WATERLOO BREWING

2021 ANNUAL REPORT

OUR BUSINESS IS YOUR RETURN ON REFRESHMENT

YEAR ENDED JANUARY 31, 2021

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WATERLOO BREWING

LANDSHARK Lager

Seagram

LAKER

Dear Shareholders,

When I wrote to you a little over a year ago the pandemic had just begun to upend our ways of living, and our ways of doing business. In our lifetimes, we have not witnessed or had to endure any event or circumstance as daunting as that of the past year. It has taken a toll on individuals and organizations alike and tested our resolve daily. And it's allowed all who own and operate businesses to appreciate the broader value of a company.

A few weeks ago we announced a relief program to help pubs and restaurants by offering a selection of our beer portfolio essentially at cost. Pub owners and workers have been among the hardest hit and this industry leading initiative stands to provide significant relief without any material cost to our business. In this and a number of other community contributions, we reinforce ourselves as a pillar of the regional economy with all its benefits and responsibilities.

It is with extreme gratitude that I acknowledge the tenacity and ingenuity of the team of extraordinary individuals I have the privilege of working with at Waterloo Brewing. Thanks to them not only did our company continue to operate without interruption, working together we added to our growth momentum in the market and we used this time to forge new advantages for our business and a deeper connection to our community.

We installed a new can line that increases our canning capacity by 144% and overall liquid capacity by 40%. And we're going to need it. Our owner brands volume is growing at double-digits, our co-manufacturing of high-value global beverage brands more than doubled, we are growing in all sales channels and we are significantly outpacing the industry in the grocery channel which has only become more essential over the past year.

Our EBITDA performance in fiscal 2021 experienced an impressive 31% increase to $15.2 million, compared to $11.6 million in the prior year. Net revenue increased 44% to $86.7 million, up from $60.3 million in the prior year.

These results were achieved through outstanding growth in our owner brand sales volumes with total volume growth of +18% over the previous fiscal year. Our Laker family, which is the unwavering pillar of our business, experienced +19% growth which is remarkable for a mature brand and testament to our consistent sales and marketing approach on Laker. Our Waterloo family of craft beers showed tremendous growth of +20% in the highly competitive craft beer segment. Landshark® grew +23%, driven by another year of successful promotions and increased popularity.

Another important driver to our growth is the success of our strategic co-manufacturing business. While this business holds great value in increasing capacity utilization and boosting the relative profitability of everything we produce, we focus on global beverage companies who are looking for production stewards of their valuable brands. Revenue generated from this business increased by 125% in fiscal 2021. Our expertise in this high margin, strategic co-pack business has established us as the reliable and trusted partner for renowned brewers and distilleries.

Fortified and emboldened by these arduous times, we bring great ambition and the determination of a winning mindset to make this brewery the very best business, place to work and contributor to Ontario that it can possibly be. Anything that once needed to be fixed in this business has been, and we are all systems grow! We are set up for transformational success.

Cheers!,

George H. Croft
President and CEO, Waterloo Brewing Ltd.

MANAGEMENT'S DISCUSSION & ANALYSIS

Year Ended January 31, 2021 and 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("MD&A") provides a review of the activities, results of operations and financial condition of Waterloo Brewing Ltd. (the "Company" or "Waterloo"), for the twelve months ended January 31, 2021 ("fiscal 2021") in comparison with the twelve months ended January 31, 2020 ("fiscal 2020"). These comments should be read in conjunction with the audited financial statements for fiscal 2021 and fiscal 2020 and accompanying notes included therein, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A has been prepared as of April 7, 2021. Additional information relating to the Company, including its annual information form, is available at www.sedar.com or in the investor relations section of the Company's website at www.waterloobrewing.com.

FORWARD-LOOKING STATEMENTS

Except for the historical information contained herein, the discussion in this MD&A contains certain forward-looking statements that involve risks and uncertainties, such as statements of the Company's plans, objectives, strategies, expectations and intentions and include, for example, the statements concerning expected volumes, EBITDA*, operating efficiencies, costs, and expansion of its facilities. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "anticipate", "seek", "plan", "believe" or "continue" or the negatives of these terms or variations of them or similar terminology. Although the Company believes that the expectations and assumptions reflected in these forward-looking statements are reasonable, undue reliance should not be placed on these forward-looking statements. These forward-looking statements are not guarantees and reflect the Company's views as of April 7, 2021, with respect to future events. Future events are subject to certain risks, uncertainties and assumptions, which may cause actual performance and financial results to differ materially from such forward-looking statements. The forward-looking statements, including the statements regarding expected volumes, EBITDA*, operating efficiencies and costs are based on, among other things, the following material factors and assumptions: sales volumes in the fiscal year ending January 31, 2022 ("fiscal 2022") will increase; no material changes in consumer preferences; brewing, blending, and packaging efficiencies will improve; the cost of input materials for brewing, blending, and packaging will increase; competitive activity from other manufacturers will continue; no material change to the regulatory environment in which the Company operates and no material supply, cost or quality control issues with vendors. Readers are urged to consider the foregoing factors and assumptions when reading the forward-looking statements and for more information regarding the risks, uncertainties and assumptions that could cause the Company's actual financial results to differ from the forward-looking statements and to also refer to the remainder of the discussion in this MD&A, the Company's annual information form and various other public filings as and when released by the Company. The forward-looking statements included in this MD&A are made only as of April 7, 2021 and, except as required by applicable securities laws, the Company does not undertake to publicly update such forward-looking statements to reflect new information, future events or otherwise.

* EBITDA is a non-IFRS earnings measure, therefore it does not have any standardized meaning prescribed by International Financial Reporting Standards and may not be similar to measures presented by other companies. EBITDA represents earnings before interest, income taxes, depreciation and amortization, gain or loss on disposal of property, plant, and equipment and right-of-use assets, share-based payments, and loss on misappropriated funds. Management uses this measurement to evaluate the operating results of the Company. This measure is also important to management since it is used by the Company's lenders to evaluate the ongoing cash-generating capability of the Company and therefore the amounts those lenders are willing to lend to the Company. Investors find EBITDA to be useful information because it provides a measure of the Company's operating performance.

DESCRIPTION OF THE BUSINESS

Products

The Company produces, sells, markets and distributes packaged and draft beer, cider, spirit-based and malt-based beverages under its own trademarks, as well as under license. The Company also produces products for other manufacturers under co-packaging arrangements.

The Company's products include packaged and draft premium beer under the Waterloo brand name, and value beer under the Laker and Red Cap brand names (collectively, the "Waterloo Beer Brands"). The Company also produces, sells, markets and distributes Seagram coolers and ciders across Canada. Under an exclusive long-term licensing agreement, the Company produces, sells, markets and distributes products under the LandShark® and Margaritaville® trademarks in Canada.

Pursuant to a co-packaging agreement with Loblaws Inc. ("Loblaws"), the Company produces, sells, markets and distributes various beer products on behalf of Loblaws under the licensed President's Choice® ("PC®") and No Name® trademarks. The Company produces various products under a contract with Canada Dry Mott's, Inc. ("CDMI"). The Company also has co-packaging agreements with other manufacturers, including Hiram Walker®, Carlsberg® and certain other customers that are not separately identified, as per the terms of the Company's agreements with those customers.

Geographic Distribution

The Company's products are sold primarily in Ontario. The Company's Waterloo packaged beer is also sold in Atlantic Canada, Western Canada, and the USA. Seagram, LandShark® and Margaritaville® products are sold in Canada.

Distribution Channels

In Ontario, distribution of packaged beer occurs through The Beer Store ("TBS"), Liquor Control Board of Ontario ("LCBO"), and licensed grocery stores. Consumers can purchase the Company's products through these channels as well as through licensed establishments (bars and restaurants) in Ontario. Seagram coolers are sold through the provincial liquor boards. The Company distributes Laker, LandShark®, and Waterloo beers, as well as Seagram cider, in certain grocery stores in Ontario. The Company expects the number of licensed grocery stores in Ontario to continue to increase as additional licenses are granted throughout fiscal 2022. The Company also has a retail store and taproom located in Kitchener, Ontario where the Company's products can be purchased.

Operating Facility

The Company's registered head office and production facility are located in Kitchener, Ontario. In fiscal 2020, the Company completed a 67,600 square foot expansion of its leased facility, which includes an expansion of its warehouse, production facility, and retail store, and the construction of a taproom with a small-batch brewhouse. The taproom opened to the public in September 2019.

The enhanced 186,000 square foot facility allows the Company to improve capabilities, capacity, and efficiencies. In the first quarter of fiscal 2022, the Company will be completing the installation of a second canning line and expanding liquid capacity, which are expected to increase canning capacity from 450,000 hectolitres to 1,200,000 hectolitres, and total liquid production capacity from 750,000 hectolitres to 1,400,000 hectolitres.

COVID-19 Update

In November 2020, the province of Ontario introduced a framework to place all public health units into one of five categories to provide some predictability for the COVID-19 pandemic-related restrictions. The categories are Prevent (Green), Protect (Yellow), Restrict (Orange), Control (Red), and Lockdown (Grey). As of April 3, 2021, Kitchener, Ontario, the region in which the Company's head office and production facility are located, was placed in Lockdown (Grey) category, and remains in this category as of April 7, 2021. As the COVID-19 pandemic continues to evolve, the Company faces unprecedented levels of uncertainty. Despite on-going challenges and volatility, the Company remains resolute in prioritizing the health and safety of its employees, clients, and consumers. The processes, diligence, and unrelenting effort from all levels of the Company to mitigate COVID-19 related risk in the brewery and surrounding community have been remarkable and inspiring alike. While the Company continues to navigate supply chain difficulties and shifting consumer preferences and habits in an everchanging economic landscape, management is confident in the adaptability of its team and support from its partners to respond to these changes. The Company's top priority during this time remains the health and security of its employees, clients, and consumers.

Operation Update

The Company continues to adapt to the evolving COVID-19 pandemic. The Company's non-manufacturing and support personnel have continued on a rotating schedule in the office to maximize social distancing and mitigate risks related to COVID-19. All communal areas and entry/exit locations are sterilized throughout the day and during the transition between shifts to prevent cross-contaminations. These internal practices and policies are augmented with mandatory entrance screening for all employees entering the facility conducted by on-site security. All visits by non-essential third-party agents have also been suspended. Following the direction of local public health authorities, disposable three-ply face masks are mandatory for all employees. Additional cleaning equipment, including but not limited to handwashing stations, soap dispensers, cleaning products, disposable gloves, non-surgical masks, and disinfecting wipes have also been installed and implemented in the facility. The on-premise retail store returned to operations during the second quarter of fiscal 2021 following Ontario's Reopening Act. The retail store employs social distancing policies and has decreased the number of patrons permitted in the facility. The successful launch of a beer home-delivery service during the first quarter of fiscal 2021 has allowed the Company to continue to distribute its beers within the Kitchener-Waterloo region and surrounding areas. As of November 23, 2020, the taphouse and patio operation was closed following the requirements designated under the Control (Red) category. With weekly meetings of the COVID-19 Management Committee, the Company's executives are actively reviewing and updating, as required, all internal control measures and continue to monitor the local, national, and global situation to ensure that the organization quickly adapts to the changing landscape.

Financial Update

Licensed establishments (such as bars and restaurants) within the province of Ontario which are located in jurisdictions under the Control (Red) category have restrictions on capacity and timeframes when alcohol can be served. However, the strength of the Company's sales through other channels (such as TBS, LCBO, and grocery stores) during fiscal 2021, in conjunction with the support of its credit providers, has reinforced the Company's already strong financial position. While the Company continuously monitors revenue streams, cash flow, and governmental programs, there has been no need for dramatic changes to its business model at this time. Management remains confident that the Company's position of strength before the COVID-19 pandemic will allow it to continue to succeed during and after these extraordinary times.

SELECTED ANNUAL INFORMATION

The following table summarizes certain financial information of the Company for each of the fiscal years indicated prepared in accordance with IFRS:

(in thousands of dollars, except per share amounts)	Fiscal year ended		
	January 31, 2021	January 31, 2020	January 31, 2019
Income Statement Data			
Gross Revenue	**$ 156,800**	$ 118,735	$ 96,413
Net Revenue (after production taxes and distribution fees)	**$ 86,699**	$ 60,333	$ 50,084
EBITDA*	**$ 15,180**	$ 11,617	$ 7,558
Net Income	**$ 3,000**	$ 497	$ 1,289
Earnings per share			
Basic	**$ 0.09**	$ 0.01	$ 0.04
Diluted	**$ 0.08**	$ 0.01	$ 0.04
Balance Sheet Data			
Total Assets	**$ 115,464**	$ 93,131	$ 61,765
Total Debt and Lease Liabilities	**$ 52,579**	$ 42,385	$ 13,293

**Earnings before interest, income taxes, depreciation and amortization, gain or loss on disposal of property, plant, and equipment and right-of-use assets, share-based payments, and loss on misappropriated funds.*

RESULTS OF OPERATIONS

(in thousands of dollars except per share amounts)	Fiscal year ended			
	January 31, 2021		January 31, 2020	
Gross revenue	**$**	**156,800**	$	118,735
Less: Production taxes and distribution fees	**$**	**70,101**		58,402
Net revenue		**86,699**		60,333
Cost of sales	**$**	**66,001**		42,484
Gross profit		**20,698**		17,849
		23.9%		29.6%
Selling, marketing and administration	**$**	**11,853**		11,842
Income before the undernoted		**8,845**		6,007
Other expenses		**2,268**		1,617
Finance costs		**2,107**		1,501
Loss on misappropriated funds, net		**-**		1,869
Loss (gain) on disposal of property, plant and equipment and right-of-use assets		**216**		(15)
Income before tax		**4,254**		1,035
Income tax provision		**1,254**		538
Net Income		**3,000**		497
Earnings per share				
Basic	**$**	**0.09**	$	0.01
Diluted	**$**	**0.08**	$	0.01
Net revenue increase		**43.7%**		20.5%
Consisting of:				
Increase in owner brand net revenue		**17.7%**		26.5%
Increase in co-pack net revenue		**125.2%**		4.8%

*Reconciliation of Net Earnings to EBITDA**

(in thousands of dollars)	Fiscal year ended **January 31, 2021**	Fiscal year ended January 31, 2020
Net income	**$ 3,000**	$ 497
Add (deduct):		
Income tax expense	**1,254**	538
Depreciation and amortization	**7,811**	6,334
Loss (gain) on disposal of property, plant & equipment and right-of-use assets	**216**	(15)
Share-based payments	**792**	892
Finance costs	**2,107**	1,501
Loss on misappropriated funds	**-**	1,870
Subtotal	**12,180**	**11,120**
EBITDA *	**15,180**	**11,617**

NET REVENUE

Gross revenues were $156.8 million and $118.7 million for the fiscal years ended January 31, 2021 and 2020, respectively. Net revenues for fiscal 2021 were $86.7 million (fiscal 2020 – $60.3 million). Net revenues are calculated by deducting from gross revenues the distribution fees paid to TBS, Provincial liquor boards and Federal and Provincial alcohol taxes.

Gross and net revenue in fiscal 2021 were impacted by an increase in branded sales volumes despite an increasingly competitive industry due to competitive pricing as well as a dramatic increase in co-pack manufacturing business from both new and existing customers, which represented approximately $18.3 million of the increase in net revenue.

BRANDED VOLUMES

(in hectolitres rounded to nearest 100)	Quarter ended		Fiscal year ended	
	January 31, 2021	January 31, 2020	**January 31, 2021**	January 31, 2020
Laker	**63,200**	60,200	**250,100**	210,400
Waterloo	**5,600**	4,300	**27,000**	22,500
LandShark® & Margaritaville®	**7,400**	6,100	**37,000**	31,800
Other Beer Brands	**100**	200	**700**	800
Seagram [1]	**2,900**	2,600	**15,700**	13,600
Total Branded Volume	**79,200**	73,400	**330,500**	279,100

[1] Includes volume sold under the licensed Seagram Trademark by Triani Beverages in Quebec.

