



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

***THIRD QUARTER FISCAL 2018***

***Quarter Ended October 29, 2017***

## STATEMENTS OF COMPREHENSIVE INCOME

For the quarters ended October 29, 2017 and October 30, 2016

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

	Notes	Quarter ended		Fiscal year-to-date ended	
		October 29, 2017	October 30, 2016	October 29, 2017	October 30, 2016
Revenue	5	\$ 11,671,466	\$ 11,106,289	\$ 39,055,280	\$ 34,636,967
Cost of sales	6	8,557,904	7,302,657	27,894,803	22,317,110
<b>Gross profit</b>		<b>3,113,562</b>	<b>3,803,632</b>	<b>11,160,477</b>	<b>12,319,857</b>
Selling, marketing and administration expenses	6	2,238,472	2,349,468	7,047,895	6,938,887
Other expenses	6, 7	186,903	205,192	581,850	650,592
Finance costs		145,552	103,043	380,259	385,595
<b>Income before tax</b>		<b>542,635</b>	<b>1,145,929</b>	<b>3,150,473</b>	<b>4,344,783</b>
Income tax expense		155,620	291,495	857,022	1,067,360
<b>Net income and comprehensive income</b>		<b>\$ 387,015</b>	<b>\$ 854,434</b>	<b>\$ 2,293,451</b>	<b>\$ 3,277,423</b>
Basic earnings per share	9	\$ 0.01	\$ 0.02	\$ 0.06	\$ 0.09
Diluted earnings per share	9	\$ 0.01	\$ 0.02	\$ 0.06	\$ 0.09

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

## STATEMENTS OF FINANCIAL POSITION

As at October 29, 2017 and January 31, 2017

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

	Notes	October 29, 2017	January 31, 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8, 11	\$ 26,544,791	\$ 21,709,425
Intangible assets	11	15,346,157	15,499,186
Construction deposits		370,327	2,462,328
		<b>42,261,275</b>	<b>39,670,939</b>
<b>Current assets</b>			
Cash		2,732,844	2,831,959
Accounts receivable		8,438,511	7,035,714
Inventories		4,668,227	5,619,329
Prepaid expenses		608,301	593,180
		<b>16,447,883</b>	<b>16,080,182</b>
<b>TOTAL ASSETS</b>		<b>58,709,158</b>	<b>55,751,121</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Equity</b>			
Share capital		39,682,236	39,651,096
Share-based payments reserves		929,970	943,565
Deficit		(2,151,529)	(2,758,560)
<b>TOTAL EQUITY</b>		<b>38,460,677</b>	<b>37,836,101</b>
<b>Non-current liabilities</b>			
Provisions		532,158	411,599
Obligation under finance lease		3,207,131	3,781,855
Long-term debt		6,350,428	2,498,580
Deferred income tax liability		939,411	82,389
		<b>11,029,128</b>	<b>6,774,423</b>
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		7,127,674	9,655,405
Current portion of obligation under finance lease		762,694	741,297
Current portion of long-term debt		1,328,985	743,895
		<b>9,219,353</b>	<b>11,140,597</b>
<b>TOTAL LIABILITIES</b>		<b>20,248,481</b>	<b>17,915,020</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 58,709,158</b>	<b>\$ 55,751,121</b>

