradigm Capital evaluated trading multiples for seven comparable public brewers and four diversified alcohol companies and applied a range of comparable EV / consensus analyst CY2023E EBITDA multiples to the analyst consensus CY2023E EBITDA for the Company to develop implied enterprise value ranges and subtracted net debt to derive implied equity value ranges.

(e) Precedent Transactions Analysis – EV / LTM Net Revenue

Paradigm Capital reviewed publicly available information on twelve selected merger and acquisition transactions for brewers and diversified alcohol companies and compared these to the Transaction, applying a range of EV / LTM net revenue multiples to the Company's LTM net revenue to develop implied enterprise value ranges and subtracted net debt to develop implied equity value ranges. The analysis of these precedent transactions is not purely mathematical, but involves considerations and judgements concerning, among other things, differences in the comparable transactions, company-specific risk factors, share performance preceding each transaction announcement and prevailing economic and market conditions.

(f) Precedent Transactions Analysis – EV / LTM EBITDA

Paradigm Capital reviewed publicly available information on twelve selected merger and acquisition transactions for brewers and diversified alcohol companies and compared these to the Transaction, applying a range of EV / LTM EBITDA multiples to the Company's LTM EBITDA to develop implied enterprise value ranges and subtracted net debt to develop implied equity value ranges. The analysis of these precedent transactions is not purely mathematical, but involves considerations and judgements concerning, among other things, differences in the comparable transactions, company-specific risk factors, share performance preceding each transaction announcement and prevailing economic and market conditions.

Fairness Considerations

In preparing the Opinion as to the fairness, from a financial point of view, of the Share Consideration payable to the Waterloo Shareholders pursuant to the Transaction, Paradigm Capital has considered, among other things, trading comparables analysis and precedent transactions analysis.

Conclusion

Based upon and subject to the foregoing and such other factors as Paradigm Capital considered relevant, Paradigm Capital is of the opinion that, as of the date hereof, the Share Consideration payable to the Waterloo Shareholders pursuant to the Transaction is fair, from a financial point of view, to the Waterloo Shareholders.

Sincerely,

Paradigm Capital Inc

PARADIGM CAPITAL INC.

SCHEDULE "E"

INTERIM ORDER

See attached.

Commercial List Court File No. CV-23-00692983-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE	)	THURSDAY, THE 19TH
MADAM JUSTICE STEELE	)	DAY OF JANUARY 2023
	)	

IN THE MATTER OF AN APPLICATION UNDER SECTION 182 OF THE *BUSINESS CORPORATIONS ACT* (ONTARIO) R.S.O. 1990, c. B.16, AS AMENDED

AND IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT INVOLVING WATERLOO BREWING LTD., CARLSBERG BREWERIES A/S AND CARLSBERG CANADA INC.

WATERLOO BREWING LTD.

Applicant

INTERIM ORDER
(January 19, 2023)

THIS MOTION made by the Applicant, Waterloo Brewing Ltd. (the "Corporation"), for an interim order for advice and directions (the "Interim Order") pursuant to section 182 of the *Business Corporations Act*, R.S.O. 1990, c. B.16, as amended (the "OBCA"), was heard this day by video conference.

ON READING the Notice of Motion, the Notice of Application issued on January 16, 2023, the affidavit of George H. Croft, sworn on January 17, 2023 (the "Croft Affidavit"), including the plan of arrangement, which is attached as Schedule B to the draft management information circular (the "Circular") of the Corporation, which is attached as Exhibit "A" to the Croft Affidavit, on hearing the submissions of counsel for the Corporation and counsel for

Carlsberg Canada Inc. (or an affiliate of Carlsberg Canada Inc.) (the "Purchaser") and Carlsberg Breweries A/S (the "Parent"),

Definitions

1. **THIS COURT ORDERS** that all capitalized terms used in this Interim Order shall have the meaning ascribed thereto in the Croft Affidavit or the Circular or otherwise as specifically defined herein.

The Meeting

2. **THIS COURT ORDERS** that the Corporation is permitted to call, hold and conduct a special meeting (the "Meeting") of the holders ("Shareholders") of common shares in the capital of Corporation (the "Shares") and the holders (the "Optionholders", together with the Shareholders the "Securityholders") of options to acquire Shares (the "Options") to be held virtually as an electronic meeting on February 23, 2023 at 10:00 a.m. (Toronto time), or such other date as may result from an adjournment or postponement of the Meeting as set out in paragraph 12 below, in order for the Shareholders and Optionholders to consider and, if determined advisable, approve the Arrangement Resolution.