Branded sales volumes increased in fiscal 2021 by 18.4% over fiscal 2020's sales volumes. The growth was driven primarily by the Laker, Waterloo, and LandShark® brands. The industry beer volumes increased by approximately 2.3% in fiscal 2021.

During the year ended January 31, 2021, the Laker family brand sales volumes increased by 18.9% over the year ended January 31, 2020, despite being the most impacted by both industry pressure and a very competitive marketplace. The Company maintained the value pricing of its Laker family products throughout the year, in particular on its single 473ml cans, while large competitors have higher selling prices on their value brands. This has been a critical driver of Laker family volume throughout the year.

Waterloo branded sales volumes increased by 20.0% in fiscal 2021 compared to fiscal 2020, driven by the growth of Waterloo Amber, Waterloo IPA and Waterloo Pineapple Radler. Waterloo Pineapple Radler entered the LCBO and TBS distribution channels during the first quarter of fiscal 2021 and continued to drive volume during the unusually warm fall months. The Company continues to support the Waterloo brands through additional marketing to raise awareness of the Company's craft portfolio, as well as building consumer interest through the launch of new products such as the Waterloo Tart Cherry Radler and Watermelon Radler available for sale in the first quarter of fiscal 2022.

LandShark® and Margaritaville® sales volumes increased by 16.4% during fiscal 2021 compared to fiscal 2020. Driven by the continued success of LandShark® in-case promotions, such as the t-shirt and cooler bags in the summer months and inclusion of a free scarf, sweater koozie and beanie toque in 24-bottle cases of LandShark® during the fall and winter months.

Seagram brand sales volumes increased by 15.4% during fiscal 2021 compared to fiscal 2020. Excluding the dilution of declining royalty volume in Quebec, Seagram brand sales volumes were up 30.0% during fiscal 2021. The growth is attributable to the continued success of the Island Time brand, as well as an increase in sales of Seagram Wildberry vodka-based coolers. The change in packaging of Seagram Wildberry earlier in the fiscal year from a non-refillable glass bottle to an environmentally-friendly can has contributed to the volume increase on a year-to-date basis.

In fiscal 2021, the volume included in the table above consisted of 24.1% in the premium category, compared to 24.3% in fiscal 2020. The Company maintains 5% of the total market share measured by the volume of TBS retail sales in Ontario.

CO-PACK REVENUE

Revenue generated from co-packing products for customers increased by 125.2% in fiscal 2021 compared to a 4.8% increase in fiscal 2020. The increase was primarily driven by recently signed contracts with Carlsberg®and Hiram Walker® and other Tier 1 co-pack partners that cannot be named due to terms of the Company's agreements with these partners.

PRODUCTION TAXES & DISTRIBUTION FEES

During fiscal 2021 the Company's production tax and distribution fees represented approximately 56.6% of owner-brand gross revenue compared to 56.1% in fiscal 2020. The increase is attributable to annual increases in federal excise tax and TBS and LCBO service fees.

COST OF SALES

Cost of sales were $66.0 million in fiscal 2021, an increase of $23.5 million from fiscal 2020. Cost of sales represented 76.1% of net revenue in fiscal 2021, compared to 70.4% in fiscal 2020. The increase in cost of sales as a percentage of net revenue was driven by three main factors. Firstly, due to can line capacity constraints, a third-party co-manufacturer produced select products for the Company. The capacity constraints will be alleviated once the second can line is operational in early fiscal 2022. In addition, packaging costs increased as the result of an industry-wide shortage of aluminum cans and lids. Further, the organization's efficiency and costs were impacted by shift separations, enhanced security measures, personal protective equipment expenditures, and other COVID-19 requirements, thereby increasing cost of sales.

SELLING, MARKETING, AND ADMINISTRATION

In fiscal 2021, selling, marketing and administration ("SM&A") expenses totaled $11.9 million, up $0.1 million from fiscal 2020. As a percentage of net revenue, SM&A expenses were 13.7% in fiscal 2021, compared to 19.6% in fiscal 2020. The increase in SM&A expenses was due to an increased employee bonus resulting from increased EBITDA performance in fiscal 2021 offset by savings of $0.8 million driven by the cancellation of sponsorships and special events, as well as a reduced sales force, due to the COVID-19 pandemic.

DEPRECIATION AND AMORTIZATION

Total depreciation and amortization expense for fiscal 2021 was $7.8 million, compared to $6.3 million in fiscal 2020. The increase was largely driven by the modernization and installation of capacity and capability-based production equipment.

FINANCE COSTS

In fiscal 2021, finance costs were $2.1 million, compared to $1.5 million in fiscal 2020. The increase in finance costs during fiscal 2021 is due to additional interest expense on debt received to finance capacity upgrades.

LOSS (GAIN) ON DISPOSAL OF PROPERTY, PLANT, AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During fiscal 2021 the Company had a net loss of $0.2 million resulting from the decision, announced in the first quarter of fiscal 2021, to suspend plans for the development of cannabis-infused beverages.

INCOME TAXES

In fiscal 2021, the Company recorded an income tax provision of $1.3 million, up from $0.5 million recorded in fiscal 2020 with an effective tax rate of 29.5% in fiscal 2021.

NET EARNINGS

The Company had a net income of $3.0 million in fiscal 2021, compared to a net income of $0.5 million in fiscal 2020.

LIQUIDITY AND CAPITAL RESOURCES

FINANCIAL POSITION

The Company manages its capital structure through prudent levels of borrowing, cash-flow forecasting, and working capital management, and has the ability to adjust its capital structure in response to changes in economic conditions and the risk characteristics of its underlying assets.

The Company had an operating line of credit available and debt outstanding at January 31, 2021. As of January 31, 2021, the Company complied with all covenants to its lenders.

The Company has an operating line of credit from HSBC Bank Canada ("HSBC") which was increased on a temporary basis from $8.0 million to $12.0 million until June 30, 2021, and will increase to $15.0 million from July 1, 2021 to August 31, 2021, and decrease to $8.0 million on September 1, 2021 and thereafter. The operating line of credit is margined against accounts receivable and inventory of the Company and bears interest at a rate ranging from prime to prime plus 1.0% per annum depending on the Company's leverage ratio. On January 31, 2021, the Company had bank indebtedness of $3.4 million, compared to bank indebtedness of $0.8 million as of January 31, 2020.

The comparative amounts in the Statements of Financial Position and Statements of Cashflows have been recast from those previously reported to classify non-revolving demand loans as a current liability. In prior financial statements the non-revolving demand loans were presented as current or long-term liabilities in accordance with the scheduled payment terms of the respective loans. Refer to note 3.6 in the Company's annual audited financial statements for the year ended January 31, 2021 for further information. The following discussion reflects the impact of this reclassification.

The Company had a negative working capital position of $29.5 million on January 31, 2021, compared to a negative working capital position of $14.8 million on January 31, 2020. The decrease in working capital position is attributable to increased spending on capital assets of $18.4 million including extensive liquid production capacity upgrades as well as the utilization of $1.9 million in equipment deposits required for the capacity upgrade which commenced late fiscal 2021. Further, the non-revolving demand loans increased significantly due to proceeds the Company received under a new debt facility from HSBC to support the purchase of a new canline and tanks to increase capacity. The new facility allows for a maximum of $12.0 million to be withdrawn, of which approximately $7.5 million was received in fiscal 2021. Approximately $7.0 million of additional funding was received under existing debt facilities.

Current assets of the Company were $24.9 million as of January 31, 2021, compared to $16.2 million as of January 31, 2020.

As of January 31, 2021, the Company's balance of accounts receivable increased by $4.9 million compared to the balance as of January 31, 2020. The increase is mainly driven by increased sales and all outstanding receivables are considered collectible.

Inventory as of January 31, 2021 increased by $3.9 million compared to the balance as of January 31, 2020 as a result of additional raw materials and finished goods on hand to support the increase in sales volume for both owner brands and co-manufacturing customers.

Property, plant, and equipment has increased by $13.8 million at January 31, 2021, from January 31, 2020. The increase includes purchases of $19.5 million, of which $1.1 million were construction deposits paid in fiscal 2020. The additions were offset by depreciation of $5.4 million and disposals of $0.2 million.

As of January 31, 2021, right-of-use assets decreased by $0.9 million compared to the balance as of January 31, 2020, driven primarily by the depreciation of $2.2 million, offset by additions of $1.3 million. On December 1, 2020, the Company signed an agreement to lease warehouse space for a term of 3.75 years. The agreement has minimum square footage requirements which increase at specific dates during the term of the lease. In accordance with IFRS 16 *Leases*, the Company recorded a right-of-use asset and lease liability in the amount of approximately $1.0 million.

Intangible assets decreased slightly as of January 31, 2021, compared to January 31, 2020, due to the purchase of new listings, offset by amortization costs.

The Company's current liabilities were $54.4 million on January 31, 2021, compared to $31.0 million at January 31, 2020, an increase of $23.4 million. The increase is attributable to increased accounts payable of $8.4 million, driven primarily by an overall increase in trade payables associated with the business' growth. The remaining increase in accounts payable is related to amounts due to third-party manufacturers who produced select products on behalf of the Company in the fourth quarter of fiscal 2021. There was an increase in the non-revolving demand loans from the receipt of $14.5 million during fiscal 2021.

As of January 31, 2021, the Company had lease liabilities (including the current portion) of $24.8 million, a decrease of $1.3 million from January 31, 2020, driven by lease payments of $2.6 million made during the year ended January 31, 2021, offset by new leases of $1.3 million entered into during the period.

Non-revolving demand loans at January 31, 2021, increased by $12.1 million from the balance at January 31, 2020. During fiscal 2021, the Company received $14.5 million of non-revolving demand loans for the purchase of equipment which was partially offset by principal payments of $2.4 million during fiscal 2021. Of the $14.5 million of non-revolving demand loans received, $7.5 million was received under the new term facility from HSBC discussed above.

Long-term debt (including the current portion) was $1.9 million as of January 31, 2021, a decrease of $0.7 million from the balance at January 31, 2020 as a result of repayments during fiscal 2021. As discussed above, the comparative amount of long-term debt as of January 31, 2020 reflects the reclassification of non-revolving demand loans as a current liability.

Deferred income tax liabilities on January 31, 2021, increased to $3.5 million compared to $2.2 million on January 31, 2020 primarily due to a reduction in tax losses carried forward as a result of the increased taxable income of the Company.

As at January 31, 2021, the Company had 35,417,686 common shares and 2,588,168 stock options issued and outstanding. Each stock option is exercisable for one common share. During fiscal 2021, 687,500 options were granted pursuant to the Company's stock option plan, 868,669 options were exercised and 70,000 options were forfeited.

The normal course issuer bid ("NCIB"), which was renewed in fiscal 2020, terminated on January 9, 2021. During fiscal 2021, the Company repurchased and cancelled an aggregate of 125,289 common shares at a weighted average purchase price of $2.98 per common share.

CASH FLOW

In fiscal 2021 and 2020, the company generated $12.9 million and $13.4 million of cash from operations, respectively.

The amount of cash used in investing activities in fiscal 2021 and 2020 was $20.4 million and $12.2 million respectively. The spending on property, plant and equipment purchases in fiscal 2021 and 2020 amounts to $18.4 million and $11.0 million respectively. Further, in fiscal 2021, $1.9 million was spent on construction deposits for equipment not yet delivered (fiscal 2020 - $1.0 million). These assets were received and installed during the following fiscal year.

The amount of cash generated from financing activities in fiscal 2021 was $7.5 million, compared to $1.2 million of cash used in fiscal 2020. In fiscal 2021, the Company received $14.5 million of new debt and paid principal payments of $5.6 million on outstanding non-revolving demand loans, long-term debt and its lease liabilities, compared to $3.5 million in fiscal 2020. During fiscal 2021, the Company's bank indebtedness increased by $2.6 million (decreased by $1.1 million in fiscal 2020). The Company paid $3.7 million in dividends during fiscal 2021, compared to dividends of $3.6 million paid during fiscal 2020. During fiscal 2021 125,289 common shares were purchased and cancelled by the Company for aggregate consideration of approximately $0.4 million under the NCIB at a weighted average price of $2.98 per share, compared to spending of $1.1 million in fiscal 2020.

The Company has an operating line of credit with HSBC which was increased on a temporary basis from $8.0 million to $12.0 million until March 31, 2021, and will increase to $15.0 million from April 1, 2021 to June 30, 2021, decrease to $12.0 million from July 1, 2021 to August 31, 2021, and decrease to $8.0 million on September 1, 2021 and thereafter. The operating line of credit is margined against accounts receivable and inventory of the Company and bears interest at a rate ranging from prime to prime plus 1.0% per annum depending on the Company's leverage ratio. As of January 31, 2021, the Company was in compliance with the financial covenants required under the terms of the operating line of credit. On January 31, 2021, $4.0 million was drawn on the operating line of credit, compared to $0.8 million on January 31, 2020.

COMMITMENTS

The Company utilizes leases to finance manufacturing, office equipment, and the buildings where it has its manufacturing, warehouse, and retail operations. By entering into leases, the Company is able to update its equipment more frequently, and reduce the burden on cash otherwise required to purchase these assets. The Company accounts for all leases, except for short-term or low-value leases, by presenting lease liabilities and right-of-use assets on its Statement of Financial Position in accordance with IFRS 16. Short-term and low-value leases are expensed as incurred.

The Company has other purchase commitments which include amounts for syrup, malt, and packaging materials. A summary of the Company's contractual obligations for future periods is as follows:

(in thousands of dollars)	**Lease liabilities**	**Non-revolving demand loans**	**Long-term debt**	**Short-term & low-value lease commitments**	**Other commitments**	**Total**
Due within one year	$ 3,282	$ 25,896	$ 510	$ 499	$ 8,675	**$ 38,862**
Due in one to five years	6,835	-	1,368	478	244	**8,925**
Due in over five years	14,687	-	-	-	-	**14,687**
	24,804	25,896	1,878	977	8,919	**62,474**

RISK FACTORS, STRATEGIES, AND OUTLOOK

Risk Factors

Licensing

The Company requires various permits, licenses, and approvals from several government agencies to operate in its market areas. The Alcohol and Gaming Commission of Ontario ("AGCO") and the Canada Revenue Agency provide the necessary licensing approvals. The Company is in compliance with all licenses, permits, and approvals.

Consumer preference/trends

The beer industry is highly competitive and has experienced an overall decline in beer sales over the past several years. Although the impact is uncertain, the legalization of cannabis in Canada may put further pressure on the sale of the Company's products going forward. In Ontario, trends continue to be towards canned beer products in preference to bottle beer products, which has benefited the Company's brands. In the third quarter of fiscal 2019, the Company completed an upgrade to its canning line to meet the growing demand for canned beer products, as well as other upgrades completed in fiscal 2020, which included the installation of a new can palletizer and wrapping equipment. In fiscal 2022, the Company will make another strategic investment in production capacity with the installation of a second can line and expansion to the Company's brewing and blending capacity. Upon completion of the project, it is expected the Company will more than double its can line capacity to 1.2 million hectolitres and have a liquid capacity of 1.4 million hectolitres.

Pricing environment

Annual increases in the minimum retail price ("MRP") have seen the price gap between value and mainstream brands reduced, creating increased competitive pressure. Effective August 27, 2018, the Ontario government reduced the MRP for beer to a dollar plus deposit per 341ml bottle. As of the date of this report, the MRP remains unchanged. There can be no assurance that future changes to the pricing environment will not have a material impact on the Company. The Company's key competitors have increased the price for value beer to a level above the legal minimum. The Company has historically positioned its brands at the same price point to achieve an additional profit margin per unit, however with the reduction of the MRP, there is no certainty that this will continue in the future.