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 CHANGES IN EQUITY

As at October 29, 2017, January 31, 2017 and October 30, 2016

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

	Share Capital		Share based payments reserve	Deficit	Total equity
	Number of Shares	Amount (\$)			
<b>At January 31, 2016</b>	<b>34,945,058</b>	<b>\$ 39,526,573</b>	<b>\$ 932,201</b>	<b>\$ (4,933,195)</b>	<b>\$ 35,525,579</b>
Comprehensive income for the period	-	-	-	3,277,423	3,277,423
Shares repurchased and cancelled, including fees	(23,900)	(54,197)	-	-	(54,197)
Shares issued	6,300	10,458	-	-	10,458
Stock options exercised	182,612	301,591	(126,914)	-	174,677
Share-based payments	-	-	105,100	-	105,100
Dividends paid	-	-	-	(1,261,021)	<b>(1,261,021)</b>
<b>At October 30, 2016</b>	<b>35,110,070</b>	<b>39,784,425</b>	<b>910,387</b>	<b>(2,916,793)</b>	<b>37,778,019</b>
Comprehensive income for the period	-	-	-	719,389	719,389
Shares repurchased and cancelled, including fees	(71,600)	(212,659)	-	-	(212,659)
Shares issued	21,331	35,409	-	-	35,409
Stock options exercised	22,667	43,921	(9,014)	-	34,907
Share-based payments	-	-	42,192	-	42,192
Dividends paid	-	-	-	(561,156)	(561,156)
<b>At January 31, 2017</b>	<b>35,082,468</b>	<b>39,651,096</b>	<b>943,565</b>	<b>(2,758,560)</b>	<b>37,836,101</b>
Comprehensive income for the period	-	-	-	2,293,451	<b>2,293,451</b>
Shares repurchased and cancelled, including fees	(115,200)	(322,629)	-	-	<b>(322,629)</b>
Shares issued	3,473	9,342	-	-	<b>9,342</b>
Stock options exercised	280,908	344,427	(219,379)	-	<b>125,048</b>
Share-based payments	-	-	205,784	-	<b>205,784</b>
Dividends paid	-	-	-	(1,686,420)	<b>(1,686,420)</b>
<b>At October 29, 2017</b>	<b>35,251,649</b>	<b>\$ 39,682,236</b>	<b>\$ 929,970</b>	<b>\$ (2,151,529)</b>	<b>\$ 38,460,677</b>

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

## STATEMENTS OF CASH FLOWS

For the quarters ended October 29, 2017 and October 30, 2016

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

Notes	Quarter ended		Fiscal year-to-date ended	
	October 29, 2017	October 30, 2016	October 29, 2017	October 30, 2016
<b>Operating activities</b>				
Net income	\$ 387,015	\$ 854,434	\$ 2,293,451	\$ 3,277,423
Adjustments for:				
Income tax expense	155,620	291,495	857,022	1,067,360
Finance costs	145,552	103,043	380,259	385,595
Depreciation and amortization of property, plant and equipment and intangibles	6, 7, 8 927,290	753,154	2,650,282	2,240,006
Gain on sale of property, plant and equipment	7 (26,418)	-	(26,418)	-
Share-based payments	92,824	44,157	205,784	105,100
Change in non-cash working capital related to operations	2,006,426	56,623	(3,403,830)	(2,320,224)
Less:				
Interest paid	(142,232)	(103,603)	(342,439)	(308,583)
<b>Cash provided by operating activities</b>	<b>3,546,077</b>	<b>1,999,303</b>	<b>2,614,111</b>	<b>4,446,677</b>
<b>Investing activities</b>				
Purchase of property, plant and equipment	8 (1,254,226)	(579,491)	(7,123,641)	(1,681,420)
Construction deposit paid	-	(940,000)	-	(940,000)
Proceeds from sale of property, plant and equipment	8, 11 2,566,598	-	2,566,598	-
Purchase of intangible assets	8, 11 (486)	(18,339)	(197,551)	(85,972)
<b>Cash provided by (used in) investing activities</b>	<b>1,311,886</b>	<b>(1,537,831)</b>	<b>(4,754,594)</b>	<b>(2,707,392)</b>
<b>Financing activities</b>				
Decrease in bank indebtedness	(1,050,335)	-	-	-
Issuance of long-term debt	-	-	5,163,067	2,000,000
Repayment of long-term debt	(328,338)	(180,321)	(693,713)	(1,411,762)
Repayment of obligation under finance lease	(186,194)	(179,263)	(553,327)	(532,728)
Dividends paid	(563,882)	(421,320)	(1,686,420)	(1,261,021)
Issuance of shares, net of fees	3,631	2,490	9,342	10,458
Shares repurchased and cancelled, including fees	-	(3,883)	(322,629)	(54,197)
Proceeds from stock option exercise	-	138,850	125,048	174,677
<b>Cash provided by (used in) financing activities</b>	<b>(2,125,118)</b>	<b>(643,447)</b>	<b>2,041,368</b>	<b>(1,074,573)</b>
<b>Net increase/(decrease) in cash</b>	<b>2,732,844</b>	<b>(181,975)</b>	<b>(99,115)</b>	<b>664,712</b>
<b>Cash, beginning of the period</b>	<b>-</b>	<b>1,240,332</b>	<b>2,831,959</b>	<b>393,645</b>
<b>Cash, end of the period</b>	<b>\$ 2,732,844</b>	<b>\$ 1,058,357</b>	<b>\$ 2,732,844</b>	<b>\$ 1,058,357</b>