3. **THIS COURT ORDERS** that the Meeting shall be called, held and conducted in accordance with the OBCA, the notice of special meeting which accompanies the Circular (the "Notice of Meeting") and the articles and by-laws of the Corporation, subject to what may be provided hereafter and subject to further order of this Court.

4. **THIS COURT ORDERS** that the record date (the "Record Date") for determination of Securityholders entitled to notice of, and to vote at, the Meeting shall be January 23, 2023. Any

adjournment or postponement of the Meeting, as set out in paragraph 12 below, will not result in a change to the Record Date.

5. **THIS COURT ORDERS** that the only persons entitled to attend or speak at the Meeting shall be:

(a) Shareholders of record as of the Record Date or their proxyholders;

(b) Optionholders of record as of the Record Date or their proxyholders;

(c) the officers, directors, auditors and advisors of the Corporation;

(d) representatives of the Purchaser and the Parent; and

(e) other persons who may receive the permission of the Chair of the Meeting.

6. **THIS COURT ORDERS** that the Corporation may transact such other business at the Meeting as is contemplated in the Circular, or as may otherwise be properly brought before the Meeting.

7. **THIS COURT ORDERS** that, notwithstanding the requirements of the OBCA and the articles and by-laws of the Corporation: (i) the Corporation is permitted to conduct the Meeting (including conducting voting at the Meeting), in whole or in part, using exclusively electronic means, including one or more of webcasting, telephone conference, and/or other electronic means as may be practicable and as determined by the Corporation, acting reasonably; (ii) the Corporation is not required to convene an in-person Meeting in respect of the Arrangement; and (iii) quorum for the Meeting may be satisfied by the attendance of Shareholders, in person or represented by proxy, through webcast, telephone conference or another electronic means employed by the Corporation in accordance with this Order.

Quorum

8. **THIS COURT ORDERS** that the Chair of the Meeting shall be determined by the Corporation and that the quorum at the Meeting shall be at least two persons holding or representing by proxy not less than 25% of the outstanding Shares entitled to vote at the Meeting.

Amendments to the Arrangement and Plan of Arrangement

9. **THIS COURT ORDERS** that the Corporation is authorized to make, subject to the terms of the Arrangement Agreement, and paragraph 10, below, such amendments, modifications or supplements to the Arrangement and the Plan of Arrangement as it may determine without any additional notice to Shareholders, Optionholders, or others entitled to receive notice under paragraphs 13 and 14 hereof and the Arrangement and Plan of Arrangement, as so amended, modified or supplemented shall be the Arrangement and Plan of Arrangement to be submitted to Shareholders and Optionholders at the Meeting and shall be the subject of the Arrangement Resolution. Amendments, modifications or supplements may be made following the Meeting, but shall be subject to review and, if appropriate, further direction by this Court at the hearing for the final approval of the Arrangement.

10. **THIS COURT ORDERS** that, if any amendments, modifications or supplements to the Arrangement or Plan of Arrangement made after initial notice is provided as contemplated in paragraph 9 above, which would, if disclosed, reasonably be expected to affect a decision to vote for or against the Arrangement Resolution, notice of such amendment, modification or supplement shall be distributed by press release, newspaper advertisement, prepaid ordinary mail, electronic transmission, or by the method most reasonably practicable in the circumstances, as the Corporation may determine.

Amendments to the Circular

11. **THIS COURT ORDERS** that the Corporation is authorized to make such amendments, revisions and/or supplements to the draft Circular as it may determine, and the Circular, as so amended, revised and/or supplemented, shall be the Circular to be distributed in accordance with paragraphs 13 and 14 hereof.

Adjournments and Postponements

12. **THIS COURT ORDERS** that the Corporation, if it deems advisable, is specifically authorized to adjourn or postpone the Meeting on one or more occasions, without the necessity of first convening the Meeting or first obtaining any vote of the Shareholders and Optionholders respecting the adjournment or postponement, and notice of any such adjournment or postponement shall be given by such method as the Corporation may determine is appropriate in the circumstances. This provision shall not limit the authority of the Chair of the Meeting in respect of adjournments and postponements.