The Company will continue to mitigate ongoing pressure on beer volumes by actively pursuing co-packing contracts that provide incremental volume and gross margin. As required, profits from co-pack arrangements will be reinvested in selling and marketing initiatives to maintain brand loyalty.

Quality

With the backdrop of intense price competition, the quality of the Company's product is more important than ever. The Company continues to invest significantly in new equipment to continually improve overall product quality.

The Company is currently certified under the internationally recognized Global Food Safety Standard and completed its annual re-certification audit in the third quarter of fiscal 2021. Quality improvement resonates with existing and potential co-pack customers and will be a key factor in maintaining and growing the co-pack business to utilize available capacity.

The Company's Waterloo Dark brand was awarded Gold in the International Lager Category at the Ontario Brewing Awards in the fourth quarter of fiscal 2021 which is a testament to the Company's continued commitment to quality and craftsmanship.

The Beer Store/LCBO

TBS and LCBO are unionized organizations and a strike could have a significant negative impact on the Company. There can be no assurance that a TBS or LCBO strike will not occur in the future. The TBS union contract expired on December 31, 2020, and there is no guarantee that disruption during negotiations with respect to a new TBS union contract will not have a negative impact on the Company.

The retail beer channel in Ontario is under continuous scrutiny and there can be no assurance that any future changes implemented by the government will not have a material impact on the Company.

Availability of financing

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

Liquidity risk

Liquidity risk is the risk that the Company may not be able to settle or meet its obligations on time or at a reasonable price. The Company's Executive Team is responsible for management of liquidity risk, including funding, settlements, and related processes and policies. The operational, tax, capital and regulatory requirements and obligations of the Company are considered in the management of liquidity risk.

The Company manages its liquidity risk utilizing various sources of financing to maintain flexibility while ensuring access to cost-effective funds when required. The Company also manages liquidity risk through the use of its operating line of credit. In addition, the Executive Team utilizes both short and long-term cash flow forecasts and other financial information to manage liquidity risk. Other than the scheduled repayments of lease liabilities, non-revolving demand loans, and long-term debt in fiscal 2022 and beyond, all other financial liabilities are due within one year. While the non-revolving demand loans have payment terms, if the lender demands payment they would be due immediately.

Commodity price risk

The Company is exposed to commodity price risk with respect to agricultural and other raw materials used to produce the Company's products, including malted barley, hops, corn syrup, water, and packaging materials (including glass, aluminum, cardboard and other paper products), where fluctuations in the market price or availability of these items could impact the Company's cash flow and production. The supply and price can be affected by several factors beyond management's control, including market demand, global events, frosts, droughts and other weather conditions, economic factors affecting growth decisions, plant diseases, and theft. To the extent any of the foregoing factors affect the prices of ingredients or packaging, the Company's results of operations could be materially and adversely impacted. To minimize the impact of this risk, the Company enters into contracts which secure supply and set pricing to manage the exposure to availability and pricing. The beverage industry is currently experiencing a shortage in aluminum cans which could negatively impact the Company during the balance of fiscal 2022 and future fiscal years. The Company is using its best efforts to manage through the can supply shortage. While the proposed 10% tariff on aluminum cans by the United States was withdrawn in October 2020, there can be no assurance that the tariff will not be implemented in the future, which could negatively affect the Company should a rebate not be received from the Canadian government. When this tariff was previously introduced the Company successfully received a rebate and would advocate for such treatment again.

Exchange rate risk

Purchases of some key inputs are denominated in U.S. dollars and Euros. Any weakening of the Canadian dollar versus the U.S. dollar or Euro would result in higher material costs. There can be no assurance that the strength of the Canadian dollar will not materially change in the future. The Company enters into forward contracts to manage foreign exchange rate fluctuations.

Information Technology and Cybersecurity risk

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

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

Coronavirus Disease 2019 ("COVID-19") risk

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

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

Strategy & Outlook

The Company will continue to focus on growing the Laker, Waterloo, Seagram, LandShark® and Margaritaville® trademarks, and long-term meaningful tier 1 co-pack agreements all of which contribute a higher amount of profit per unit sold.

The Company has the exclusive Canadian rights to both the LandShark® and Margaritaville® brands for beer, cider, and coolers. The Company will continue to offer in-case promotions, such as the inclusion of merchandise in specially marked cases of LandShark® bottles and provide increased marketing support to further grow the brand in Canada. In fiscal 2022, the Company will be introducing a new LandShark® seltzer, a vodka-based product which will be available at the LCBO, as well as a malt-based mixer pack available at TBS. The Company will be further promoting its new LandShark® Seltzer by offering a free can within specially marked 24-bottle cases of LandShark® Lager.

In line with the tremendous success of its Waterloo Radlers, the Company introduced two new flavours in early fiscal 2022: Tart Cherry and Watermelon. It will also has begun producing a new Seagram White Peach cider.

The Laker family requires a sustained marketing investment to ensure the retention of existing customers and to attract new consumers. While the Company has benefited from positioning Laker products at prices lower than its competitors, the Company does not expect this to continue throughout fiscal 2022 as competitors respond to the Company's price point.

The Company will continue to utilize its leading-edge manufacturing capability by increasing available capacity, lowering cost, and improving efficiency. In October 2019, the Company completed a 67,600 square foot expansion of its leased facility including an increase to its warehousing and production facilities, a larger retail store, and construction of a taproom with a small batch brewhouse. Additionally, the Company is investing $13.4 million in significant liquid capacity upgrades and the installation of a second can line to handle increased owner brand and co-pack volume expected in the coming quarters. The new can line will be commissioned in the first quarter of fiscal 2022.

The Company signed an agreement to lease warehouse space for a term of 3.75 years. The agreement has minimum square footage requirements which increase at specific dates during the term of the lease. In accordance with IFRS 16 *Leases*, the Company recorded a right-of-use asset and lease liability in the amount of approximately $1.0 million on the commencement date of December 1, 2020. Additional right-of-use assets and lease liabilities will be recorded as the square footage increases. The Company anticipates a total increase to its right-of-use assets and lease liabilities of approximately $2.9 million by August 1, 2021. The lease is expected to increase depreciation in fiscal 2022 by approximately $0.9 million per year and increase interest expense by approximately $0.1 million per year. The impact on depreciation and interest in the fourth quarter of fiscal 2021 was nominal.

During fiscal 2022, the Company will be focused on the following priorities:

Organic growth and Co-pack Volume Growth

Management is strategically focusing on organic growth. The Company is positioned well within its core Ontario beer business. Management continues to focus on the growth of its premium brands, Waterloo, Seagram, and LandShark®, driven by brand support and the launch of new products. The Company expects to continue to offer seasonal brands. Waterloo Pineapple Radler has received permanent LCBO and TBS listings and will continue to be distributed throughout Ontario in fiscal 2022. During fiscal 2022, the Company will also focus on maintaining the momentum of the summer themed LandShark® brand. On March 11, 2020, the Company announced a five-year extension to the original term with Margaritaville Malt Beverages, LLC, for the rights to Landshark® Lager through December 31, 2030, and the option to renew for an additional 10-years through December 31, 2040.

The Company will continue to seek new and expanded co-packing relationships. The installation of a second canning line, which will be commissioned in fiscal 2022, presents further opportunities for the Company to expand its co-pack business. The Company has recently signed multi-year contracts with both Carlsberg® and Hiram Walker®, for the Somersby® and ABSOLUT® brands, respectively, and with another significant co-pack partner that cannot be identified due to the terms of the Company's agreements with that partner.

Improving gross margin per unit

The Laker brand margin has performed well despite the presence of many beer brands at the same or similar pricing. Laker's fit and finish are comparable with mainstream brands. Management believes that this volume performance in a highly competitive pricing environment is the result of brand support, a compelling value proposition, and significant quality improvements at Waterloo in recent years.

With the decrease to the MRP by Ontario's provincial government in August 2018, along with their pause on increases to the provincial Beer and Wine Tax through to December 2022, the Company will strive to maintain healthy margins while facing potential competitive challenges.

Sales of Seagram and Waterloo products, along with LandShark® will also contribute to margin improvement due to higher revenue per unit. The Company will continue to maximize margin and minimize complexity within the organization by delisting underperforming brands.

Due to capacity constraints, the Company engaged third party manufacturers to produce select products for the Company during fiscal 2021 which increased the cost of sales during the period. These constraints will be alleviated once the second can line is operational in early fiscal 2022, and accordingly, management expects gross margin to improve as a result during fiscal 2022.

Cost reduction

Cost reduction continues to be an ongoing focus of management and forms part of the culture at Waterloo. Cost reduction initiatives will continue throughout fiscal 2022 and beyond.

SUMMARY OF QUARTERLY RESULTS

The following table presents selected unaudited quarterly financial information for each of the eight quarters indicated prepared in accordance with IFRS:

$000's *except per share amounts*	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020 [1]	Q3 2020	Q2 2020	Q1 2020
Net Revenue	$24,459	$22,825	$24,573	$14,842	$14,650	$16,284	$ 17,047	$ 12,352
Selling, marketing & administration	2,982	2,610	3,422	2,839	2,558	3,384	3,816	2,084
EBITDA*	3,235	4,035	5,780	2,130	3,366	3,220	3,376	1,655
Net Income (loss)	109	965	2,221	(295)	(936)	588	952	(107)
EPS (Basic)	$ 0.01	$ 0.03	$ 0.06	$ (0.01)	$ (0.03)	$ 0.02	$ 0.02	$ -
EPS (Diluted)	$ (0.00)	$ 0.03	$ 0.06	$ (0.01)	$ (0.03)	$ 0.02	$ 0.02	$ -

1. Excluding the impact of a loss on misappropriated funds, net income in the fourth quarter of fiscal 2020 was $0.9 million, and EPS (basic and diluted) was $0.03 per share.

SIGNIFICANT FOURTH QUARTER EVENTS

During the fourth quarter of fiscal 2021 gross revenues were $41.6 million compared to $30.3 million in the same period last year, an increase of 37.3%, which was primarily driven by higher co-pack revenue which was four times higher. The Company's owner brand sales volumes increased by 7.9% compared to the sales volumes in the fourth quarter of fiscal 2020. The Waterloo family's sales volumes increased by 30% in the same periods driven primarily by new products. The Seagram coolers volume, excluding volume produced in Quebec under a royalty agreement, increased by 22.1% in the fourth quarter of fiscal 2021 compared to the same quarter in fiscal 2020 as a result of an increase in sales volumes of the Seagram Wildberry and Seagram Island Time brands.

Net revenues for the fourth quarter of fiscal 2021 were $24.5 million, compared to $14.7 million in the same quarter of fiscal 2020. Net revenues are calculated by deducting from gross revenues the costs of distribution fees paid to TBS and the LCBO and production taxes.

Selling, marketing and administration expenses were $3.0 million in the fourth quarter of fiscal 2021 compared to $2.6 million in the fourth quarter of fiscal 2020.

Financing costs and other expenses were $0.7 million in the fourth quarter of fiscal 2021, compared to $0.4 million in the fourth quarter of fiscal 2020.

In the fourth quarter of fiscal 2021 there was an income tax recovery of $0.7 million compared to $0.3 million income tax recovery in the same quarter of fiscal 2020.

EBITDA* was $3.2 million in the fourth quarter of fiscal 2021 compared to $3.4 million in the fourth quarter of fiscal 2020.

IMPACT OF NEW ACCOUNTING PRONOUNCEMENTS

The Company's future accounting pronouncements and accounting policies are discussed in detail within notes 3.3 and 5.0, respectively, to the Company's annual audited financial statements for the year ended January 31, 2021.

CHANGES TO ACCOUNTING POLICIES

The new standards and interpretations adopted during the period did not have a material impact on the Company's annual audited financial statements. The new standards and interpretations now in effect are discussed in note 3.0 to Company's annual audited financial statements for the year ended January 31, 2021.

RELATED PARTY TRANSACTIONS

The Company's related party transactions are discussed in note 27 to the Company's audited financial statements for the year ended January 31, 2021.

CRITICAL ACCOUNTING ESTIMATES

The Company prepares its financial statements in accordance with IFRS, which requires management to make estimates, judgments, and assumptions that it believes are reasonable, based upon the information available. These estimates, judgments, and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Management bases its estimates on historical experience and other assumptions, which it believes to be reasonable under the circumstances. Management also evaluates its estimates on an ongoing basis. Actual results could differ from those estimates.

Revenue recognition from rendering services

Calculation of accrued revenue from the rendering of co-packing services recognized over time requires management to make estimates about the stage of the Company's efforts to manufacture customer products versus the total performance obligation. Changes to estimates could be caused by a variety of factors, including the type and complexity of the product which impacts the estimated labour required to manufacture it. A change in any of the estimates would result in a change in the amount of revenue recognized and, as a result, a charge to net income recorded in the period in which the change occurs, with a similar change in the carrying value of the asset on the balance sheet.

Property, plant, and equipment

The accounting for property, plant, and equipment requires that management make estimates involving the life of the assets, the selection of an appropriate method of depreciation and determining whether an impairment of assets exists.

The Company reviews the residual values, useful lives of depreciable assets and depreciation method on an annual basis and where revisions are made the Company applies such changes in estimates on a prospective basis.

The net carrying amounts of property, plant, and equipment are reviewed for impairment either individually or at the cash-generating unit level at the end of each reporting period. If there are indicators of impairment, an evaluation is undertaken to determine whether the carrying amounts are in excess of their recoverable amounts. An asset's recoverable amount is determined as the higher of its fair value less cost to sell and its value-in-use. To the extent that an asset's carrying amount exceeds its recoverable amount, the excess is fully provided for in the period in which it is determined to be impaired. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior periods. There is uncertainty in these estimates as the related recoverable amounts are projected for future years based on underlying assumptions such as volume growth, inflation factors, and industry trends that may not materialize. Management uses its best estimates to forecast these amounts, but the actual amounts may vary from estimates. Should future results differ from management's estimates, impairment of these assets and a related write-down may result. As at the date of this report, the Company believes that its estimates are materially correct.

Intangible assets

Intangible assets consist of trademarks and listings. Trademarks are recorded at cost and are not amortized but instead are reviewed for impairment at the end of each reporting period. If there are indicators of impairment, an evaluation is undertaken to determine whether the carrying amounts are in excess of their recoverable amounts. An asset's recoverable amount is determined as the higher of its fair value less cost to sell and its value-in-use. There is uncertainty in these estimates as the related recoverable amounts are projected for future years based on underlying assumptions such as volume growth, inflation factors, and industry trends that may not materialize. Management uses its best estimates to forecast these amounts, but the actual amounts may vary from estimates. Should future results differ from management's estimates, impairment of these assets and a related write-down may result. As at the date of this report, the Company believes that its estimates are materially correct.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Given the uncertainty surrounding the nature of the underlying provision, actual results may vary from the estimates made by management. As at the date of this report, the Company believes that its estimates are materially correct.

OTHER ACCOUNTING ESTIMATES

Returnable containers

Returnable containers are recorded at cost net of deposit liabilities and are amortized over their useful lives. To estimate useful life, management uses historical trends and internal studies to obtain a reasonable estimate of the rates of return and usage. Actual results may vary from these estimates. As at the date of this report, the Company is not aware of any facts or circumstances that would cause it to believe that the estimates used are materially incorrect.

Income taxes

The determination of the Company's provision for income tax as well as deferred tax assets and liabilities involves significant judgments and estimates on certain matters and transactions, for which the ultimate outcome may be uncertain. If the outcome differs from management's estimates, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. As at the date of this report, the Company believes that its estimates are materially correct.

Share-based reserves & share-based payments

The Company recognizes compensation expense when options with no cash settlement feature are granted to employees and directors under the stock option plan. Assumptions regarding expected stock volatility and risk-free interest rates are required to calculate the fair value of the consideration received.