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

## NOTES TO FINANCIAL STATEMENTS

1. CORPORATE INFORMATION
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## **1. CORPORATE INFORMATION**

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

The Company’s primary business relates to the production and distribution of alcohol-based products. To this end, the Company operates one Ontario-based facility and serves primarily the Ontario market. Brick’s products are distributed to end consumers through The Beer Store, LCBO, and grocery channels in Ontario and Provincial Liquor Boards across Canada.

## **2. DATE OF AUTHORIZATION FOR ISSUE**

The financial statements of the Company were authorized for issue on December 7, 2017 by the Company’s Board of Directors.

## **3. BASIS OF PRESENTATION**

### **3.1. STATEMENT OF COMPLIANCE**

These unaudited condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”). The unaudited condensed interim financial statements do not include all of the information required for full annual financial statements. These unaudited condensed interim financial statements are based on consistent accounting policies and methods of computation as those of Brick’s annual financial statements for the year ended January 31, 2017.

### **3.2. BASIS OF MEASUREMENT**

Depending on the applicable International Financial Reporting Standards (“IFRS”) requirement, 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.

### **3.3. 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.

### **3.4. SEASONALITY**

The alcoholic beverage industry in Canada is seasonal in nature. Accordingly, Brick has historically experienced a seasonal pattern in its operating results, with the first and last quarters historically exhibiting lower revenues. Therefore, the results in any one quarter are not indicative of results in any other quarter, or for the year as a whole.

### **3.5. CHANGE IN ACCOUNTING ESTIMATE**

IAS 38 *Intangible Assets* (IAS 38) requires that the useful life of an intangible asset be reviewed at least at each financial year-end. As at January 31, 2017, the Company revised its estimate of the useful life of listings assets from an indefinite to a finite useful life. A review of the useful lives of past listing purchases indicates that a portion of the listings purchased will fall short of the volume performance thresholds and be delisted, and therefore, have a finite life. Effective February 1, 2017, the Company, in order to reflect that a portion of the listings will have a finite life, began to amortize its listings, prospectively, over a 20-year period, which represents management’s best estimate of the expected average useful life of these assets. The Company estimates that amortization expense will increase by approximately \$250,000 annually.

#### 4. USE OF ESTIMATES AND JUDGMENT

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the interpretation of accounting standards. Management periodically reviews its judgements and underlying assumptions related to 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.

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 following accounting balances: property, plant and equipment, intangible assets, deferred income taxes, and provisions.

#### 5. REVENUE

The Company's revenue consists of the following streams:

	Quarter Ended		Fiscal year-to-date ended	
	October 29, 2017	October 30, 2016	October 29, 2017	October 30, 2016
<b>Revenue from the sale of goods:</b>				
Gross revenue	\$ 21,508,756	\$ 20,419,391	\$ 67,468,154	\$ 60,509,348
Less: Production taxes and distribution fees	12,050,676	11,280,770	36,928,071	32,608,627
Revenue (net)	9,458,080	9,138,621	30,540,083	27,900,721
<b>Revenue from the rendering of services:</b>				
Gross revenue	2,213,386	1,967,668	8,515,197	6,736,246
<b>Total revenue</b>	<b>\$ 11,671,466</b>	<b>\$ 11,106,289</b>	<b>\$ 39,055,280</b>	<b>\$ 34,636,967</b>

Services revenue is comprised of revenue generated from contract manufacturing. Brick utilizes available equipment and resources to perform contract manufacturing services for customers in order to generate incremental returns.



