

A scenic landscape photograph showing a vineyard in the foreground with rows of grapevines. In the background, a large, forested hill with a prominent white rock face (cliff) rises under a clear blue sky. The text "On Solid Ground" is overlaid in white on the center of the image.

On Solid Ground

Annual General Meeting
October 29, 2020

Important Notice



This presentation contains forward-looking statements, which can be identified by the use of the forward-looking terminology, such as but not limited to “may,” “intend,” “will,” “expect,” “anticipate,” “estimate,” “seek,” or “continue” or the negative thereof or other variations thereon or comparable terminology.

In particular, any statements, express or implied, concerning trends, future operating results, growth, performance, business prospects and opportunities or the ability to generate revenues, income or cash flow are forward-looking statements. These statements reflect management’s current beliefs, including beliefs as to future financial and operating results, and they are based on information currently available to management. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to known and unknown risks and uncertainties. Such risks include but are not limited to: the impact of general economic conditions, market volatility, fluctuations in costs, and changes to the competitive environment, as well as other risks disclosed in the public filings of Diamond Estates Wines & Spirits Inc. (“Diamond Estates”) publicly filed press releases and sedar filings which can be found at www.sedar.com

These factors should be considered carefully and undue reliance should not be placed on forward-looking statements. Although the forward-looking statements are based upon what management believes to be reasonable estimates and assumptions, Diamond Estates cannot ensure that actual results will not be materially different from those expressed or implied by these forward-looking statements.

Unless specifically required by law, Diamond Estates does not assume any obligation to update or revise these forward-looking statements to reflect new events or circumstances. Diamond Estates seeks safe harbour.



Risk Factors

The following risk factors should be carefully considered in evaluating an investment in Diamond Estates. The risks presented below may not be all of the risks that Diamond Estates may face. It is believed that these are the factors that could cause actual results to be different from expected and historical results. New risks may emerge and management may not be able to predict all of them, or be able to predict how they may cause actual results to be different from those contained in any forward-looking statements:

- Diamond Estates has a limited business history
- Additional financing may be required
- There is no assurance of profitability
- Diamond Estates depends on key management and personnel
- Government regulation of the liquor industry can affect Diamond Estates' business
- Agricultural risk due to dependence on consistent supply of quality grapes
- There is significant competition in the industry
- Certain global trade battles and market conditions continue to effect the economy generally
- Inability to manage growth could have a material adverse effect
- Diamond Estates has incurred indebtedness and must make interest payments and comply with other covenants in order to avoid defaulting under this debt
- Diamond Estates may need to issue debt in the future
- Any investment may be subject to future dilution
- Price volatility of publicly traded securities in the market generally is a risk
- Certain directors may have conflicts of interest
- Diamond Estates has not paid dividends and will not be doing so in the foreseeable future
- Success depends on labour costs and so shortages and adverse labour relations can have an adverse effect
- There are foreign exchange risks for inventories purchased in a foreign currency
- Energy costs could increase resulting in increased prices
- Taxation of alcoholic beverages is subject to change
- Trademarks protection is not assured
- Capacity, inventory, warehouse and distribution systems are of critical importance
- Wholesale cost increases can have material adverse effect on operations



- ❖ Continued success in Grocery channel (Ontario)
- ❖ Significant commercial strides with Backyard Vineyards
- ❖ Major endorsements of TBP from leading global companies – Deutsch Family Wine & Spirits and Heineken
- ❖ Positive results through owned retail outlets
- ❖ Growing in-roads with On-premise sales
- ❖ Strong extra-provincial growth



Fiscal 2019 Financial Review

	Fiscal 2019	Fiscal 2020	Change
Revenue	\$28.1MM	\$26.8MM	-4.7%
Gross Profit	\$12.2MM	\$12.1MM	-0.1%
Gross Margin	43.5%	45.2%	1.7%
EBITDA	(\$0.5MM)	(\$0.9MM)	(\$0.4MM)
Adjusted EBITDA	\$0.0MM	(\$0.2MM)	(\$0.2MM)
Net Income	(\$3.3MM)	(\$4.2MM)	(\$0.9MM)
Earnings per Share	(\$0.02)	(\$0.02)	(\$0.00)
Cash Flow from Operations	(\$1.5MM)	(\$2.0MM)	(\$0.5MM)

Fiscal 2020 was about stabilizing the business and re-setting the foundation for future growth...