DISCLOSURE CONTROLS AND PROCEDURES

The Company's management, with the participation of the Chief Executive Officer, Chief Operating Officer and Chief Financial Officer (collectively, the "Executive Team") are responsible for establishing and maintaining disclosure controls and procedures as defined under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109") for the Company. Management has designed such disclosure controls and procedures or caused them to be designed under their supervision, to provide reasonable assurance that material information relating to the Company is made known to management by others within the Company. Management has evaluated the effectiveness of the Company's disclosure controls and procedures as of January 31, 2021 and has concluded that such procedures were effective, subject to the matters identified below under "Internal Control Over Financial Reporting", in providing such reasonable assurance as of such date and for the quarter then ended.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's management, including the Executive team, is responsible for establishing and maintaining adequate internal control over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of its financial statements in accordance with IFRS.

The Company's internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Internal controls over financial reporting, no matter how well designed have inherent limitations. Therefore, internal control over financial reporting determined to be effective can provide only reasonable assurance with respect to financial statement preparation and may not prevent or detect all misstatements. Moreover, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Executive team performed an assessment of the effectiveness of the Company's internal control over financial reporting as of January 31, 2021, based on the criteria outlined in the "Internal Control-Integrated Framework" issued by the Committee of Sponsoring Organization of the Treadway Commission ("COSO"). Based on this assessment, management has concluded that internal control over financial reporting was effective as of January 31, 2021, except as noted below.

While evaluating its ICFR as of January 31, 2021, the Executive Team identified a disclosable weakness in the area of segregation of duties, caused by limited staffing resources. Specifically, due to the small size of the Company and the limited numbers of accounting staff, certain duties within the accounting and finance department cannot be properly segregated. As a result, there are identifiable instances where personnel had the ability to initiate transactions or accounting entries within certain financial reporting applications that may not be compatible with their other roles and responsibilities. However, none of the segregation of duty or access control deficiencies resulted in a misstatement to the financial statements as the Company relies on certain compensating controls, including periodic review of the financial statements by the Executive Team. This weakness is reported in accordance with NI 52-109 and is considered to be a common area of deficiency for many smaller listed companies in Canada.

FINANCIAL INSTRUMENTS

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, foreign currency risk, and interest rate risk. These risks are from exposures that occur in the normal course of business and are managed by the Executive Team. The responsibilities of the Executive Team include the recommendations of policies to manage financial instrument risk.

The overall objective of the Executive Team is to effectively manage credit risk, liquidity risk and other market risks in accordance with the Company's strategy. Other responsibilities of the Executive Team include management of the Company's cash resources and debt funding programs, approval of counterparties and relevant transaction limits and the monitoring of all significant treasury activities undertaken by the Company.

The Company's significant financial instruments comprise cash, bank indebtedness, lease obligations, non-revolving demand loans and long-term-debt. The main purpose of these financial instruments is to finance the Company's growth and ongoing operations. The Company has various other financial assets and liabilities such as accounts receivable and accounts payable, which arise directly from its operations.

The Company enters into contracts involving non-financial items for the purchase of raw materials and packaging supplies. These contracts are held for the purposes of the receipt or delivery of a non-financial item in accordance with the Company's expected usage requirements.

The Company's cost of sales includes approximately 32% of purchases denominated in U.S. dollars. The Company sells less than 1% of its products in U.S. dollars.

The Company uses significant quantities of malt and hops. The Company uses fixed price contracts of less than one year to reduce the exposure to price fluctuations on these commodities. The Company has secured its required supply of malt and hops for fiscal 2022 and has entered into fixed price contacts, the balance of which are disclosed in the commitments schedule included in this MD&A.

SHARE CAPITAL

The authorized share capital of the Company consists of an unlimited number of common shares and an unlimited number of preferred shares, issuable in series. As of January 31, 2021, and April 7, 2021, no preferred shares were issued and outstanding.

The Company has granted stock options to certain officers and key employees pursuant to the Company's stock option plan. Options granted under the plan are exercisable for a period of up to five years from the date of grant, at an exercise price equal to the weighted average price at which the Company's shares have traded during the five trading days immediately preceding the date of grant, subject to a three-year vesting period.

Each stock option outstanding is exercisable for one common share at prices ranging from $2.79 to $5.31.

The total number of common shares and stock options outstanding as of April 7, 2021 is as follows:

Number of common shares	Number of options
35,435,679	2,588,168

WATERLOO BREWING

AUDITED FINANCIAL STATEMENTS

Years Ended January 31, 2021 and 2020

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Waterloo Brewing Ltd.

Opinion

We have audited the financial statements of Waterloo Brewing Ltd. (the "Entity"), which comprise:

- the statements of financial position as at January 31, 2021 and 2020
- the statements of comprehensive income for the years then ended
- the statements of changes in equity for the years then ended
- the statements of cash flows for the years then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at January 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the year ended January 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditors' report.

Recognition of co-pack revenue in the proper period

Description of the matter

We draw attention to notes 4.2, 5.1 & 20 to the financial statements. The Entity's revenue for the rendering of services totaled $32,853,069. It is comprised of co-pack revenue which is recognized over a period of time to reflect the Entity's efforts to manufacture the customers' products. These customers control access to the benefits of the liquid manufactured for packaging, as well as the finished product. For production in process, management assesses the extent of completion at each period end and accrues revenue accordingly. The extent of completion is determined based on the labour cost at the brewing, blending and filtration stages in comparison to the total estimated labour cost to produce the customers' product.

Why the matter is a key audit matter

We identified recognition of co-pack revenue in the proper period as a key audit matter due to the extent of audit effort needed to address the matter. In addition, this matter represented an area of significant risk of material misstatement.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

For a selection of contracts in progress:

We inspected the selected contracts to determine that they originated prior to year-end and to evaluate the Entity's identification of performance obligations and method for measuring contract progress.

We observed the stage of completion during our inventory count attendance.

We compared the estimated labour costs at completion, which includes labour costs incurred up to period end plus estimated labour costs to complete the production, to actual labour costs incurred for similar products previously produced.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.
- the information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "Glossy Annual Report".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

The information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "2021 Annual Report" is expected to be made available to us after the date of this auditors' report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditors' report is Ian Jeffreys.

Waterloo, Canada

April 7, 2021

STATEMENTS OF FINANCIAL POSITION

As at January 31, 2021 and January 31, 2020

	Notes	January 31, 2021	January 31, 2020
ASSETS			*[recast - note 3.6]*
Current assets			
Accounts receivable	6	9,871,061	4,976,226
Inventories	7	14,344,496	10,482,912
Prepaid expenses		729,260	787,448
		24,944,817	16,246,586
Non-current assets			
Property, plant and equipment	8	46,630,107	32,808,678
Right-of-use assets	9	26,936,861	27,840,996
Intangible assets	10	15,002,826	15,184,333
Construction deposits		1,949,074	1,050,425
		90,518,868	76,884,432
TOTAL ASSETS		115,463,685	93,131,018
LIABILITIES AND EQUITY			
Current liabilities			
Bank indebtedness	11	3,366,489	783,077
Accounts payable and accrued liabilities	12	21,341,335	12,909,771
Current portion of lease liabilities	13	3,282,080	2,869,733
Non-revolving demand loans	14	25,896,379	13,748,967
Current portion of long-term debt	15	510,275	687,836
		54,396,558	30,999,384
Non-current liabilities			
Provisions	16	1,019,962	958,025
Lease liabilities	13	21,522,379	23,226,137
Long-term debt	15	1,367,930	1,852,023
Deferred income tax liability	17	3,462,495	2,208,947
		27,372,766	28,245,132
TOTAL LIABILITIES		81,769,324	59,244,516
Equity			
Share capital	18	39,546,216	39,126,283
Share-based payments reserves	19	2,245,415	2,108,671
Deficit		(8,097,270)	(7,348,452)
TOTAL EQUITY		33,694,361	33,886,502
COMMITMENTS	26		
TOTAL LIABILITIES AND EQUITY		$ 115,463,685	$ 93,131,018

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

On behalf of the Board:

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

STATEMENTS OF COMPREHENSIVE INCOME

Years ended January 31, 2021 and 2020

	Notes	January 31, 2021	January 31, 2020
Revenue	20	$ 86,699,345	$ 60,333,417
Cost of sales	13,21	66,000,997	42,483,862
Gross profit		20,698,348	17,849,555
Selling, marketing and administration expenses	13,21	11,853,169	11,842,088
Other expenses	13,21,22	2,268,499	1,616,977
Finance costs	13,23	2,107,363	1,500,682
Loss on misappropriated funds, net	12	-	1,869,595
Loss (gain) on disposal of property, plant and equipment and right-of-use assets		215,756	(15,168)
Income before tax		4,253,561	1,035,381
Income tax expense	17	1,253,548	537,779
Net income and comprehensive income for the year		$ 3,000,013	$ 497,602
Basic earnings per share	24	$ 0.09	$ 0.01
Diluted earnings per share	24	$ 0.08	$ 0.01

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

STATEMENTS OF CHANGES IN EQUITY

Years ended January 31, 2021 and 2020

	Notes	Share Capital		Share-based payments reserve	Retained earnings/(deficit)	Total equity
		Number of Shares	Amount ($)			
At January 31, 2019		**35,442,639**	**$ 40,001,097**	**$ 1,325,150**	**$ (4,269,592)**	**$ 37,056,655**
Comprehensive income for the year		-	-	-	497,602	497,602
Shares repurchased and cancelled, including fees	**18**	(323,200)	(1,125,484)	-	-	(1,125,484)
Stock options exercised	**19**	78,526	171,117	(108,839)	-	62,278
Shares issued	**19**	31,763	96,722	-	-	96,722
Stock option costs	**19**	-	(17,169)	-	-	(17,169)
Dividends paid	**18**	-	-	-	(3,576,462)	(3,576,462)
Share-based payments	**19**	-	-	892,360	-	892,360
At January 31, 2020		**35,229,728**	**39,126,283**	**2,108,671**	**(7,348,452)**	**33,886,502**
Comprehensive income for the year		-	-	-	3,000,013	**3,000,013**
Shares repurchased and cancelled, including fees	**18**	(125,289)	(377,058)	-	-	**(377,058)**
Stock options exercised	**19**	304,266	767,623	(655,583)	-	**112,040**
Shares issued	**19**	8,981	29,368	-	-	**29,368**
Dividends paid	**18**	-	-	-	(3,748,831)	**(3,748,831)**
Share-based payments	**19**	-	-	792,327	-	**792,327**
At January 31, 2021		**35,417,686**	**$ 39,546,216**	**$ 2,245,415**	**$ (8,097,270)**	**$ 33,694,361**

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

STATEMENTS OF CASH FLOWS

Years ended January 31, 2021 and 2020

	Notes		January 31, 2021		January 31, 2020
					[recast - note 3.6]
Operating activities					
Net income		$	**3,000,013**	$	497,602
Adjustments for:					
Income tax expense	**17**		**1,253,548**		537,779
Finance costs	**23**		**2,107,363**		1,500,682
Depreciation and amortization of property, plant and equipment, right-of-use assets and intangibles	**8,9,10,21,22**		**7,810,676**		6,334,179
Loss (gain) on disposal of property, plant and equipment and right-of-use assets			**215,756**		(15,168)
Share-based payments	**19**		**792,327**		892,360
Change in non-cash working capital	**28**		**(442,761)**		5,036,143
Less:					
Interest paid			**(1,859,817)**		(1,373,019)
Cash provided by operating activities			**12,877,105**		13,410,558
Investing activities					
Purchase of property, plant and equipment	**8**		**(18,407,338)**		(11,013,763)
Construction deposit paid	**8**		**(1,949,074)**		(1,050,425)
Proceeds from sale of property, plant and equipment, net			**9,555**		18,656
Purchase of intangible assets	**10**		**(25,659)**		(134,624)
Cash used in investing activities			**(20,372,516)**		(12,180,156)
Financing activities					
Increase (decrease) in bank indebtedness	**11**		**2,583,412**		(1,104,176)
Issuance of non-revolving demand loans	**14**		**14,505,315**		7,961,780
Repayment of non-revolving demand loans	**14**		**(2,357,903)**		(1,292,639)
Repayment of long-term debt	**15**		**(671,169)**		(672,193)
Repayment of lease liabilities	**13**		**(2,579,763)**		(1,563,059)
Dividends paid	**18**		**(3,748,831)**		(3,576,462)
Issuance of shares, net of fees	**19**		**29,368**		96,722
Shares repurchased and cancelled, including fees	**18**		**(377,058)**		(1,125,484)
Stock option costs	**19**		**-**		(17,169)
Proceeds from stock option exercise	**19**		**112,040**		62,278
Cash generated from (used in) financing activities			**7,495,411**		(1,230,402)
Net increase/(decrease) in cash			**-**		-
Cash, beginning of year			**-**		-
Cash, end of year		$	**-**	$	-
Non-cash investing activities:					
Acquisition of assets under lease	**9, 13**	**$**	**1,311,281**	**$**	**13,822,240**

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

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

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

1.1 COVID-19 Pandemic

As a result of the global outbreak of COVID-19 ("Coronavirus") in early fiscal 2021 and its declaration by the World Health Organization to be a "pandemic", certain actions are being taken by governments and businesses in the United States, Canada, the UK, China and around the world to control the outbreak by enacting emergency measures, including restrictions on public activities, travel, and commercial operations. These measures have caused material disruption to businesses globally and in Ontario resulting in an economic slowdown.

Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels, and/or debt balances, which may also have a direct impact on the Company's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Company is not known at this time. The extent of such impact will depend on future developments, which are highly uncertain, including new information which may emerge concerning the spread and severity of the Coronavirus and actions taken to address its impact, among others. The repercussions of this health crisis could have a material adverse effect on the Company's business, financial condition, liquidity and operating results.

Licensed establishments (such as bars and restaurants) within the province of Ontario that have restrictions on capacity and timeframes when alcohol can be served has negatively impacted the Company. However, the strength of the Company's sales through other channels (such as The Beer Store, Liquor Control Board of Ontario, and grocery stores) during fiscal 2021, in conjunction with the support of its credit providers, has reinforced the Company's already strong financial position. Further, the Company's costs have increased as a result of expenditures required for personal protective equipment, and other expenses incurred to support the safety and well being of its staff, customers and suppliers during the pandemic. While the Company continuously monitors revenue streams, cash flow, and governmental programs, there has been no need for dramatic changes to its business model at this time.

2. DATE OF AUTHORIZATION FOR ISSUE

The financial statements of the Company were authorized for issue on April 7, 2021, by the Company's Board of Directors.

3. BASIS OF PRESENTATION

3.1. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

3.2 NEW STANDARDS AND INTERPRETATIONS ADOPTED

Except as described below, the accounting policies and methods of computation applied in these financial statements are consistent with those applied in the Company's annual financial statements for the year ended January 31, 2020.

Amendments to References to the Conceptual Framework in IFRS Standards

On March 29, 2018 the IASB issued a revised version of its Conceptual Framework for Financial Reporting (the Framework), that underpins IFRS Standards. The IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards to update references in IFRS Standards to previous versions of the Conceptual Framework. The amendments were adopted on February 1, 2020. There was no material impact from the adoption of these amendments on the Company's financial statements.

Definition of a Business (Amendments to IFRS 3)

On October 22, 2018, the IASB issued amendments to IFRS 3 Business Combinations, that seek to clarify whether a transaction results in an asset or a business acquisition.

The amendments were adopted on February 1, 2020. There was no material impact from the adoption of these amendments on the Company's financial statements.

Definition of Material (Amendments to IAS 1 and IAS 8)

On October 31, 2018, the IASB refined its definition of material and removed the definition of material omissions or misstatements from IAS 8.

The amendments were to be applied prospectively for annual periods beginning on or after January 1, 2016, however, on December 17, 2015 the IASB decided to defer the effective date for these amendments indefinitely. The amendments were adopted on February 1, 2020. There was no material impact from the adoption of these amendments on the Company's financial statements.