Notice of Meeting

13. **THIS COURT ORDERS** that, in order to effect notice of the Meeting, the Corporation shall send the Circular (including the Notice of Application and this Interim Order), the Notice of Meeting, the forms of proxy, the voting information form and the letter of transmittal, along with such amendments or additional documents as the Corporation may determine are necessary or desirable and are not inconsistent with the terms of this Interim Order (collectively, the "Meeting Materials"), as follows:

(a) to registered Shareholders at the close of business on the Record Date, at least 21 days prior to the date of the Meeting, excluding the date of sending and the date of the Meeting, by one of more of the following methods:

(i) by pre-paid ordinary or first-class mail at the addresses of the Shareholders as they appear on the books and records of the Corporation, or its registrar and transfer agent, at the close of business on the Record Date and if no address is shown therein, then the last address of the person known to the corporate secretary of the Corporation;

(ii) by delivery, in person or by recognized courier service or inter-office mail, to the address specified in (i) above; or

(iii) by facsimile or electronic transmission to any Shareholder;

(b) to non-registered Shareholders by providing sufficient copies of the Meeting Materials to intermediaries and registered nominees in a timely manner, in accordance with National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian Securities Administrators; and

(c) to the directors and auditors of the Corporation by facsimile or electronic transmission, at least 21 days prior to the date of the Meeting, excluding the date of sending and the date of the Meeting;

and that compliance with this paragraph shall constitute sufficient notice of the Meeting.

14. **THIS COURT ORDERS** that the Meeting Materials and any other materials considered appropriate shall be sent to Optionholders as of the Record Date by any method permitted for notice to Shareholders as set forth in paragraph 13 above concurrently with the distribution described in paragraph 13 of this Interim Order. Distribution to such persons shall be to their addresses as they appear on the books and records of the Corporation or its registrar and transfer

agent, as the case may be, at the close of business on the Record Date, and if no address is shown therein, then the last address of the person known to the corporate secretary of the Corporation.

15. **THIS COURT ORDERS** that accidental failure or omission by the Corporation to give notice of the Meeting or to distribute the Meeting Materials to any person entitled by this Interim Order to receive notice, or any failure or omission to give such notice as a result of events beyond the reasonable control of the Corporation, or the non-receipt of such notice shall not constitute a breach of this Interim Order nor shall it invalidate any resolution passed or proceedings taken at the Meeting. If any such failure or omission is brought to the attention of the Corporation, it shall use its best efforts to rectify it by the method and in the time most reasonably practicable in the circumstances as the Corporation may determine.

16. **THIS COURT ORDERS** that the Corporation is hereby authorized to make such amendments, revisions or supplements to the Meeting Materials as the Corporation may determine in accordance with the terms of the Arrangement Agreement ("Additional Information"), and that notice of such Additional Information may, subject to paragraph 10, above, be distributed by press release, newspaper advertisement, pre-paid ordinary mail, electronic transmission, or by the method most reasonably practicable in the circumstances, as the Corporation may determine.

17. **THIS COURT ORDERS** that distribution of the Meeting Materials pursuant to paragraphs 13 and 14 of this Interim Order shall constitute notice of the Meeting and good and sufficient service of the within Application upon the persons described in paragraphs 13 and 14 and that those persons are bound by any orders made on the within Application. Further, no other form of service of the Meeting Materials or any portion thereof need be made, or notice given or

other material served in respect of these proceedings and/or the Meeting to such persons or to any other persons, except to the extent required by paragraph 10, above.

Solicitation and Revocation of Proxies

18. **THIS COURT ORDERS** that the Corporation is authorized to use the letter of transmittal, the forms of proxy and the voting information form substantially in the form of the drafts accompanying the Circular, with such amendments and additional information as the Corporation may determine are necessary or desirable, subject to the terms of the Arrangement Agreement. The Corporation is authorized to solicit proxies, directly or through its officers, directors or employees, and through such agents or representatives as may be retained for that purpose, and by mail or such other forms of personal or electronic communication as it may determine. The Corporation may waive generally, in its discretion, the time limits set out in the Circular for the deposit or revocation of proxies, as applicable, by Shareholders and Optionholders, if the Corporation deems it advisable to do so.