Balance Sheet Position

Two equity contributions in FY2020 for net proceeds of \$8.2MM as shareholders continue to demonstrate support for company

Balance Sheet Highlights	As at March 31, 2019	As at Mar 31, 2020
Current Assets	\$22.6MM	\$25.8MM
Other Assets	\$23.1MM	\$24.2MM
Total Liabilities	\$30.1MM	\$29.5MM
Shareholders' Equity	\$15.6MM	\$20.4MM

Short term balance sheet pressures from losses offset by shareholder equity contributions



Q1 2020 Financial Review

	Q1 2020	Q1 2021	Change
Revenue	\$7.3MM	\$5.9MM	-18.5%
Gross Profit	\$3.3MM	\$2.7MM	-17.9%
Gross Margin (%)	45.3%	45.6%	0.3%
EBITDA	\$0.1MM	\$0.3MM	\$0.2MM
Adjusted EBITDA	\$0.4MM	\$0.5MM	\$0.1MM
Net Income	(\$0.8MM)	(\$0.4MM)	\$0.4MM
Earnings per Share	(\$0.01)	(\$0.00)	(\$0.01)
Cash Flow from Operations	(\$0.2MM)	\$0.1MM	\$0.3MM

Sustained EBITDA will drive future profitability as operations scale...

Significant Success in Ontario Grocery



Wines

- ❖ #2 supplier of VQA
- ❖ 11.7% share of market
- ❖ 3 of the top 7 SKUs are Diamond Estates



TBP (Agency Brands)

- ❖ #4 supplier to Grocery
- ❖ 7.1% share of market



Solid and expanding portfolio



Strong Year at NOTL



- ❖ 4% increase in retail revenue yr/yr
- ❖ 9% increase in average basket
- ❖ 23% increase in Online sales
- ❖ Steady increase in wine club membership = 37% revenue growth
- ❖ Addition of several new large tour bus operators

Lakeview
Wine Co.

A division of Diamond Estates Wine & Spirits Ltd.

A rapidly growing success in BC



PARTNER OF CHOICE

- 27 locations BC Wine (in Grocery)
- Now listing entire Backyard Vineyards portfolio



- + 256% increase in retail revenue
- + 739% growth in wine club revenue
- Introduction of direct delivery
- New listings
- Investments in upgrading on-site experience



Yr / Yr Increase in on-site bottle sales Red \approx 23% / White \approx 20%

Major Vote of Confidence



3-year contract extension



DEUTSCH FAMILY
WINE & SPIRITS

Major New Business win – Heineken International Brands



 **HEINEKEN**

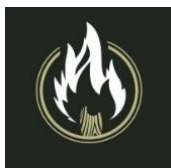


On Premise Partnerships in F'21



New F'21 National/Regional OP Customers

Continuing from F'20 National & Regional OP Customers



- ❖ Chinese Export market continues to struggle with pandemic
- ❖ New markets opened – Finland, Denmark, Sweden, S America, Thailand
- ❖ Continued focus on other major export markets
- ❖ Focus on branded Icewine and reserve wines (red, whites and sparkling)



Another Award-Winning Year

27 Awards 40% Golds!



+11



+7



+9

302 wine
awards
since
2011



International Awards

Decanter 2019

Lakeview Cellars 2017 Vidal Icewine – Gold +96 points

International Wine Challenge 2019

Lakeview Cellars 2017 Cabernet Franc Icewine – Gold +95 points

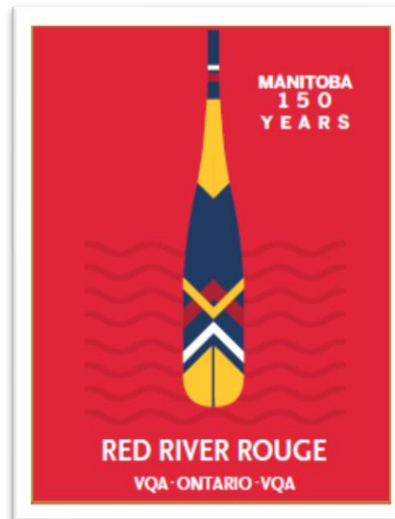
China Wine & Spirit Awards 2019

Lakeview Cellars 2016 Riesling Icewine – Double Gold



20 Bees Goes West!

- Increased area of focus and success
- +67% PY
- +57% in BC / AB / SASK
- Combination of listings and On-prem



Manitoba 150 – 600 cases 300 NOTL / 300 BYV



- ❖ Significant impacts to Out-of-Home consumption primarily restaurants & bars
- ❖ Significant reductions in local tours and domestic/international tourism
- ❖ Consumer consumption shift to lower priced value brands and recognized brands
- ❖ Significant growth in Ontario grocery (growth outpacing LCBO by 20-fold)
- ❖ Global markets impacting exports due to shift in consumption and purchasing behaviours



- ❖ Strong business base capable of sustaining momentum through Pandemic
- ❖ Leaner structure to capitalize on emerging post-pandemic markets
- ❖ Continued focus on emerging channels – Grocery & Western Canada
- ❖ Brand focus opening new opportunities domestically and internationally
- ❖ Well positioned for strong performance





Thank you for your continued
confidence and support!