Covid-19-Related Rent Concessions (Amendment to IFRS 16)

On May 28, 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16). The amendments exempt lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications.

The amendments have been adopted and did not have an impact on the Company's financial statements.

3.3 FUTURE ACCOUNTING PRONOUNCEMENTS

At the date of authorization of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Company and it is still to be determined if any will have a material impact on the Company's financial statements.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

On January 23, 2020, the IASB issued amendments to IAS 1 *Presentation of Financial Statements*, to clarify the classification of liabilities as current or non-current. On July 15, 2020 the IASB issued an amendment to defer the effective date by one year. The amendments removed the requirement for a right to defer settlement or roll over of a liability for at least twelve months to be unconditional in order to classify such liability as a non-current liability. Instead such a right must have substance and exist at the end of the reporting period.

The amendments are effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted.

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

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

The amendments are effective for annual periods beginning on or after January 1, 2022. Early adoption is permitted.

Annual Improvements to IFRS Standards 2018 - 2020

On May 14, 2020, the IASB issued *Annual Improvements to IFRS Standards 2018 – 2020*.

IFRS 9 *Financial Instruments*
Clarifies which fees are included for the purpose of performing the '10 percent test' for derecognition of financial liabilities.

IFRS 16 *Leases*
Removes the illustration of payments from the lessor relating to leasehold improvements.

The amendments are effective for annual periods beginning on or after January 1, 2022. Early adoption is permitted.

Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

On August 27, 2020, the IASB finalized its response to the ongoing reform of inter-bank offered rates and other interest rate benchmarks by issuing a package of amendments to IFRS Standards.

The amendments are effective for annual periods beginning on or after January 1, 2021. Earlier application is permitted.

3.4 BASIS OF MEASUREMENT

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

3.5 FUNCTIONAL AND PRESENTATION CURRENCY

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

3.6 RECAST OF COMPARATIVE AMOUNTS

The comparative amounts in the Statements of Financial Position and Statements of Cashflows have been recast from those previously reported to classify non-revolving demand loans as a current liability. In prior annual financial statements the non-revolving demand loans were presented in error as current or long-term liabilities in accordance with the scheduled payment terms of the respective loans.

The reclassification to the comparative amounts had the following impact on the Statement of Financial Position:

Increase (decrease)	**January 31, 2020**	**January 31, 2019**
Non-revolving demand loans	$13,748,967	$ 7,079,826
Current portion of long-term debt	($ 2,258,202)	($ 1,198,760)
Increase to current liabilities	**$11,490,765**	**$ 5,881,066**
Long-term debt	($11,490,765)	($ 5,881,066)
Decrease to long-term liabilities	**($11,490,765)**	**($ 5,881,066)**

The reclassification to the comparative amounts had the following impact on the Statement of Cashflows:

Increase (decrease)	**January 31, 2020**	**January 31, 2019**
Issuance of non-revolving demand loans	$7,961,780	$ 4,476,518
Issuance of long-term debt, net of fees	($7,961,780)	($ 4,476,518)
Repayment of non-revolving demand loans	$1,292,639	$ 937,143
Repayment of long-term debt	($1,292,639)	($ 937,143)

4. USE OF ESTIMATES AND JUDGEMENT

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

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

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

4.1 Significant judgments

Impairment Assessment

Impairment indicators include a significant decline in an asset's market value, significant changes in the technological, market, economic or legal environment in which the assets are operated, evidence of obsolescence or physical damage of an asset, significant changes in the planned use of an asset, or ongoing under-performance of an asset. Application of these factors to the facts and circumstances of a particular asset requires a significant amount of judgment.

Leases under IFRS 16

The Company exercises judgement as to whether it is likely to extend the term of the lease when the option is provided.

Deferred income taxes

Deferred income tax assets require management judgment in order to determine the amounts to be recognized. This includes assessing the timing of the reversal of temporary differences to which deferred income tax rates are applied.

4.2 Assumptions and critical estimates

Revenue recognition from rendering services

Calculation of accrued revenue from the rendering of co-packing services recognized over time requires management to make estimates about the stage of the Company's efforts to manufacture customer products versus the total performance obligation. Changes to estimates could be caused by a variety of factors, including the type and complexity of the product which impacts the estimated labour required to manufacture it. A change in any of the estimates would result in a change in the amount of revenue recognized and, as a result, a charge to net income recorded in the period in which the change occurs, with a similar change in the carrying value of the asset on the balance sheet.

Sensitivity analysis

A 10% decrease in the estimate of accrued revenue would not have a significant impact on net income.

Property, plant and equipment and right-of-use assets

Calculation of the net book value of property, plant and equipment and right-of-use assets requires Management to make estimates of the useful economic life of the assets, residual value at the end of the asset's useful economic life, method of depreciation and whether impairment in value has occurred. Residual values of the assets, estimated useful lives and depreciation methodology are reviewed annually with the prospective application of any changes if deemed appropriate. Changes to estimates could be caused by a variety of factors, including changes to the physical life of the assets. A change in any of the estimates would result in a change in the amount of depreciation and, as a result, a charge to net income recorded in the period in which the change occurs, with a similar change in the carrying value of the asset on the balance sheet.

Sensitivity analysis

A 10% decrease in useful lives of the Company's property, plant and equipment and right-of-use assets would result in an additional charge to net income of approximately $750,000 annually.

Intangible assets

Calculation of the net book value of intangible assets requires Management to make estimates of the useful economic life of the assets, method of amortization and whether impairment in value has occurred. Estimated useful lives and amortization methodology are reviewed annually with the prospective application of any changes if deemed appropriate. Changes to estimates could be caused by a variety of factors, including changes to the physical life of the intangible assets. A change in any of the estimates would result in a change in the amount of amortization and, as a result, a charge to net income recorded in the period in which the change occurs, with a similar change in the carrying value of the asset on the balance sheet.

Sensitivity analysis

A 10% decrease in useful lives of the Company's finite life intangible assets would not have a significant impact on net income.

Provisions

The provision relating to asset decommissioning costs requires Management to make estimates of the expected cash flows, annual inflation rate, and discount rate for calculating the future legal obligations associated with the retirement of the Company's leased facility. Changes to estimates could be caused by a variety of factors, including changes due to the passage of time, extension of the lease, or modifications to the leased facility. A change in any of the estimates could result in a change in the amount of depreciation and accretion expense.

Sensitivity analysis
A 10% decrease in the provision would not have a significant impact on net income.

COVID-19 ESTIMATION UNCERTAINTY

During fiscal 2021, the COVID-19 pandemic had a material impact on the global economy, the scale and duration of which remains uncertain. To date, there has been significant volatility in foreign exchange rates, and restrictions on the conduct of business, including supply chain disruptions and travel restrictions. Depending on the duration and extent of the impact of COVID-19, this could materially impact the Company's results of operations, cash flows, and financial position and could result in material changes to estimates used.

For further details on the Company's response to the COVID-19 pandemic, please refer to the *Description of the Business* section of the Management's Discussion and Analysis for the year ended January 31, 2021.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 REVENUE RECOGNITION

Revenue is recognized either at a point in time or over a period of time, and when the revenue can be measured reliably.

Revenue from the sale of goods to The Beer Store's customers, as well as to the Liquor Control Board of Ontario and other customers, is recognized at a point in time when the access to the benefits of the Company's products have been transferred to the buyer, and no significant uncertainties remain regarding recovery of the consideration due.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, allowances, discounts, applicable federal and provincial production, environmental and excises taxes and distribution service charges levied by applicable provincial liquor boards and government approved distribution agents.

Interest income is recognized as earned on an accrual basis using the effective interest method.

Co-pack revenue, arising from the use of the Company's resources to manufacture products for others, is recognized over a period of time to reflect the Company's efforts to manufacture the customers' products. These customers control access to the benefits of the liquid manufactured for packaging, as well as the finished product. For production in process, management assesses the extent of completion at each period end and accrues revenue accordingly. The extent of completion is determined based on labour costs at the brewing, blending, and filtration stages in comparison to the total estimated labour cost to produce the customer's product.

5.2 GOVERNMENT GRANTS

Government grants are recognized where there is reasonable assurance that the grant will be received, and all the required conditions are complied with.

Government grants in respect of capital expenditures are credited to the carrying amount of the related asset and are released to income over the expected useful lives of the relevant assets. Government grants which are not associated with an asset are credited to income to net them against the expense to which they relate.

5.3 FINANCE COSTS

Finance costs consist of the following:

(a) interest paid or payable on borrowings;
(b) interest on lease liabilities;
(c) financing fees;
(d) accretion on decommissioning obligations; and
(e) fair value adjustments on financial instruments.

5.4 OPERATING SEGMENTS

Operating segments are reported in a manner consistent with the internal reporting provided to the executive officers of the Company ("Executive Team"), who are considered to be the Company's "chief-operating decision makers". The Executive Team has determined that the Company operates in a single industry segment which involves the production, distribution and sale of alcohol-based products. Virtually all the Company's sales are within Canada, with a small volume sold in the United States.

5.5 FOREIGN CURRENCIES

Foreign currency transactions are accounted for at exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the period end date rate. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the Statements of Comprehensive Income. Non-monetary assets and liabilities measured at historical cost and denominated in foreign currencies are translated at the foreign exchange rate prevailing at the date of the transaction. Non-monetary assets and liabilities measured at fair value and denominated in foreign currencies are translated at the foreign exchange rate prevailing at the date the fair value was determined.

5.6 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is measured at cost, or deemed cost, less accumulated depreciation and impairment losses. Cost includes the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in a manner intended by management (i.e. transportation and the costs of dismantling and removing the items and restoring the site on which they are located, if applicable). Expenditures that extend the useful life or increase the service capacity of an asset are capitalized, while expenditures that relate to day-to-day servicing to repair or maintain an asset are expensed as incurred. Major spare parts are recognized as items of property, plant, and equipment when the Company expects to use them during more than one period.

Depreciation is provided so as to write off the cost of the asset, less its estimated residual value (if any) over its estimated useful life on the following basis:

Asset Class	Basis	Useful Life (years)
Leasehold improvements	Straight-line	5 – 30
Returnable containers	Straight-line	4 – 7
Machinery and equipment	Straight-line	3 – 30
Computer equipment	Straight-line	2 – 5
Furniture and fixtures	Straight-line	5
Vehicles	Straight-line	3
Major spare parts	Straight-line	4

Where components of assets have different useful lives, depreciation is calculated for each significant component. The estimated useful life of each asset component has due regard to both its own physical life limitations and the future economic benefits expected to be consumed by the Company through the use of the asset.

The Company reviews the residual value and useful lives of depreciable assets on an annual basis and where revisions are made to either the residual value or useful life, the Company applies such changes in estimates on a prospective basis.

The Company reviews its depreciation method on an annual basis and where revisions are made to reflect the expected pattern of consumption of the future economic benefits embodied in the asset, the Company applies such changes in estimates on a prospective basis.

The net carrying amounts of property, plant and equipment assets are reviewed for impairment either individually or at the cash-generating unit level when events and changes in circumstances indicate that the carrying amount may not be recoverable. To the extent that these values exceed their recoverable amounts, the excess is fully provided for in the financial year in which it is determined (refer to impairment policy).

Where the Company receives compensation from third parties for items of property, plant and equipment that were impaired, lost or given up, these amounts are presented as an income or expense item in the Statements of Comprehensive Income when they become receivable.

Where an item of property, plant and equipment is disposed of by sale, it is de-recognized and the difference between the carrying value and net sales proceeds is disclosed as an income or expense item in the Statements of Comprehensive Income.

Any items of property, plant and equipment that cease to have future economic benefits expected to arise from their continued use are de-recognized with the associated loss included as depreciation expense.

5.7 BORROWING COSTS

Borrowing costs of qualifying assets are capitalized for periods preceding the dates that the assets are available for use. All other borrowing costs are recognized as an expense in the financial period when incurred.

5.8 INTANGIBLE ASSETS

Listings

Listings relate to costs incurred by the Company to list its products within The Beer Store. The Company's products will continue to be listed provided that the products meet sales thresholds specified by The Beer Store. Listings have a finite useful life and are measured at acquisition cost less accumulated amortization and impairment losses (refer to impairment policy). In order to reflect that a portion of the listings have a finite life, the Company amortizes its listings over a 20-year period, which represents management's best estimate of the expected average useful life of these assets.

Trademarks

Trademarks are indefinite life intangibles that relate to brands, trade names, formulas, rights, licenses or recipes that have been acquired by the Company. Trademarks are measured at acquisition cost less any impairment in value (refer to impairment policy).

Computer software and licenses

Purchased software and licenses have finite useful lives and are carried at cost and amortized on a straight-line basis over three years. Costs associated with maintaining purchased computer software programs are recognized as an expense as incurred. Expenditures on internally developed software are capitalized when the expenditures qualify as development activities; otherwise, they are expensed as incurred.

Where an intangible asset is disposed of, it is de-recognized and the difference between its carrying value and the net sales proceeds is reported as a gain or loss on disposal in the Statements of Comprehensive Income in the period the disposal occurs.

5.9 IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying amounts of items in property, plant and equipment, right-of-use assets and intangible assets with a finite life are reviewed for impairment at the end of each reporting period. If there are indicators of impairment, an evaluation is undertaken to determine whether the carrying amounts are in excess of their recoverable amounts. Intangible assets with an indefinite life are tested for impairment annually on January 31. An asset's recoverable amount is determined as the higher of its fair value less costs to sell and its value-in-use. Such reviews are undertaken on an asset-by-asset basis, except where assets do not generate cash flows independent of other assets, in which case the assets are grouped together into the smallest group of assets that generate independent cash inflows and then a review is undertaken at the cash-generating unit level.

Where a cash-generating unit includes intangible assets, which are either not available for use or which have an indefinite useful life (and which can only be tested as part of a cash-generating unit), an impairment test is performed at least annually or whenever there is an indication that the carrying amounts of such assets may be impaired.
If the carrying amount of an individual asset or cash-generating unit exceeds its recoverable amount, an impairment loss is recorded in the Statements of Comprehensive Income to reflect the asset at the lower amount. In assessing the value-in-use, the relevant future cash flows expected to arise from the continuing use of such assets and from their disposal are discounted to their present value using a pre-tax discount rate which reflects the current market's assessments of the time value of money and asset-specific risks for which the cash flow estimates have not been adjusted. Fair value less costs to sell is determined as the amount that would be obtained from the sale of the asset in an arm's-length transaction between knowledgeable and willing parties.

A reversal of a previously recognized impairment loss is recorded in the Statements of Comprehensive Income when events or circumstances dictate that the estimates used to determine the recoverable amount have changed since the prior impairment loss was recognized. The carrying amount is increased to the recoverable amount but not beyond the carrying amount net of amortization which would have arisen if the prior impairment loss had not been recognized. After such a reversal, the amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

5.10 INVENTORIES

Inventories are recorded at the lower of cost and net realizable value. Cost includes expenditures incurred in acquiring the inventories and bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs to complete and sell the product.

The cost of raw materials and supplies are determined on a first-in, first-out basis. The cost of finished goods and work-in-process are determined on an average cost basis and include raw materials, direct labour, and an allocation of fixed and variable overhead based on normal capacity.

Inventories are written down to net realizable value if that net realizable value is less than the carrying amount of the inventory item at the reporting date. If the net realizable value subsequently increases, a reversal of the loss initially recognized is applied to cost of sales.

5.11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all cash balances and short-term highly liquid investments with maturities of three months or less from the date of acquisition, that are readily convertible into cash. Cash and cash equivalents are stated at face value, which approximates their fair value.