19. **THIS COURT ORDERS** that registered Shareholders shall be entitled to revoke their proxies in accordance with s. 110(4) of the OBCA (except as the procedures of that section are varied by this paragraph) provided that any instruments in writing delivered pursuant to s.110(4)(a) of the OBCA: (i) may be deposited at the registered office of the Corporation or with the agent of the Corporation as set out in the Circular; and (ii) any such instruments must be received by the Corporation or its agent not later than two business days immediately preceding the Meeting (or any adjournment or postponement thereof). Registered Shareholders that have followed the instructions for attending and voting at the Meeting are able to revoke previous instructions by voting at the meeting online.

Voting

20. **THIS COURT ORDERS** that the only persons entitled to vote in person or by proxy on the Arrangement Resolution, or such other business as may be properly brought before the Meeting, shall be the Shareholders and Optionholders as of the close of business on the Record Date. Illegible votes, spoiled votes, defective votes and abstentions shall be deemed to be votes not cast. Proxies that are properly signed and dated, but which do not contain voting instructions, shall be voted in favour of the Arrangement Resolution.

21. **THIS COURT ORDERS** that votes shall be taken at the Meeting on the basis of one vote per Share held or per Share underlying the Options and that in order for the Arrangement and the Plan of Arrangement to be implemented, the Arrangement Resolution must be passed, with or without variation, at the Meeting by:

(a) an affirmative vote of at least two-thirds ($66^{2}/_{3}$%) of the votes cast on the Arrangement Resolution by the Shareholders and Optionholders, voting as a single class, present or represented by proxy and entitled to vote at the Meeting;

(b) an affirmative vote of at least two-thirds ($66^{2}/_{3}$%) of the votes cast on the Arrangement Resolution by the Shareholders, voting as a separate class, present or represented by proxy and entitled to vote at the Meeting; and

(c) a simple majority of the votes cast on the Arrangement Resolution by Shareholders present or represented by proxy and entitled to vote at the Meeting, excluding any votes in respect of Shares that are required to be excluded pursuant to Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions*.

Such votes shall be sufficient to authorize the Corporation to do all such acts and things as may be necessary or desirable to give effect to the Arrangement and the Plan of Arrangement on a basis consistent with what is provided for in the Circular without the necessity of any further approval by the Shareholders or Optionholders, subject only to final approval of the Arrangement by this Court.

22. **THIS COURT ORDERS** that in respect of matters properly brought before the Meeting pertaining to items of business affecting the Corporation (other than in respect of the Arrangement Resolution), each Shareholder is entitled to one vote for each share held.

Dissent Rights

23. **THIS COURT ORDERS** that each registered Shareholder (other than any Shareholder that has signed a Support and Voting Agreement or voted in favour of the Arrangement Resolution) as of the Record Date shall be entitled to exercise Dissent Rights in connection with the Arrangement in accordance with the terms set out in the Circular.

24. **THIS COURT ORDERS** that any registered Shareholder who duly exercises such Dissent Rights as set out in paragraph 23 above and who:

(a) are entitled to be paid fair value for such Shares, will: (i) be deemed not to have participated in the Arrangement; (ii) be entitled to be paid the fair value of his, her, their or its Shares by the Purchaser, which fair value, notwithstanding anything to the contrary contained in the OBCA, will be determined as of the close of business on the business day before the Arrangement Resolution was adopted; and (iii) not be entitled to any other payment or consideration, including

any payment that would be payable under the Arrangement had such holder not exercised their Dissent Rights in respect of such Shares; or

(b) ultimately are not entitled, for any reason, to be paid fair value for his, her, their or its Shares, will be deemed to have participated in the Arrangement on the same basis as a holder of Shares that is not a Dissenting Shareholder and will be entitled to receive only the Consideration that such Dissenting Shareholder would have received pursuant to the Arrangement if such Dissenting Shareholder had not exercised its Dissent Rights.

In no circumstances will the Purchaser, the Parent, the Corporation or any other person be required to recognize a person exercising Dissent Rights unless such person was the registered holder of such Shares on the Record Date in respect of which Dissent Rights are sought to be exercised. In no case will the Purchaser, the Parent, the Corporation or any other person be required to recognize a Dissenting Shareholder as a holder of Shares after the Effective Time, and the name of such Dissenting Shareholder will be removed from the applicable register of Shares maintained by or on behalf of the Corporation, in respect of which Dissent Rights have been validly exercised in accordance with the Plan of Arrangement, and the Purchaser will be recorded as the holder of the Shares so transferred and will be deemed the legal and beneficial owner thereof free and clear of all Liens. In addition to any other restrictions under Section 185 of the OBCA, none of the following will be entitled to exercise Dissent Rights: (i) holders of Options; (ii) participants in the ESPP, except in respect of any Shares purchased under the ESPP; and (iii) holders of Shares who vote or have instructed a proxyholder to vote such Shares in favour of the Arrangement Resolution.

