



Annual General Meeting
September 28, 2022

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.

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

- ❖ Strong revenue growth (+17%); offset by increased COGS / expenses as government support programs ended and expenses increased with covid waning
- ❖ Acquisitions are positively contributing to sales and gross margins
- ❖ Shiny Apple Cider facilities secured and licensed in July F23
- ❖ Resurgence in on-premise and export sales
- ❖ Continued success at Grocery
- ❖ Supply chain issues continue but with lower severity
- ❖ Winery support program confirmed with \$1.3M lift in F23; more than offsetting excise tax exemption removal
- ❖ Queenston Mile licensing resolved to allow full event capability

Fiscal 2022 Financial Review



	Fiscal 2021	Fiscal 2022	Change
Revenue	\$25.6MM	\$30.0MM	17.2%
Gross Profit	\$10.5MM	\$11.0MM	4.0%
Gross Margin	41.2%	36.8%	(4.4pts)
EBITDA	\$0.8MM	(\$1.7MM)	(\$2.5MM)
Adjusted EBITDA	\$0.1MM	(\$1.1MM)	(\$1.2MM)
Net Income	(\$2.6MM)	(\$3.0MM)	(\$0.4MM)
Earnings per Share	(\$0.13)	(\$0.11)	\$0.02
Cash Flow from Operations	(\$3.6MM)	(\$2.3MM)	\$1.3MM

Fiscal 2022 posted strong revenue growth led by acquisitions. Channel mix returned to a more normal contribution as covid waned, but COGS and expenses grew faster than sales. Cost containment and continued growth are the mandates going forward.

The Company completed the purchase of Equity Wine Group and the Shiny Apple Cider brand through a convertible debenture and equity raise. With significant land, building, equipment and inventory holdings, total asset value increased greater than liabilities.

Balance Sheet Highlights	As at March 31, 2021	As at March 31, 2022
Current Assets	\$26.4MM	\$34.5MM
Other Assets	\$23.5MM	\$33.7MM
Total Liabilities	\$31.6MM	\$37.9MM
Shareholders' Equity	\$18.2MM	\$30.3MM

Q1 2022 Financial Review



	Q1 2022	Q1 2023	Change
Revenue	\$7.4MM	\$7.5MM	1.3%
Gross Profit	\$3.1MM	\$3.0MM	(3.2%)
Gross Margin (%)	41.9%	40.3%	(1.6 pts)
EBITDA	\$0.4MM	(\$0.9MM)	(\$1.3MM)
Adjusted EBITDA	\$0.3MM	(\$0.7MM)	(\$1.0MM)
Net Income	(\$0.4MM)	(\$1.7MM)	(\$1.3MM)
Earnings per Share	(\$0.02)	(\$0.06)	(\$0.04)
Cash Flow from Operations	\$0.2MM	(\$1.0MM)	(\$1.2MM)

While the domestic business grew 25%, a temporary set back in exports and agency sales resulted in +1% overall growth. Gross Margin improved vs F22 full year with pricing, channel mix, less bulk wine and the VQA Rebate. Strengthened revenue results predicted going forward

Acquisitions

Equity Wine Group and Shiny Apple Brand acquisitions for \$11.1M and \$2.2M respectively

- Fair value of inventory adjustment took EWG to \$15.1M valuation
- Shiny product recall resulted in \$1.1M of purchase being placed in escrow; 100% will be returned to DWS in October

- ❖ Portfolio gaps filled and hospitality / D2C capabilities enhanced
- ❖ Supports expansion into other provinces and fuels export growth
- ❖ Incremental agreement secured Shiny Apple facilities
 - on site store opened in July; warehouse consolidation in late F23
- ❖ Additional synergies in salesforce, back-office support functions, harvest logistics, winemaking and inventory management.



- ❖ Licensee business returning to pre covid levels early F23 summer
- ❖ Winery on site retail stores nearing pre covid revenues, but International tourism remains at 25% of normal
- ❖ With covid waning, D2C sales have moderated, but consumers have grown to appreciate the benefits of winery direct sales and home delivery
- ❖ Additional Shanghai closure significantly impacted exports to China in Q1; expecting return to near normal this fall
- ❖ Global supply chain challenges remain, albeit with lower impact
- ❖ Inflation creating COGS and expense pressure (including HR). Price increases executed and planned going forward; supported by improved brand propositions and design

Grocery Success in Ontario

VQA

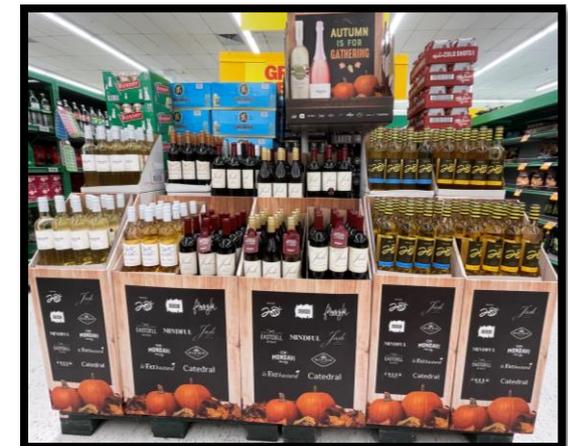
- ❖ #2 VQA supplier with 14.2 SOM
- ❖ 20 Bees has 4 of the top 12 SKUS