5.12 PROVISIONS

General

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all the provisions to be reimbursed, the reimbursement is recognized as a separate asset when reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using current pre-tax discount rates that reflect, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Decommissioning liabilities

The Company recognizes a provision for the restoration costs associated with its leased facilities in the financial period when the related facility modification occurs, based on estimated future costs, using information available at the period end date. The provision is discounted using a current market-based pre-tax discount rate. An increase in the provision due to the passage of time is reflected as a finance cost and the provision is reduced by actual restoration costs incurred. At the time of establishing the provision, a corresponding asset is capitalized, where it gives rise to a future benefit and depreciated over the useful life of the leased facility.

The provision is reviewed on an annual basis for changes to the future obligation. Changes in the estimated future costs involved or in the discount rate are added to or deducted from the cost of the related asset to the extent of the carrying amount of the asset and are recognized through profit or loss thereafter.

5.13 LEASES

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments;
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payment in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Leases with a term less than twelve months or of a low value are expensed as incurred.

5.14 INCOME TAXES

Income tax assets/liabilities are comprised of current and deferred tax:

Current tax
Current income tax is calculated based on tax laws enacted or substantially enacted at the period end date in the country where the Company operates and generates taxable income. Current tax includes adjustments to tax payable or recoverable in respect of previous periods.

Deferred tax
Deferred tax is recognized using the balance sheet method in respect of all temporary differences except:

- where the deferred income tax liability arises from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates or joint ventures, where the timing of the reversal of temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each period end date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. To the extent that an asset not previously recognized fulfills the criteria for recognition, a deferred income tax asset is recorded.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the asset is realized, or the liability is settled, based on tax rates and tax laws enacted or substantively enacted at the period end date.

Current and deferred taxes relating to items recognized directly in equity are recognized in equity and not in the Statements of Comprehensive Income.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxable authority.

Sales tax

Revenues, expenses, assets and liabilities are recognized net of the amount of sales tax except:

- where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

5.15 SHARE CAPITAL

Common share capital

Issued and paid up capital is recognized at the consideration received by the Company. Incremental costs directly attributable to the issuance of shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

A provision is not made for dividends unless the dividends have been declared by the Board of Directors on or before the end of the period and have not been distributed at the reporting date.

5.16 SHARE-BASED PAYMENTS

The Company accounts for all share-based payments to employees and non-employees, consisting of stock options and the employee share purchase plan, using the fair value-based method. Under the fair value-based method, the fair value of the share options are estimated at the grant date, using an option pricing model. Based upon the expected number of options that will vest, the fair value of the options granted is expensed over the vesting period with credit to share-based payments reserve. When options are exercised, share capital in equity is increased by the amount of the proceeds received and the related amount previously in share-based payments reserve.

5.17 EARNINGS PER SHARE

Basic earnings per share are determined by dividing net earnings by the weighted average number of common shares outstanding during the period. Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the additional shares from the assumed exercise of stock options. The number of additional shares is calculated by assuming that outstanding stock options were exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the period.

5.18 FINANCIAL INSTRUMENTS

All financial instruments are recorded at fair value on initial recognition.

Financial assets

Financial assets are designated at inception into one of the following categories: held-to-maturity, available-for-sale, loans-and-receivables or at fair value through profit and loss (“FVTPL”). The classification depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Transaction costs associated with financial assets other than those designated at FVTPL are included in the initial carrying amount of the asset.

Subsequent measurement of a financial asset depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its financial assets:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in interest income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in net income and presented in other gains (losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the Statements of Comprehensive Income.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income ("FVOCI"). Movements in the carrying amount are taken through other comprehensive income ("OCI"), except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in net income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to net income and recognized in other gains (losses). Interest income from these financial assets is included in interest income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains (losses) and impairment expenses are presented as a separate line item in the Statements of Comprehensive Income.

- FVTPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a financial asset that is subsequently measured at FVTPL is recognized in net income and presented net within other gains (losses) in the period in which it arises.

  Impairment

  The Company assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

  For trade receivables, the Company applies the simplified approach permitted by IFRS 9 Financial Instruments (IFRS 9), which requires expected lifetime losses to be recognized from the initial recognition of the receivables.

Financial liabilities

Under IFRS 9, financial liabilities are recognized initially at fair value. The fair value on initial recognition is the fair value of the consideration received. Subsequent to the initial recognition the financial liabilities are measured at amortized cost using the effective interest rate method.

Financial liabilities comprise accounts payable and accrued liabilities, bank indebtedness, lease liabilities, non-revolving demand loans, and long-term debt. Due to the short-term nature of accounts payable, carrying value is considered to approximate fair value.

Derivatives and contracts with embedded derivatives

Derivatives, including separated embedded derivatives, are classified as FVTPL unless they are designated as effective hedging instruments.

The Company considers whether a contract contains an embedded derivative when the Company becomes a party to the contract. Embedded derivatives are separated from the host contract if it is not measured at fair value through profit and loss and when the economic characteristics and risks are not closely related to the host contract.

Contracts involving non-financial items

The Company enters into contracts involving non-financial items for the purchase of raw materials and packaging supplies. These contracts are entered into and held for the purposes of the receipt or delivery of a non-financial item in accordance with the Company's expected purchase, sale or usage requirements.

Fair values

Financial instruments recorded on the statements of financial position are categorized based on the fair value hierarchy of inputs. The three levels of the fair value hierarchy are described as follows:

- Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities. The Company does not use Level 1 inputs for its fair value measurements.
- Level 2 – inputs, other than quoted prices in active markets, that are observable for the asset or liability either directly or indirectly. The Company's Level 2 inputs include quoted market prices for interest rates and credit risk premiums. The Company obtains information from sources including the Bank of Canada and market exchanges. The Company uses Level 2 inputs for all of its financial instrument fair value measurements.
- Level 3 – inputs that are not based on observable market data. The Company does not use Level 3 inputs for any of its fair value measurements.

RELATED PARTY TRANSACTIONS

The Company views related parties as those persons or entities that are able to directly or indirectly control or exercise significant influence over the Company in making financial and operational decisions. A transaction is a related party transaction where there is transfer of resources, services or obligations between the Company and the related party.

All related party transactions entered into by the Company that are in the normal course of business and have commercial substance are measured at the exchange amount.

6. ACCOUNTS RECEIVABLE

The accounts receivable balance consists of the following:

	January 31, 2021	January 31, 2020
Trade Customers	$ 7,836,501	$ 3,766,858
Other	2,034,560	1,209,368
	9,871,061	4,976,226
Allowance	-	-
Net accounts receivable	$ 9,871,061	$ 4,976,226

Movement in the allowance for accounts receivable consists of the following:

	January 31, 2021	January 31, 2020
Allowance, beginning of year	$ -	$ -
Additional amounts provided during the year	20,445	93,454
Amounts written off during the year	(20,445)	(93,454)
Allowance, end of year	$ -	$ -

The solvency of customers and their ability to repay receivables were considered in assessing the impairment of accounts receivable. No collateral is held in respect of impaired receivables or receivables that are past due but not impaired.

Below is an aged analysis of the Company's accounts receivable:

	January 31, 2021	January 31, 2020
Not yet due, or less than 31 days past due	$ 9,567,611	$ 4,929,781
Past the due date but not impaired:		
31-60 days	279,707	45,013
61-90 days	23,743	1,432
Over 90 days	-	-
	$ 9,871,061	$ 4,976,226

7. INVENTORIES

The inventories balance consists of the following:

	January 31, 2021	January 31, 2020
Raw materials, supplies and other	$ 5,713,499	$ 2,475,910
Work in progress and finished goods	8,630,997	8,007,002
	$ 14,344,496	$ 10,482,912

As at January 31, 2021, a provision of $110,339 (January 31, 2020 - $95,480) has been netted against inventory to account for obsolete materials.

The cost of inventories recognized as cost of sales during the year ended January 31, 2021 are $57,956,234 (January 31, 2020 - $35,585,217). Included in this amount are charges related to impairment caused by obsolescence. During the year ended January 31, 2021, these charges amounted to $67,604 (January 31, 2020 - $122,534).

Refer to notes 11 and 14 for details on the Company's inventories that have been pledged as security against liabilities.

8. PROPERTY, PLANT & EQUIPMENT

	Leasehold improvements	Returnable containers	Machinery and equipment	Computer equipment	Furniture and fixtures	Vehicles	Major spare parts	Total property, plant and equipment
Cost or deemed cost								
Balance at February 1, 2019	$ 5,305,296	$ 8,266,014	$ 33,367,800	$ 2,272,863	$ 484,591	$ 555,852	$ 153,648	$ 50,406,064
Additions	5,500,372	1,026,830	5,666,790	263,520	250,827	-	34,441	12,742,780
Disposals	-	-	(25,000)	-	-	-	-	(25,000)
Balance at January 31, 2020	**10,805,668**	**9,292,844**	**39,009,590**	**2,536,383**	**735,418**	**555,852**	**188,089**	**63,123,844**
Cumulative depreciation and impairment								
Balance at February 1, 2019	(2,026,378)	(7,093,397)	(14,114,908)	(1,703,500)	(327,407)	(360,679)	(133,870)	(25,760,139)
Depreciation charge for the year	(293,851)	(490,191)	(3,341,367)	(281,734)	(67,834)	(94,882)	(9,092)	(4,578,951)
Depreciation on disposals	-	-	23,924	-	-	-	-	23,924
Balance at January 31, 2020	**(2,320,229)**	**(7,583,588)**	**(17,432,351)**	**(1,985,234)**	**(395,241)**	**(455,561)**	**(142,962)**	**(30,315,166)**
Net book value as at January 31, 2020	**$ 8,485,439**	**$ 1,709,256**	**$ 21,577,239**	**$ 551,149**	**$ 340,177**	**$ 100,291**	**$ 45,127**	**$ 32,808,678**
Cost or deemed cost								
Balance at February 1, 2020	$ 10,805,668	$ 9,292,844	$ 39,009,590	$ 2,536,383	$ 735,418	$ 555,852	$ 188,089	$ 63,123,844
Additions	2,327,082	1,335,551	15,323,884	392,904	55,285	-	23,057	19,457,763
Disposals	(231,433)	-	(189,595)	-	-	-	-	(421,028)
Balance at January 31, 2021	**12,901,317**	**10,628,395**	**54,143,879**	**2,929,287**	**790,703**	**555,852**	**211,146**	**82,160,579**
Cumulative depreciation and impairment								
Balance at February 1, 2020	(2,320,229)	(7,583,588)	(17,432,351)	(1,985,234)	(395,241)	(455,561)	(142,962)	(30,315,166)
Depreciation charge for the period	(656,461)	(815,455)	(3,350,663)	(390,645)	(106,297)	(75,850)	(16,772)	(5,412,143)
Depreciation on disposals	13,370	-	183,467	-	-	-	-	196,837
Balance at January 31, 2021	**(2,963,320)**	**(8,399,043)**	**(20,599,547)**	**(2,375,879)**	**(501,538)**	**(531,411)**	**(159,734)**	**(35,530,472)**
Net book value as at January 31, 2021	**$ 9,937,997**	**$ 2,229,352**	**$ 33,544,332**	**$ 553,408**	**$ 289,165**	**$ 24,441**	**$ 51,412**	**$ 46,630,107**

At January 31, 2021, the Company had machinery and equipment of $5,225,725, (January 31, 2020 - $984,009) that was in process of being installed. No depreciation was taken on this machinery and equipment as it was not available for use at year-end.

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

	January 31, 2021	January 31, 2020
Additions during the period	$ 19,457,763	$ 12,742,780
Construction deposits paid in a prior period	(1,050,425)	(1,386,464)
Increase to asset retirement obligation asset	-	(342,553)
	$ 18,407,338	**$ 11,013,763**

9. RIGHT-OF-USE ASSETS

	Equipment	Building	Vehicles	Total right-of-use assets
Cost or deemed cost				
Balance at February 1, 2019	$ 5,483,077	$ -	$ -	$ 5,483,077
Right-of-use assets on transition to IFRS 16	-	10,623,673	215,761	10,839,434
Additions	6,662,609	6,939,566	220,065	13,822,240
Disposals	-	-	(38,657)	(38,657)
Balance at January 31, 2020	**12,145,686**	**17,563,239**	**397,169**	**30,106,094**
Cumulative depreciation and impairment				
Balance at February 1, 2019	(735,504)	-	-	(735,504)
Depreciation charge for the period	(772,456)	(622,097)	(156,648)	(1,551,201)
Depreciation on disposals	-	-	21,607	21,607
Disposals	-	-	-	-
Balance at January 31, 2020	**(1,507,960)**	**(622,097)**	**(135,041)**	**(2,265,098)**
Net book value as at January 31, 2020	**$ 10,637,726**	**$ 16,941,142**	**$ 262,128**	**$ 27,840,996**
Cost or deemed cost				
Balance at February 1, 2020	$ 12,145,686	$ 17,563,239	$ 397,169	$ 30,106,094
Additions	189,745	954,184	167,352	1,311,281
Disposals	-	-	(91,732)	(91,732)
Balance at January 31, 2021	**12,335,431**	**18,517,423**	**472,789**	**31,325,643**
Cumulative depreciation and impairment				
Balance at February 1, 2020	(1,507,960)	(622,097)	(135,041)	(2,265,098)
Depreciation charge for the period	(1,185,167)	(854,638)	(151,562)	(2,191,367)
Depreciation on disposals	-	-	67,683	67,683
Balance at January 31, 2021	**(2,693,127)**	**(1,476,735)**	**(218,920)**	**(4,388,782)**
Net book value as at January 31, 2021	**$ 9,642,304**	**$ 17,040,688**	**$ 253,869**	**26,936,861**

10. INTANGIBLE ASSETS

The Company's intangible assets consist of the following:

		Listings		Trademarks		Other		Total
Cost								
Balance at February 1, 2019	$	3,986,317	$	11,642,014	$	11,744	$	15,640,075
Acquired separately		134,624		-		-		134,624
Balance at January 31, 2020		**4,120,941**		**11,642,014**		**11,744**		**15,774,699**
Cumulative amortization and impairment								
Balance at February 1, 2019		(386,339)		-		-		(386,339)
Amortization charge for the year		(204,027)		-		-		(204,027)
Balance at January 31, 2020		**(590,366)**		**-**		**-**		**(590,366)**
Net book value as at January 31, 2020	**$**	**3,530,575**	**$**	**11,642,014**	**$**	**11,744**	**$**	**15,184,333**
Cost								
Balance at February 1, 2020	$	4,120,941	$	11,642,014	$	11,744	$	15,774,699
Acquired separately		25,659		-		-		25,659
Balance at January 31, 2021		**4,146,600**		**11,642,014**		**11,744**		**15,800,358**
Cumulative amortization and impairment								
Balance at February 1, 2020		(590,366)		-		-		(590,366)
Amortization charge for the year		(207,166)		-		-		(207,166)
Balance at January 31, 2021		**(797,532)**		**-**		**-**		**(797,532)**
Net book value as at January 31, 2021	**$**	**3,349,068**	**$**	**11,642,014**	**$**	**11,744**	**$**	**15,002,826**

Listings

Listings relate to costs incurred by the Company to list its products within The Beer Store. Listings have a finite useful life and are measured at acquisition cost less accumulated amortization and impairment losses. For the year ended January 31, 2021, there were no indicators of impairment in the carrying value of the Company's finite life intangible assets.

Trademarks

Trademarks primarily relate to the Company's acquisition of the Laker and Seagram trademarks. The Company expects these assets to generate economic benefit in perpetuity. As such, the Company assessed these intangibles to have indefinite useful lives. Trademarks are measured at acquisition cost less any impairment in value

The Company completed its annual impairment tests for indefinite life intangible assets (in accordance with note 5.9 above) and for the year ended January 31, 2021, concluded that there were no indicators of impairment in the carrying value. The key assumptions used to calculate the fair value less costs to sell are cash flow forecasts, growth rates, and discount rate. These assumptions are considered to be Level 3 in the fair value hierarchy.