## 6. EXPENSES BY NATURE

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

	Quarter ended		Fiscal year-to-date ended	
	October 29, 2017	October 30, 2016	October 29, 2017	October 30, 2016
<b>Depreciation of property, plant &amp; equipment</b>				
Cost of sales	\$ 725,277	\$ 581,503	\$ 2,055,647	\$ 1,729,879
Other expenses	152,424	166,551	416,505	494,827
<b>Amortization of intangible assets</b>				
Other expenses	49,589	5,100	178,130	15,300
<b>Salaries, benefits and other personnel-related expenses</b>				
Cost of sales	1,931,239	1,971,338	5,958,603	5,530,676
Selling, marketing and administrative expenses	1,101,288	864,206	3,012,344	2,283,648
Other expenses	20,910	26,915	38,180	99,779

## 7. OTHER EXPENSES

The Company's other expenses consist of the following amounts

	Quarter ended		Fiscal year-to-date ended	
	October 29, 2017	October 30, 2016	October 29, 2017	October 30, 2016
Depreciation of property, plant & equipment	\$ 152,424	\$ 166,551	\$ 416,505	\$ 494,827
Amortization of intangible assets	49,589	5,100	178,130	15,300
Other personnel-related expenses	20,910	26,915	38,180	99,779
Foreign exchange (gains) losses	(9,602)	6,625	(24,547)	40,686
Gain on sale of property, plant and equipment	(26,418)	-	(26,418)	-
	\$ 186,903	\$ 205,191	\$ 581,850	\$ 650,592

## 8. PROPERTY, PLANT &amp; EQUIPMENT

	Assets owned by the Company									Assets held under finance leases	Total property, plant and equipment
	Land	Buildings and leasehold improvements	Returnable containers	Machinery and equipment	Computer equipment	Furniture and fixtures	Vehicles	Major spare parts	Equipment		
<b>Cost or deemed cost</b>											
Balance at February 1, 2016	\$ 421,488	\$ 5,049,878	\$ 6,558,379	\$ 23,064,180	\$ 1,550,909	\$ 264,242	\$ 235,775	\$ 212,614	\$ 5,819,378	\$ 43,176,843	
Additions	-	277,446	250,122	1,613,118	165,663	145,987	111,950	14,627	-	2,578,913	
Disposals	-	-	-	(117,345)	-	-	-	-	(336,301)	(453,646)	
<b>Balance at January 31, 2017</b>	<b>421,488</b>	<b>5,327,324</b>	<b>6,808,501</b>	<b>24,559,953</b>	<b>1,716,572</b>	<b>410,229</b>	<b>347,725</b>	<b>227,241</b>	<b>5,483,077</b>	<b>45,302,110</b>	
<b>Cumulative depreciation and impairment</b>											
Balance at February 1, 2016	-	(1,487,808)	(6,322,655)	(11,177,502)	(1,228,329)	(168,941)	(235,775)	(181,099)	(388,664)	(21,190,773)	
Depreciation charge for the year	-	(393,174)	(125,406)	(1,977,083)	(43,304)	(50,736)	(16,795)	(19,656)	(229,404)	(2,855,558)	
Depreciation on:											
Disposals	-	-	-	117,345	-	-	-	-	336,301	453,646	
<b>Balance at January 31, 2017</b>	<b>-</b>	<b>(1,880,982)</b>	<b>(6,448,061)</b>	<b>(13,037,240)</b>	<b>(1,271,633)</b>	<b>(219,677)</b>	<b>(252,570)</b>	<b>(200,755)</b>	<b>(281,767)</b>	<b>(23,592,685)</b>	
<b>Net book value as at January 31, 2017</b>	<b>\$ 421,488</b>	<b>\$ 3,446,342</b>	<b>\$ 360,440</b>	<b>\$ 11,522,713</b>	<b>\$ 444,939</b>	<b>\$ 190,552</b>	<b>\$ 95,155</b>	<b>\$ 26,486</b>	<b>\$ 5,201,310</b>	<b>\$ 21,709,425</b>	
<b>Cost or deemed cost</b>											
Balance at February 1, 2017	\$ 421,488	\$ 5,327,324	\$ 6,808,501	\$ 24,559,953	\$ 1,716,572	\$ 410,229	\$ 347,725	\$ 227,241	\$ 5,483,077	\$ 45,302,110	
Additions	-	(70,218)	1,013,145	8,124,203	230,570	9,816	-	-	-	9,307,516	
Disposals	(421,488)	(894,594)	-	(4,559,276)	-	-	-	(87,170)	-	(5,962,528)	
Other changes	-	-	-	-	-	-	-	-	-	-	
<b>Balance at October 29, 2017</b>	<b>-</b>	<b>4,362,512</b>	<b>7,821,646</b>	<b>28,124,880</b>	<b>1,947,142</b>	<b>420,045</b>	<b>347,725</b>	<b>140,071</b>	<b>5,483,077</b>	<b>48,647,098</b>	
<b>Cumulative depreciation and impairment</b>											
Balance at February 1, 2017	-	(1,880,982)	(6,448,061)	(13,037,240)	(1,271,633)	(219,677)	(252,570)	(200,755)	(281,767)	(23,592,685)	
Depreciation charge for the year	-	(247,917)	(146,401)	(1,699,659)	(127,855)	(40,732)	(28,441)	(11,625)	(169,521)	(2,472,151)	
Depreciation on disposals	-	381,168	-	3,494,191	-	-	-	87,170	-	3,962,529	
Impairment reversals recognized in profit/(loss)	-	-	-	-	-	-	-	-	-	-	
Other changes	-	-	-	-	-	-	-	-	-	-	
<b>Balance at October 29, 2017</b>	<b>-</b>	<b>(1,747,731)</b>	<b>(6,594,462)</b>	<b>(11,242,708)</b>	<b>(1,399,488)</b>	<b>(260,409)</b>	<b>(281,011)</b>	<b>(125,210)</b>	<b>(451,288)</b>	<b>(22,102,307)</b>	
<b>Net book value as at October 29, 2017</b>	<b>\$ -</b>	<b>\$ 2,614,781</b>	<b>\$ 1,227,184</b>	<b>\$ 16,882,172</b>	<b>\$ 547,654</b>	<b>\$ 159,636</b>	<b>\$ 66,714</b>	<b>\$ 14,861</b>	<b>\$ 5,031,789</b>	<b>\$ 26,544,791</b>	