Hearing of Application for Approval of the Arrangement

25. **THIS COURT ORDERS** that upon approval of the Arrangement in the manner set forth in this Interim Order, the applicant may apply to this Court for final approval of the Arrangement, at a hearing at which the substantive and procedural fairness of the Arrangement is considered and at which Shareholders, Optionholders and other interested parties have the right to appear.

26. **THIS COURT ORDERS** that distribution of the Notice of Application and the Interim Order in the Circular, when sent in accordance with paragraphs 13 and 14 shall constitute good and sufficient service of the Notice of Application and this Interim Order and no other form of service need be effected and no other material need be served unless a Notice of Appearance is served in accordance with paragraph 26.

27. **THIS COURT ORDERS** that any Notice of Appearance served in response to the Notice of Application shall be served on the lawyers for the Corporation, the Purchaser and the Parent as soon as reasonably practicable, and, in any event, no less than five business days before the hearing of this Application at the following addresses:

For the Corporation, to:

Torys LLP
Suite 3000
79 Wellington St. W.
Toronto, Ontario
M5K 1N2 Canada
Attn: Andrew Gray agray@torys.com
Lawyers for Waterloo Brewing Ltd.

For the Purchaser and the Parent to:

Norton Rose Fulbright Canada LLP
222 Bay Street, Suite 3000

Toronto Ontario
M5K 1E7 Canada
Attn: Fahad Siddiqui fahad.siddiqui@nortonrosefulbright.com

28. **THIS COURT ORDERS** that, **s**ubject to further order of this Court, the only persons entitled to appear and be heard at the hearing of the application shall be:

(a) the Corporation;

(b) the Purchaser and the Parent; and

(c) any person who has filed a Notice of Appearance herein in accordance with the Notice of Application, this Interim Order and the *Rules of Civil Procedure*.

29. **THIS COURT ORDERS** that any materials to be filed by the Corporation in support of the within Application for final approval of the Arrangement may be filed up to one day prior to the hearing of the Application without further order of this Court.

30. **THIS COURT ORDERS** that in the event the within Application for final approval does not proceed on the date set forth in the Notice of Application, and is adjourned, only those persons who served and filed a Notice of Appearance in accordance with paragraph 26 shall be entitled to be given notice of the adjourned date.

Precedence

31. **THIS COURT ORDERS** that, to the extent of any inconsistency or discrepancy between this Interim Order and the terms of any instrument creating, governing or collateral to the Shares and Options, or the articles or by-laws of the Corporation, this Interim Order shall govern.

Service and Notice

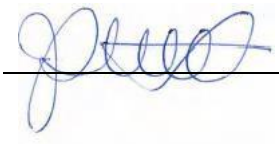
32. **THIS COURT ORDERS** that the applicant and its counsel are at liberty to serve and distribute this Interim Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Shareholders, Optionholders or other interested parties and their advisors.

Extra-Territorial Assistance

33. **THIS COURT** seeks and requests the aid and recognition of any court or any judicial, regulatory or administrative body in any province of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial, regulatory or administrative body of the United States or other country to act in aid of and to assist this Court in carrying out the terms of this Interim Order.

Variance

34. **THIS COURT ORDERS** that the Corporation shall be entitled to seek leave to vary this Interim Order upon such terms and upon the giving of such notice as this Court may direct.



IN THE MATTER OF AN APPLICATION UNDER SECTION 182 OF THE *BUSINESS CORPORATIONS ACT*, R.S.O. 1990, c. B. 16, AS AMENDED

Commercial List Court File No. CV-23-00692983-00CL

AND IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT INVOLVING WATERLOO BREWING LTD. et al

WATERLOO BREWING LTD.

Applicant

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at TORONTO

INTERIM ORDER
(January 19, 2023)

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Waterloo Brewing Ltd.