The weighted average cost of capital at January 31, 2021 was determined to be 2.9% (January 31, 2020 – 3.3%) and is based on a dividend yield, growth rate, and cost of debt determined using the Company's weighted average interest rate on its existing debt. Cashflow projections have been discounted using the after-tax weighted average cost of capital. The Company included a minimum of three years of cash flows in its discounted cash flow model based on the budget approved by the Board for the year ended January 31, 2022 and an extrapolation of the cash flow forecast beyond January 31, 2022 using estimated growth rates.

Refer to notes 11 and 14 for details on the Company's intangible assets that have been pledged as security for liabilities.

11. BANK INDEBTEDNESS

The Company has an operating line of credit from HSBC Bank Canada ("HSBC") which has been increased on a temporary basis from $8,000,000 to $12,000,000 until March 31, 2021, and will increase to $15,000,000 from April 1, 2021 to June 30, 2021, decrease to $12,000,000 from July 1, 2021 to August 31, 2021, and decrease to $8,000,000 on September 1, 2021 and thereafter. The operating line of credit bears interest ranging from a rate of Canadian bank prime to Canadian bank prime plus 1.00% per annum depending on the Company's leverage ratio.

The net balance drawn on the operating line of credit as of January 31, 2021 is $3,962,289 (January 31, 2020 - $790,224). Bank indebtedness includes outstanding cheques. Interest expense for the year ended January 31, 2021 was $84,275 (January 31, 2020 - $94,249). These charges have been included as part of finance costs in the Statements of Comprehensive Income.

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

The terms of the operating line of credit payable to HSBC require the Company to comply with certain financial covenants which include a Senior Funded Debt to EBITDA (Earnings before interest, income taxes, depreciation and amortization, gain or loss on disposal of property, plant, and equipment and right-of-use assets, share-based payments, and loss on misappropriated funds) ratio and Fixed Charge Coverage Ratios (pre-dividend and post-dividend). The Company is in compliance with the financial covenants required under the terms the operating facility as of January 31, 2021.

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following categories:

	January 31, 2021	January 31, 2020
Trade payables	$ 10,314,225	$ 5,695,044
Other payables and accrued liabilities	11,027,110	7,214,727
	$ 21,341,335	$ 12,909,771

The Company's trade payables relate to amounts outstanding for trade purchases relating to the production of alcohol-based products and for general administrative activities.

The Company's other payables category includes amounts relating to federal and provincial sales taxes and production taxes associated with the manufacturing and distribution of alcohol-based products. The Company's accrued liabilities mainly relate to salaries, benefits and other personnel related expenses as well as accruals relating to accounting and legal expenses.

During the last quarter of fiscal 2020, the Company announced that it had been subject to a social engineering cyberattack by a sophisticated third party that resulted in a wire transfer of the Company's funds to a fraudulent third party account. To date, the Company has not recovered any of the funds wired to the fraudulent third party account and the liability to the intended recipient of the wire transfer remains outstanding as at January 31, 2021 in the amount of $2,077,515. While the Company is actively taking measures to recover the funds, there can be no assurance that such measures will result in the return of all or a portion of the misappropriated funds in a timely manner or at all.

Accounts payables and accrued liabilities are expected to be settled within the next 12 months.

13. LEASE LIABILITIES

Movement in the lease liabilities consists of the following:

	January 31, 2021	January 31, 2020
Lease liabilities (including current portion), beginning of year	$ 26,095,870	$ 3,011,893
Lease liabilities on transition to IFRS 16	-	10,839,434
Lease liabilities for assets acquired under lease	1,311,281	13,822,240
Reduction to lease liabilities for disposal of right-of-use assets	(22,929)	(14,638)
Interest payable on lease liabilities	1,110,721	944,525
Repayments during the period	(3,690,484)	(2,507,584)
Lease liabilities (including current portion), end of year	$ 24,804,459	$ 26,095,870
Current lease liabilities payable within one year	$ 3,282,080	$ 2,869,733
Non-current lease liabilities payable thereafter	$ 21,522,379	$ 23,226,137

The payments for leases are due as follows:

	January 31, 2021	January 31, 2020
Due within one year	$ 3,282,080	$ 2,869,733
Due in one to five years	6,834,652	7,115,968
Due in over five years	14,687,727	16,110,169
	$ 24,804,459	$ 26,095,870

The following amounts were recognized in profit and loss during the year:

	January 31, 2021	January 31, 2020
Interest expense on lease liabilities	$ 1,110,721	$ 944,525
Depreciation on right-of-use assets	2,191,367	1,551,201
Expenses related to short-term leases	488,828	518,051
Expenses related to leases of low-value assets	8,904	8,711

During the fourth quarter of fiscal 2021, the Company signed an agreement to lease warehouse space for a term of 3.75 years. The agreement has minimum square footage requirements which increase at specific dates during the term of the lease. In accordance with IFRS 16 *Leases*, the Company recorded a right-of-use asset and lease liability in the amount of $954,184 on the commencement date of December 1, 2020. Additional right-of-use assets and lease liabilities will be recorded as the square footage increases. The Company anticipates a total increase to its right-of-use assets and lease liabilities of approximately $2,900,000 by August 1, 2021. The lease is expected to increase depreciation in fiscal 2022 by approximately $900,000 per year and increase interest expense by approximately $65,000 per year. The impact on depreciation and interest in the fourth quarter of fiscal 2021 was nominal.

14. NON-REVOLVING DEMAND LOANS

Non-revolving demand loans consist of the following:

	January 31, 2021	January 31, 2020
Non-revolving demand loan payable to HSBC , bearing interest rate of 3.85% with monthly principal payments of $23,809 until July 1, 2023.	$ 710,895	$ 948,991
Non-revolving demand loan payable to HSBC , bearing interest rate of 3.44% with monthly blended payments of $26,825 until June 19, 2024.	1,036,531	1,271,271
Non-revolving demand loan payable to HSBC , bearing interest rate of 3.92% with monthly blended payments of $40,907 until September 14, 2024.	1,673,088	2,021,217
Non-revolving demand loan payable to HSBC , bearing interest rate of 4.02% with monthly blended payments of $25,667 until March 22, 2026.	1,434,908	1,639,589
Non-revolving demand loan payable to HSBC , bearing interest rate of 3.46% with monthly blended payments of $46,435 until January 7, 2027.	3,015,461	3,386,715
Non-revolving demand loan payable to HSBC , bearing interest rate of 3.56% with monthly blended payments of $26,963 until February 16, 2027.	1,767,640	1,981,184
Non-revolving demand loan payable to HSBC , bearing interest rate of 3.50% with monthly blended payments of $33,600 until March 24, 2027.	2,233,619	2,500,000
Non-revolving demand loan payable to HSBC , bearing interest rate of 2.79% with monthly blended payments of $26,783 until May 21, 2027.	1,863,909	-
Non-revolving demand loan payable to HSBC , bearing interest rate of 3.30% with monthly blended payments of $66,745 until September 25, 2027.	4,787,146	-
Non-revolving demand loan payable to HSBC , bearing interest rate of 3.09% with monthly blended payments of $37,485 until October 31, 2027.	2,767,731	-
Non-revolving demand loan payable to HSBC , bearing interest rate of 3.08% with monthly blended payments of $18,643 until November 6, 2027.	1,377,000	-
Non-revolving demand loan payable to HSBC , bearing interest rate of 3.19% with monthly blended payments of $42,936 until January 21, 2028.	3,228,451	-
Total non-revolving demand loans	**$ 25,896,379**	$ 13,748,967
Non-revolving demand loans payable within one year	**$ 25,896,379**	$ 13,748,967
Non-revolving demand loans payable thereafter	**$ -**	$ -

The non-revolving demand loans payable to HSBC are secured by a general security agreement over all assets, a collateral mortgage in the amount of $1,500,000 over real property, and a first position security interest in processing plant and equipment, accounts receivable and inventories. The above loans are due on demand and have been presented as current liabilities in the Statements of Financial Position.

In the absence of demand by the lender, the scheduled payment terms for the non-revolving demand loans are due as follows:

	January 31, 2021	January 31, 2020
Due within one year	**$ 4,209,930**	$ 2,258,202
Due in one to five years	**16,365,701**	8,823,678
Due in over five years	**5,320,748**	2,667,087
	$ 25,896,379	$ 13,748,967

During the fourth quarter of fiscal 2021, the Company received a new non-revolving demand loan facility of $12 million from HSBC to support the purchase of a new canline and tanks to increase capacity.

The financial covenants for the non-revolving demand loans payable to HSBC are the same as those under the operating line of credit facility discussed above. The Company was in compliance with these financial covenants at January 31, 2021 and January 31, 2020.

Movement in the non-revolving demand loans consists of the following:

	January 31, 2021	January 31, 2020
Non-revolving demand loan, beginning of year	$ 13,748,967	$ 7,079,826
Issuance of non-revolving demand loans	14,505,315	7,961,780
Repayment of non-revolving demand loans	(2,357,903)	(1,292,639)
Non-revolving demand loans, end of year	$ 25,896,379	$ 13,748,967

15. LONG-TERM DEBT

Long-term debt consists of the following:

	January 31, 2021	January 31, 2020
Loan payable to Wells Fargo (stated net of transaction costs of $3,838), bearing interest at 4.01%, and monthly blended payments of $30,450 until June 9, 2021.	$ 146,899	$ 489,069
Loan payable to Wells Fargo, bearing interest at 4.36%, and monthly blended payments of $35,971 until June 1, 2025.	1,731,306	2,050,790
Total long-term debt	$ 1,878,205	$ 2,539,859
Total current	$ 510,275	$ 687,836
Total non-current	$ 1,367,930	$ 1,852,023

The loans payable to Wells Fargo are secured by specific items of equipment.

The aggregate maturities of long-term debt obligations are summarized as follows:

	January 31, 2021	January 31, 2020
Due within one year	$ 510,275	$ 687,836
Due in one to five years	1,367,930	1,709,435
Due in over five years	-	142,588
	$ 1,878,205	$ 2,539,859

Movement in the long-term debt consists of the following:

	January 31, 2021	January 31, 2020
Long-term debt (including current portion), beginning of year	$ 2,539,859	$ 3,201,025
Repayment of long-term debt	(671,169)	(672,195)
Amortization of financing fees	9,515	11,029
Long-term debt (including current portion), end of year	$ 1,878,205	$ 2,539,859

16. PROVISIONS

		Asset decommissioning obligations
Balance at February 1, 2019	$	553,535
Change due to the passage of time		61,937
Change due to expansion of leased facility		342,553
Balance at January 31, 2020	$	958,025
Current	$	-
Non-current	$	958,025
Balance at February 1, 2020	$	958,025
Change due to the passage of time		61,937
Balance at January 31, 2021	**$**	**1,019,962**
Current	**$**	**-**
Non-current	**$**	**1,019,962**

Asset decommissioning costs relate to the future legal obligations associated with the retirement of the Company's leased facility. The obligation is being accreted to income over the remainder of the lease term. The total undiscounted amount of estimated cash flows required to restore the leased facility as at January 31, 2021, was $1,489,426 (January 31, 2020 - $1,489,426). The key assumptions used by management in computing the fair value of the future obligation are as follows: inflation at 2% and discount rate at 4.28%. The amount and timing of cash flows are based upon management's best estimate of this future obligation.

17. INCOME TAXES

Significant components of income tax expense consist of:

		Year Ended January 31, 2021		Year Ended January 31, 2020
Statement of comprehensive income:				
Deferred tax:				
Origination and reversal of temporary differences	**$**	**1,253,548**	$	537,779
Total deferred tax charge for the year		**1,253,548**		537,779
Income tax expense	**$**	**1,253,548**	$	537,779

The provision for income taxes differs from the result that would be obtained by applying combined Canadian federal and provincial (Ontario) statutory income tax rates to income before income taxes.

This difference results from the following:

	January 31, 2021	January 31, 2020
Income before tax	$ 4,253,561	$ 1,035,381
Statutory income tax rate	26.50%	26.50%
Expected tax expense	1,127,194	274,376
Effect of income tax on:		
Manufacturing and processing deduction	(54,736)	(22,916)
Non-deductible stock-based compensation expense	209,967	236,475
Other non-deductible expenses	(28,106)	36,305
Other permanent differences	-	889
Change in opening deferred income tax balances	(9,428)	44,995
Other	8,657	(32,345)
	126,354	263,403
Income tax expense	$ 1,253,548	$ 537,779

The above reconciling items are disclosed at the tax rates that apply in the jurisdiction where they have arisen. The statutory income tax rate is the standard income tax rate applicable in the province in which the Company operates.

The Company has accumulated the following net deductible temporary differences, unused tax losses and unused tax credits:

Date of expiry	Net deductible/(taxable) temporary differences	Unused tax losses	Unused tax credits
Within one year	$ -	$ -	$ -
One to five years	-	-	-
After five years	-	19,888,015	450,492
No expiry	(33,073,708)	-	-
As at January 31, 2021	$ (33,073,708)	$ 19,888,015	$ 450,492
Within one year	$ -	$ -	$ -
One to five years	-	-	-
After five years	-	14,635,680	448,492
No expiry	(22,888,187)	-	-
As at January 31, 2020	$ (22,888,187)	$ 14,635,680	$ 448,492

Deferred tax liabilities included on the statements of financial position are as follows:

	Year Ended January 31, 2021	Year Ended January 31, 2020
Non-capital and capital losses carried forward	$ 5,049,958	$ 3,716,287
Net book value of property, plant and equipment in excess of the tax basis	(7,556,693)	(4,884,387)
Net book value of intangible assets in excess of tax basis	(1,556,546)	(1,504,614)
Other temporary differences	600,786	463,767
Total deferred income tax liability, net	(3,462,495)	(2,208,947)
Classified as:		
Non-current deferred income tax liability	(3,462,495)	(2,208,947)
Change in deferred income tax liability, recognized in income for the year	$ 1,253,548	$ 537,371

The operations of the Company and related tax interpretations, regulations and legislation are subject to change. The Company believes that the amount reported as deferred income tax liabilities adequately reflects management's current best estimate of its income tax exposures.

Movements in temporary differences during the years are as follows:

	Balance at January 31, 2019	Recognized in profit or loss	Balance at January 31, 2020	Recognized in profit or loss	**Balance at January 31, 2021**
Property, plant & equipment	$ (16,364,426)	$ (1,680,688)	$ (19,235,957)	$ (10,524,216)	**$ (29,760,173)**
Intangible assets	(5,548,519)	(422,405)	(5,925,552)	(204,520)	**(6,130,072)**
Financing costs	1,422	29,441	1,386	2,145	**3,531**
Asset Retirement Obligation asset & liability	553,535	15,159	958,025	61,937	**1,019,962**
SR&ED expenditure pool carryforwards, net of future SR&ED investment tax credit income inclusions	832,383	(2,000)	829,938	(1,999)	**827,939**
Tax loss carryforwards	13,953,402	(73,605)	14,635,680	5,252,335	**19,888,015**
Right-of-use assets	-	-	(19,334,747)	979,427	**(18,355,320)**
Lease liability	-	-	19,370,228	(500,295)	**18,869,933**
Other items	(21,777)	(51,246)	-	-	**-**
Total	$ (6,593,980)	$ (2,185,344)	$ (8,700,999)	$ (4,935,186)	**$ (13,636,185)**

18. SHARE CAPITAL

Preferred shares

The Company is authorized to issue an unlimited number of preferred shares with no par value. As at January 31, 2021, no preferred shares were issued and outstanding.

Common shares

The Company is authorized to issue an unlimited number of common shares with no par value. As at January 31, 2021, 35,417,686 (January 31, 2020 – 35,229,728) common shares were issued and outstanding.

On January 8, 2020, the Company announced that it would be commencing a normal course issuer bid ("NCIB") to permit the Company to purchase for cancellation up to 1,000,000 of its common shares. During the last twelve months, the Company repurchased and cancelled an aggregate of 125,289 common shares under its NCIB at a volume weighted average trading price of $2.98 per common share. The NCIB terminated on January 9, 2021.