## 9. EARNINGS PER SHARE

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

	Fiscal year-to date ended	
	October 29, 2017	October 30, 2016
Net income for the period	\$ 2,293,451	\$ 3,277,423
Average number of common shares outstanding	35,118,684	34,997,939
Effect of options	281,373	318,251
Average number of diluted common shares outstanding	35,400,057	35,316,190
Basic earnings per share	\$ 0.06	\$ 0.09
Diluted earnings per share	\$ 0.06	\$ 0.09

## 10. CAPITAL STRUCTURE

The Company's capital structure consists of the following:

	October 29, 2017	January 31, 2017
Cash	\$ (2,732,844)	\$ (2,831,959)
Total debt	11,649,238	7,765,627
Net debt	8,916,394	4,933,668
Equity:		
Share capital	39,682,236	39,651,096
Share-based payments reserves	929,970	943,565
Deficit	(2,151,529)	(2,758,560)
Total Equity	38,460,677	37,836,101
Total capitalization (net debt plus total equity)	\$ 47,377,071	\$ 42,769,769

## 11. DISPOSAL OF FORMOSA, ONTARIO FACILITY

During the quarter ended October 29, 2017, the Company sold its facility in Formosa, Ontario for \$2,400,000. The sale included land, building, equipment, as well as both the Red Baron and Formosa Springs brands. The sale generated a gain of \$26,418, net of closing fees.

## 12. SHARE-BASED PAYMENTS

During the quarter ended October 29, 2017, 371,000 options were issued with exercise prices between \$3.48 and \$3.60.

## INVESTOR & CONTACT INFORMATION

### STOCK EXCHANGE AND LISTED SECURITIES

Brick Brewing Co. Limited is listed on the Toronto Stock Exchange (TSX) under the ticker symbol BRB.

### INVESTOR AND ANALYST INQUIRIES

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### SHARE REGISTRAR AND TRANSFER AGENT

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### EXTERNAL AUDITOR

KPMG LLP  
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### CORPORATE COUNSEL

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### LOCATION

**Corporate Office & Kitchener Manufacturing Facility**  
400 Bingemans Centre Drive, Kitchener, Ontario,  
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T: 519-742-2732  
F: 519-742-9874  
[www.brickbeer.com](http://www.brickbeer.com)

### BOARD OF DIRECTORS

Peter J. Schwartz, Chairman  
David R. Shaw  
Edward H. Kernaghan  
George H. Croft  
John H. Bowey  
Stan G. Dunford

### OFFICERS

George Croft, President and Chief Executive Officer  
Russell Tabata, Chief Operating Officer  
Sean Byrne, Chief Financial Officer