SCHEDULE "F"

***BUSINESS CORPORATIONS ACT* (ONTARIO) – SECTION 185**

Rights of dissenting shareholders

185. (1) Subject to subsection (3) and to sections 186 and 248, if a corporation resolves to,

(a) amend its articles under section 168 to add, remove or change restrictions on the issue, transfer or ownership of shares of a class or series of the shares of the corporation;

(b) amend its articles under section 168 to add, remove or change any restriction upon the business or businesses that the corporation may carry on or upon the powers that the corporation may exercise;

(c) amalgamate with another corporation under sections 175 and 176;

(d) be continued under the laws of another jurisdiction under section 181; or

(e) sell, lease or exchange all or substantially all its property under subsection 184 (3),

a holder of shares of any class or series entitled to vote on the resolution may dissent.

Idem

(2) If a corporation resolves to amend its articles in a manner referred to in subsection 170 (1), a holder of shares of any class or series entitled to vote on the amendment under section 168 or 170 may dissent, except in respect of an amendment referred to in,

(a) clause 170 (1) (a), (b) or (e) where the articles provide that the holders of shares of such class or series are not entitled to dissent; or

(b) subsection 170 (5) or (6).

One class of shares

(2.1) The right to dissent described in subsection (2) applies even if there is only one class of shares.

Exception

(3) A shareholder of a corporation incorporated before the 29th day of July, 1983 is not entitled to dissent under this section in respect of an amendment of the articles of the corporation to the extent that the amendment,

(a) amends the express terms of any provision of the articles of the corporation to conform to the terms of the provision as deemed to be amended by section 277; or

(b) deletes from the articles of the corporation all of the objects of the corporation set out in its articles, provided that the deletion is made by the 29th day of July, 1986.

Shareholder's right to be paid fair value

(4) In addition to any other right the shareholder may have, but subject to subsection (30), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents becomes effective, to be paid by the corporation the fair value of the shares held by the shareholder in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted.

No partial dissent

(5) A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the dissenting shareholder on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

Objection

(6) A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent.

Idem

(7) The execution or exercise of a proxy does not constitute a written objection for purposes of subsection (6).

Notice of adoption of resolution

(8) The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (6) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn the objection.

Idem

(9) A notice sent under subsection (8) shall set out the rights of the dissenting shareholder and the procedures to be followed to exercise those rights.

Demand for payment of fair value

(10) A dissenting shareholder entitled to receive notice under subsection (8) shall, within twenty days after receiving such notice, or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing,

(a) the shareholder's name and address;

(b) the number and class of shares in respect of which the shareholder dissents; and

(c) a demand for payment of the fair value of such shares.

Certificates to be sent in

(11) Not later than the thirtieth day after the sending of a notice under subsection (10), a dissenting shareholder shall send the certificates, if any, representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent.

Idem

(12) A dissenting shareholder who fails to comply with subsections (6), (10) and (11) has no right to make a claim under this section.

Endorsement on certificate

(13) A corporation or its transfer agent shall endorse on any share certificate received under subsection (11) a notice that the holder is a dissenting shareholder under this section and shall return forthwith the share certificates to the dissenting shareholder.

Rights of dissenting shareholder

(14) On sending a notice under subsection (10), a dissenting shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shares as determined under this section except where,

(a) the dissenting shareholder withdraws notice before the corporation makes an offer under subsection (15);

(b) the corporation fails to make an offer in accordance with subsection (15) and the dissenting shareholder withdraws notice; or

(c) the directors revoke a resolution to amend the articles under subsection 168 (3), terminate an amalgamation agreement under subsection 176 (5) or an application for continuance under subsection 181 (5), or abandon a sale, lease or exchange under subsection 184 (8),

in which case the dissenting shareholder's rights are reinstated as of the date the dissenting shareholder sent the notice referred to in subsection (10).

Same

(14.1) A dissenting shareholder whose rights are reinstated under subsection (14) is entitled, upon presentation and surrender to the corporation or its transfer agent of any share certificate that has been endorsed in accordance with subsection (13),

(a) to be issued, without payment of any fee, a new certificate representing the same number, class and series of shares as the certificate so surrendered; or

(b) if a resolution is passed by the directors under subsection 54 (2) with respect to that class and series of shares,

(i) to be issued the same number, class and series of uncertificated shares as represented by the certificate so surrendered, and

(ii) to be sent the notice referred to in subsection 54 (3).