On April 7, 2021, the Board of Directors of the Company approved a quarterly dividend of $0.0276 per share, payable on May 28, 2021 to shareholders of record as of May 14, 2021. During the year ended January 31, 2021, $3,748,831 of dividends were paid (January 31, 2020 - $3,576,462).

19. SHARE-BASED PAYMENTS

Stock option and share purchase plans

The Company has granted stock options to certain executive officers and key employees, pursuant to the Company's stock option plan. Options granted under the plan are exercisable for a period of five years from the date of grant at a price equal to the weighted average closing market price at which the Company's shares have traded on the TSX during the five days immediately preceding the date granted, subject to a three-year vesting period. The stock option plan provides that the maximum number of common shares of the Company issuable upon the exercise of options shall not exceed such number which represents 10% of the issued and outstanding common shares of the Company from time to time.

A summary of the status of the options outstanding under the Company's stock option plan as at January 31, 2021 and January 31, 2020 is presented below:

	January 31, 2021		January 31, 2020	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Balance outstanding at beginning of period	2,839,337	$ 3.59	1,494,337	$ 3.41
Granted	687,500	3.17	1,590,000	3.64
Forfeited	(70,000)	3.59	(44,001)	3.84
Exercised[1]	(868,669)	3.34	(200,999)	2.60
Balance outstanding at end of period	**2,588,168**	**$ 3.56**	2,839,337	$ 3.59

[1] During the fiscal year-to-date period ended January 31, 2021, 807,669 stock options were exercised on a cashless basis (January 31, 2020 - 175,667). This resulted in the issuance of 243,266 common shares (January 31, 2020 - 53,194).

A summary of options outstanding under the plan is presented below:

Exercise price	Number outstanding at January 31, 2021	Weighted average remaining contractual life (in years)	Number exercisable at January 31, 2021
2.79	497,500	4.19	-
2.84	30,000	4.37	-
3.18	28,334	1.19	28,334
3.35	30,000	3.68	10,000
3.41	20,000	3.97	-
3.48	24,000	1.71	24,000
3.59	110,000	1.61	110,000
3.60	5,000	1.59	5,000
3.63	206,667	3.31	63,334
3.65	980,000	3.28	126,667
3.86	180,000	2.32	116,667
3.91	146,667	2.23	66,667
3.91	30,000	4.62	-
3.94	150,000	2.02	100,000
4.03	30,000	2.72	20,000
4.21	60,000	4.68	-
4.87	30,000	4.72	-
5.31	30,000	4.96	-
2.79 to 5.31	2,588,168	3.25	670,669

All outstanding options have a term of five years from the date of grant and vest over a three year period from the date of grant at a rate of one-third per annum of the total number of options granted.

The weighted average share price of options exercised during the year ended January 31, 2021, was $3.34 (January 31, 2020 - $2.60).

For options granted, the fair value has been determined using the Black-Scholes fair value option pricing model and the following assumptions:

	January 31, 2021	January 31, 2020
Weighted average fair value per option	$ 0.80	$ 0.86
Weighted average share price	$ 3.38	$ 3.71
Weighted average exercise price	$ 3.17	$ 3.64
Expected volatility	32%	32%
Dividend yield	3%	3%
Risk free interest rate	1%	1%
Weighted average expected life in years	5	5

The resulting fair value is charged to personnel expense over the vesting period of the options with a corresponding increase in the share-based payment reserves. As options are exercised, the corresponding values previously charged to share-based payments reserve are reclassified to share capital. Cash proceeds received upon the exercise of options are credited to share capital.

Employee share purchase plan

Pursuant to the Company's employee share purchase plan, employees are eligible to purchase an allotted number of common shares at a discount of 10% from the average closing market price during the five business days immediately preceding January 15th of any given year. During the year ended January 31, 2021, 8,981 shares were issued under the plan (January 31, 2020 – 31,763) for net proceeds of $29,368 (January 31, 2020 - $96,722).

20. REVENUE

The Company's revenue consists of the following streams:

		January 31, 2021		January 31, 2020
Revenue from the sale of goods:				
Gross revenue	$	123,947,169	$	104,148,880
Less: Production taxes and distribution fees		70,100,893		58,401,689
Revenue (net)		53,846,276		45,747,191
Revenue from the rendering of services:				
Gross revenue		32,853,069		14,586,226
Total revenue	$	86,699,345	$	60,333,417

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

21. EXPENSES BY NATURE

Expenses relating to depreciation, amortization, and personnel are included within the following line items on the Statements of Comprehensive Income:

		January 31, 2021		January 31, 2020
Depreciation of property, plant & equipment and right-of-use assets				
Cost of sales	$	5,443,908	$	4,707,988
Other expenses		2,159,602		1,422,164
Amortization of intangible assets				
Other expenses		207,166		204,027
Salaries, benefits and other personnel-related expenses				
Cost of sales		10,302,562		8,373,948
Selling, marketing and administrative expenses		5,674,186		4,690,449
Other expenses		55,414		46,689

22. OTHER EXPENSES

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

		January 31, 2021		January 31, 2020
Depreciation of property, plant & equipment and right-of-use assets	$	2,159,602	$	1,422,164
Amortization of intangible assets		207,166		204,027
Other personnel-related expenses		55,414		46,689
Foreign exchange gains		(153,683)		(55,903)
	$	2,268,499	$	1,616,977

23. FINANCE COSTS

The Company's finance costs consist of the following amounts:

		Year Ended January 31, 2021		Year Ended January 31, 2020
Interest on non-revolving demand loans	$	610,473	$	284,350
Interest on long-term debt		105,033		134,995
Interest on lease liabilities		1,110,721		944,525
Interest on bank indebtedness		84,275		94,249
Other interest expense		8,031		9,584
Unwinding of discount on provisions		61,937		61,937
Fair value adjustments on financial instruments		126,893		(28,958)
	$	2,107,363	$	1,500,682

24. EARNINGS PER SHARE

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

		January 31, 2021		January 31, 2020
Net income for the period	$	3,000,013	$	497,602
Average number of common shares outstanding		35,223,987		35,341,440
Effect of options		247,632		83,157
Average number of diluted common shares outstanding		35,471,619		35,424,597
Basic earnings per share	$	0.09	$	0.01
Diluted earnings per share	$	0.08	$	0.01

25. FINANCIAL INSTRUMENTS

This note presents information relating to the Company's exposure to financial instruments and summarizes the Company's policies and processes that are in place for measuring and managing risk. Further qualitative disclosures are included throughout these financial statements.

Principles of risk management

The main risks arising from the Company's financial instruments are credit and sales concentration risk, liquidity risk, foreign currency risk and interest rate risk. These risks are from exposures that occur in the normal course of business and are managed by the executive officers of the Company (the "Executive Team"). The responsibilities of the Executive Team include the recommendations of policies to manage financial instrument risk.

The overall objective of the Executive Team is to effectively manage credit risk, liquidity risk and other market risks in accordance with the Company's strategy. Other responsibilities of the Executive Team include management of the Company's cash resources and debt funding programs, approval of counter-parties and relevant transaction limits and the monitoring of all significant treasury activities undertaken by the Company.

The Company's finance department prepares periodic reports which monitor all significant financial activities undertaken by the Company. These reports also monitor loan covenants to ensure continued compliance. The Executive Team reviews these reports to monitor the financial instrument risks of the Company and to ensure compliance with established Company policies and procedures.

Categories of financial instruments

The Company's significant financial instruments comprise cash and cash equivalents, accounts receivable, bank indebtedness, accounts payable and accrued liabilities, lease liabilities, non-revolving demand loans, and long-term debt. The main purpose of these financial instruments is to finance the Company's growth and ongoing operations. The Company has various other financial assets and liabilities such as accounts receivables and accounts payables, which arise directly from its operations.

The Company's financial instruments and their designations are:

	Designated as:
Accounts receivable	Amortized cost
Bank indebtedness	Financial liabilities
Accounts payable and accrued liabilities	Financial liabilities
Lease liabilities	Financial liabilities
Non-revolving demand loans	Financial liabilities
Long-term debt	Financial liabilities

All financial assets and financial liabilities are recorded at amounts which approximate their fair market value.

Accounts receivable, and accounts payable and accrued liabilities approximate their fair values on a discounted cash flow basis because of the short-term nature of these instruments. In general, investments with original maturities of less than three months are classified as cash and cash equivalents.

The carrying amount of bank indebtedness, lease liabilities, non-revolving demand loans, and long-term debt approximate their fair value on a discounted cash basis because these obligations bear interest at market rates.

Credit and sales concentration risk

Exposure to credit risk arises as a result of transactions in the Company's ordinary course of business and is applicable to all financial assets. Investments in cash, short-term deposits and similar assets are with approved counter party banks and other financial institutions. Counter-parties are assessed both prior to, during, and after the conclusion of transactions to ensure exposure to credit risk is limited to an acceptable level.

The maximum exposure of credit risk is limited to the total carrying value of accounts receivable as at January 31, 2021, being an amount of $9,871,061 (January 31, 2020 - $4,976,226).

The credit quality of the Company's significant customers is monitored on an on-going basis and allowances are provided for potential losses that have been incurred at the period end date. The Company does not have a history of significant credit losses. Receivables that are neither past due nor impaired are considered credit of high quality. Where concentrations of credit risk exist, management closely monitors the receivable and ensures appropriate controls are in place to ensure recovery. During the period ended January 31, 2021, approximately 55 percent (January 31, 2020 – 67 percent), of the Company's net revenue is attributable to sales transactions with a single customer.

Liquidity risk

Liquidity risk is the risk that the Company may not be able to settle or meet its obligations on time or at a reasonable price. The Company's Executive Team is responsible for management of liquidity risk, including funding, settlements, related processes and policies. The operational, tax, capital and regulatory requirements and obligations of the Company are considered in the management of liquidity risk.

The Company manages its liquidity risk utilizing various sources of financing to maintain flexibility while ensuring access to cost-effective funds when required. The Company also manages liquidity risk through the use of its operating line of credit. In addition, the Executive Team utilizes both short and long-term cash flow forecasts and other financial information to manage liquidity risk. Other than the scheduled repayments of lease liabilities, non-revolving demand loans, and long-term debt in fiscal 2022 and beyond, all other financial liabilities are due within one year. While the non-revolving demand loans have payment terms, if the lender demands payment they would be due immediately.

The table below presents a maturity analysis of the Company's financial liabilities based on the expected cash flows from the reporting date to the contractual maturity date. While the non-revolving demand loans have been presented as due within one year on the Statements of Financial Position, the below table reflects the contractual payment terms for these loans.

	Carrying Amount	Contractual Cash Flows	Due within one year	Due in one to five years	Due in over five years
Accounts payable and accrued liabilities	$ 21,341,335	$ 21,341,335	$ 21,341,335	$ -	$ -
Lease liabilities	24,804,459	24,804,459	3,282,080	6,834,652	14,687,727
Non-revolving demand loans	25,896,379	25,896,379	25,896,379	-	-
Long-term debt	1,878,205	1,878,205	510,275	1,367,930	-
Total contractual repayments	$ 73,920,378	$ 73,920,378	$ 51,030,069	$ 8,202,582	$ 14,687,727

Currency risk

The Company currently relies on only a few foreign suppliers providing certain goods and services and thus has limited exposure to risk due to fluctuations in foreign exchange rates. The Company periodically enters into forward contracts to manage foreign exchange rate fluctuations and the Executive Team monitors foreign exchange exposure on an ongoing basis.

The Company does not have any significant foreign currency denominated monetary liabilities.

Interest rate risk

The Company is exposed to interest rate risk to the extent that its bank indebtedness is based upon a variable rate of interest. The non-revolving demand loans and long-term debt are based on fixed interest rates.

For the year ended January 31, 2021, if interest rates changed by 1% assuming all other variables remain constant, the change in the Company's net income and comprehensive income would not be significantly impacted.

Market risk

The Company is exposed to commodity price risk with respect to certain raw materials where fluctuations in the market price or availability of these items could impact the Company's cash flow and production. To minimize the impact of this risk, the Company enters into contracts which secure supply and set pricing to manage the exposure to availability and pricing of certain raw materials.

The Company's profitability depends on the selling price of its products to The Beer Store and provincial liquor boards. While these prices are controlled by the Company, they are subject to various legislation, regional supply and demand and general economic conditions.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, liquidity and market risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. The Company's objective is to manage operational risk to balance the avoidance of financial losses and damage to the Company's reputation with overall cost-effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to the Chief Executive Officer, Chief Operating Officer and Chief Financial Officer (collectively, the "Executive Team").

This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance when this is effective.

Compliance with Company's standards is supported by a program of periodic reviews undertaken by the corporate finance department. The results of the reviews are discussed with the Audit Committee as required.

Capital management

For capital management purposes, the Company defines capital as the aggregate of its equity and total debt less cash and cash equivalents. Debt includes bank indebtedness, the current and non-current portions of lease liabilities, non-revolving demand loans, and the current and non-current portions of long-term debt.

The Company's principal objectives in managing capital are:

- to ensure that it will continue to operate as a going concern;
- to maintain a strong capital base so as to maintain client, investor, creditor and market confidence; and
- to comply with financial covenants required under its various borrowing facilities.

The Company's capital structure consists of the following:

	January 31, 2021	January 31, 2020
Bank indebtedness	$ 3,366,489	$ 783,077
Lease liabilities, non-revolving demand loans, and long-term debt	52,579,043	42,384,696
Total debt	55,945,532	43,167,773
Equity:		
Share capital	39,546,216	39,126,283
Share-based payments reserves	2,245,415	2,108,671
Deficit	(8,097,270)	(7,348,452)
Total Equity	33,694,361	33,886,502
Total capitalization (total debt plus total equity)	$ 89,639,893	$ 77,054,275

The Company manages its capital structure and adjusts it in the light of changes in economic conditions and in order to comply with externally imposed financial debt covenants. Financing decisions are generally made on a specific transaction basis and depend on the Company's needs, capital markets and economic conditions at the time of the transaction.

At January 31, 2021 and 2020, the Company was in compliance with all of its financial debt covenants.

26. COMMITMENTS

As at January 31, 2021, the Company had the following non-cancellable purchase commitments relating to raw materials and supplies:

	January 31, 2021	January 31, 2020
Due within one year	$ 8,675,140	$ 5,478,221
Due in one to five years	244,000	1,292,787
Due in over five years	-	-
	$ 8,919,140	$ 6,771,008

All other commitments have been otherwise noted within these financial statements.

27. RELATED PARTY TRANSACTIONS

Key management personnel consists of the officers of the Company and the Company's Board of Directors. The aggregate compensation of key management personnel is set out below:

	January 31, 2021	January 31, 2020
Short-term employee benefits	$ 1,692,289	$ 1,751,465
Post-employment benefits	59,944	59,298
Share-based payments	526,154	653,439
	$ 2,278,387	$ 2,464,202

28. CHANGE IN NON-CASH WORKING CAPITAL

Change in non-cash working capital consists of the following:

	January 31, 2021	January 31, 2020
Accounts receivable	$ (4,894,835)	$ (124,452)
Inventories	(3,861,584)	(166,145)
Prepaid expenses	58,188	(224,692)
Accounts payable and accrued liabilities	8,255,470	5,551,432
Change in non-cash working capital	$ (442,761)	$ 5,036,143

INVESTOR & CONTACT INFORMATION

STOCK EXCHANGE AND LISTED SECURITIES

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

INVESTOR AND ANALYST INQUIRIES

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BOARD OF DIRECTORS

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

OFFICERS

George H. Croft
President and Chief Executive Officer

David J. Birch
Chief Financial Officer

Russell N. Tabata
Chief Operating Officer

POURING THE BOAR SINCE '84

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