Same

(14.2) A dissenting shareholder whose rights are reinstated under subsection (14) and who held uncertificated shares at the time of sending a notice to the corporation under subsection (10) is entitled,

(a) to be issued the same number, class and series of uncertificated shares as those held by the dissenting shareholder at the time of sending the notice under subsection (10); and

(b) to be sent the notice referred to in subsection 54 (3).

Offer to pay

(15) A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (10), send to each dissenting shareholder who has sent such notice,

(a) a written offer to pay for the dissenting shareholder's shares in an amount considered by the directors of the corporation to be the fair value thereof, accompanied by a statement showing how the fair value was determined; or

(b) if subsection (30) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares.

Idem

(16) Every offer made under subsection (15) for shares of the same class or series shall be on the same terms.

Idem

(17) Subject to subsection (30), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (15) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made.

Application to court to fix fair value

(18) Where a corporation fails to make an offer under subsection (15) or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as the court may allow, apply to the court to fix a fair value for the shares of any dissenting shareholder.

Idem

(19) If a corporation fails to apply to the court under subsection (18), a dissenting shareholder may apply to the court for the same purpose within a further period of twenty days or within such further period as the court may allow.

Idem

(20) A dissenting shareholder is not required to give security for costs in an application made under subsection (18) or (19).

Costs

(21) If a corporation fails to comply with subsection (15), then the costs of a shareholder application under subsection (19) are to be borne by the corporation unless the court otherwise orders.

Notice to shareholders

(22) Before making application to the court under subsection (18) or not later than seven days after receiving notice of an application to the court under subsection (19), as the case may be, a corporation shall give notice to each dissenting shareholder who, at the date upon which the notice is given,

(a) has sent to the corporation the notice referred to in subsection (10); and

(b) has not accepted an offer made by the corporation under subsection (15), if such an offer was made,

of the date, place and consequences of the application and of the dissenting shareholder's right to appear and be heard in person or by counsel, and a similar notice shall be given to each dissenting shareholder who, after the date of such first mentioned notice and before termination of the proceedings commenced by the application, satisfies the conditions set out in clauses (a) and (b) within three days after the dissenting shareholder satisfies such conditions.

Parties joined

(23) All dissenting shareholders who satisfy the conditions set out in clauses (22)(a) and (b) shall be deemed to be joined as parties to an application under subsection (18) or (19) on the later of the date upon which the application is brought and the date upon which they satisfy the conditions, and shall be bound by the decision rendered by the court in the proceedings commenced by the application.

Idem

(24) Upon an application to the court under subsection (18) or (19), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall fix a fair value for the shares of all dissenting shareholders.

Appraisers

(25) The court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders.

Final order

(26) The final order of the court in the proceedings commenced by an application under subsection (18) or (19) shall be rendered against the corporation and in favour of each dissenting shareholder who, whether before or after the date of the order, complies with the conditions set out in clauses (22) (a) and (b).

Interest

(27) The court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment.

Where corporation unable to pay

(28) Where subsection (30) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (26), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

Idem

(29) Where subsection (30) applies, a dissenting shareholder, by written notice sent to the corporation within thirty days after receiving a notice under subsection (28), may,

(a) withdraw a notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder's full rights are reinstated; or

(b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

Idem

(30) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that,

(a) the corporation is or, after the payment, would be unable to pay its liabilities as they become due; or

(b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.

Court order

(31) Upon application by a corporation that proposes to take any of the actions referred to in subsection (1) or (2), the court may, if satisfied that the proposed action is not in all the circumstances one that should give rise to the rights

arising under subsection (4), by order declare that those rights will not arise upon the taking of the proposed action, and the order may be subject to compliance upon such terms and conditions as the court thinks fit and, if the corporation is an offering corporation, notice of any such application and a copy of any order made by the court upon such application shall be served upon the Commission.

Commission may appear

(32) The Commission may appoint counsel to assist the court upon the hearing of an application under subsection (31), if the corporation is an offering corporation.

SCHEDULE "G"

NOTICE OF APPLICATION FOR FINAL ORDER

See attached.

Commercial List Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF AN APPLICATION UNDER SECTION 182 OF THE *BUSINESS CORPORATIONS ACT* (ONTARIO) R.S.O. 1990, c. B.16, AS AMENDED

AND IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT INVOLVING WATERLOO BREWING LTD., CARLSBERG BREWERIES A/S AND CARLSBERG CANADA INC.

WATERLOO BREWING LTD.

Applicant

NOTICE OF APPLICATION

TO THE RESPONDENT

A LEGAL PROCEEDING HAS BEEN COMMENCED by the applicant. The claim made by the applicant appears on the following page.

THIS APPLICATION will come on for a hearing

☐ In writing
☐ In person
☐ By telephone conference
☒ By video conference

at the following location:

330 University Avenue, Toronto, Ontario, M5G 1R8

on Tuesday, February 28, 2023 at 11:00 a.m. before a judge presiding over the Commercial List.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the *Rules of Civil Procedure*, serve it on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in this court office, all in

accordance with the Interim Order, dated January 19, 2023, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but at least four days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date _____ Issued by _____
Local Registrar

Address of court office: Superior Court of Justice
330 University Avenue, 9th Floor
Toronto, Ontario
M5G 1R7

TO: HOLDERS OF COMMON SHARES AND OPTIONS OF WATERLOO BREWING LTD.

AND TO: THE DIRECTORS OF WATERLOO BREWING LTD.

AND TO: THE AUDITOR OF WATERLOO BREWING LTD.

AND TO: CARLSBERG BREWERIES A/S AND CARLSBERG CANADA INC.
c/o Norton Rose Fulbright Canada LLP
Suite 3000
222 Bay Street
Toronto Ontario
M5K 1E7 Canada
Fahad Siddiqui fahad.siddiqui@nortonrosefulbright.com

APPLICATION

THE APPLICANT, WATERLOO BREWING LTD., MAKES APPLICATION FOR:

(a) an interim order for advice and directions (the "Interim Order") pursuant to section 182(5) of the *Business Corporations Act* (Ontario), R.S.O. 1990, c.B.16, as amended ("OBCA") with respect to calling and conducting a special meeting (the "Meeting") of the holders of common shares (the "Shares") and options to acquire Shares (the "Options") of Waterloo Brewing Ltd. (the "Corporation") to consider and vote on a special resolution to approve a proposed arrangement (the "Arrangement") involving the acquisition of the outstanding Shares by Carlsberg Canada Inc. pursuant to a plan of arrangement under section 182 of the OBCA;

(b) an order pursuant to s. 182(5) of the OBCA approving the Arrangement;

(c) an order abridging the time for the service and filing or dispensing with service of the Notice of Application and Application Record, if necessary; and

(d) such further and other relief as to this Honourable Court may deem just.

THE GROUNDS OF THE APPLICATION ARE:

(a) the Corporation is organized under the OBCA and the Shares are currently listed for trading on the Toronto Stock Exchange;

(b) the Corporation wishes to effect a fundamental change in the nature of an arrangement under the provisions of the OBCA;

(c) pursuant to the Arrangement, among other things, Carlsberg Canada Inc. will acquire all the Shares for $4.00 in cash (without interest) per Share and holders of in-the-money Options will receive the in-the-money value of the Options;

(d) the Arrangement is an "arrangement" within the meaning of s. 182(1) of the OBCA;

(e) all preconditions to the Court's approval of the Arrangement will have been satisfied prior to the hearing of the Application, including compliance with the terms of the OBCA and any Interim Order made by the Court;

(f) this Application has been put forward in good faith for a *bona fide* business purpose;

(g) the Arrangement is fair and reasonable;

(h) section 182 of the OBCA;

(i) rules 14.05(1), 14.05(2), 14.05(3)(f), 17.02 and 38 of the *Rules of Civil Procedure*; and

(j) such further and other grounds as the lawyers may advise.

THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED AT THE HEARING OF THE APPLICATION:

(a) the Interim Order;

(b) affidavit evidence, to be sworn;

(c) supplementary affidavit evidence reporting, among other things, on the results of the Meeting; and

(d) such further and other material as counsel may advise and this Honourable Court may permit.

January 16, 2023

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Lawyers for the Applicant,
Waterloo Brewing Ltd.

Electronically issued / Délivré par voie électronique : 16-Jan-2023
Toronto Superior Court of Justice / Cour supérieure de justice

Court File No./N° du dossier du greffe : CV-23-00692983-00CL

IN THE MATTER OF AN APPLICATION UNDER SECTION 182 OF THE *BUSINESS CORPORATIONS ACT*, R.S.O. 1990 c. B. 16, AS AMENDED

AND IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT INVOLVING WATERLOO BREWING LTD. et al

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Proceeding commenced at TORONTO

NOTICE OF APPLICATION

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