Import Wines

- #4 supplier with 9% SOM
- Josh #1 brand within all wine

Cider

- Shiny re-building distribution post product recalls in F22



Strengthening VQA: Innovation + Re-fresh



Mindful – well positioned for Growth

- ❖ Only VQA low alcohol + low sugar
- ❖ Leverage Health & Wellness trend
- ❖ Strong LCBO support
- ❖ Sparkling and Merlot in F24



Several core brands have been refreshed with excellent stakeholder response

20 Bees – Retail Tier



20 Bees – Premium Tier



Fresh Re-design

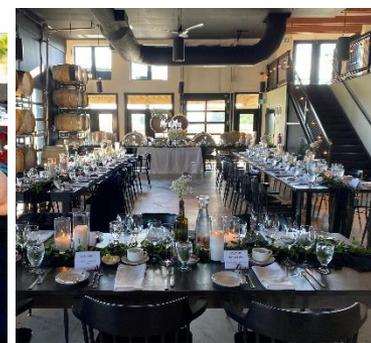


Lakeview Wine Co.



Strong Year in Ontario at the Wineries

- ❖ Winery stores +51% YTD F23 with improved tourism
- ❖ Lakeview
 - ❖ Premiumized experience at retail
 - ❖ +\$5 per bottle; + \$10 pp group tours; +5 tasting fees
 - ❖ Wine club doubled in price successfully
- ❖ Queenston Mile
 - ❖ 35+ events supports positive EBITDA projections for F23
- ❖ Creekside
 - ❖ Highly engaged wine club members
 - ❖ Strong events
- ❖ Shiny
 - ❖ New brand home July 1
 - ❖ Goal to generate \$550K revenue on-site in Year 1



On Premise Key Accounts

A dynamic and growing list of On Premise customers



- ❖ Revenue more than doubled in F22: \$2.4M vs \$1.1M in F21
- ❖ Exports to China improved but continued to struggle with pandemic closures
- ❖ Very difficult Q1 F23 with Export driving the majority of the miss (\$875k)
 - Russia order cancelled (\$100k), Korea order delayed (\$150k) and China shut down (\$600k)
- ❖ \$500k China shipping now and still anticipate modest growth in F23 exports
- ❖ New markets – USA, Russia, Vietnam, Thailand, Hong Kong, Taiwan, Singapore
- ❖ Focus on branded Ice wine and reserve wines (red, whites and sparkling)

Another Award-Winning Year!

Award Highlights 2022

International Wine Challenge 2022

Lakeview Cellars Riesling Icewine – Gold + 95 points

Ontario Wine Awards 2022

Lakeview Cellars Grand Reserve Red – Gold

Creekside Backyard Block Sauvignon Blanc - Gold

National Wine Awards of Canada 2022

Fresh Moscato – Gold

Lakeview Cellars Vidal Icewine – Gold

Queenston Mile Grand Mile Sparkling – Gold

Queenston Mile Blanc de Noir - Gold

All Canadian Wine Championships 2022

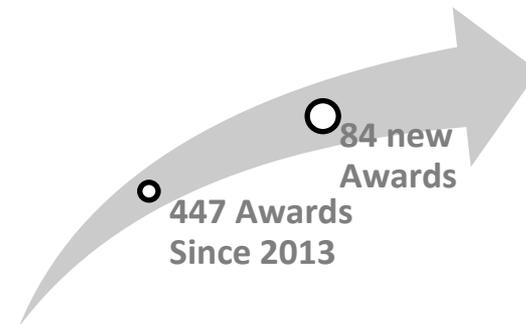
Queenston Mile Pinot Noir – Double Gold

Persona Cabernet Merlot – Gold

Lakeview Cellars Cabernet Sauvignon– Gold

Fresh Sparkling Rose – Gold

Creekside Backyard Block Bubbly - Gold



Trajectory Beverage Partners

Modest +3% growth with brand losses masking +20% organic growth
New wins: CK Mondavi at Retail, Felix Solis, Gray Whale, Wize and McWilliams



Felix Solis
avantis



Strategic Pillars for Value Creation F24-F26



Wineries

Premiumization

- Drive premium brands & channels
- Re-design / refresh Brands
- Increase prices
- Launch new tiers of products

Direct to Consumer

- Increase investment in winery retail/hospitality
- Drive e-comm and wine club

Export

- Expand opportunities in new and existing markets

Agency

Portfolio optimization

- Selectively augment portfolio
- Drive scale with existing partners
- Exploit insights for success

Multi-channel growth

- Leverage Grocery advantage with privatization trend
- Drive Licensee with full portfolio and resources

Sales & marketing effectiveness

- Invest in Talent, Training & Tools

Contain costs in all aspects of the business
Selectively pursue growth opportunities via partnerships / acquisitions

Post a difficult 18 months, funding to support improved results required:

- ❖ \$1.1M Shiny escrow
- ❖ \$1.3M projected Winery Support Program
- ❖ \$3.5M Convertible Debenture pending final decision
- ❖ Revised banking agreement in final negotiation

- ❖ Strong revenue and gross margin growth
- ❖ Acquisitions have filled portfolio gaps and added to capabilities
- ❖ All aspects of the business are being premiumized for profitability
- ❖ Grocery and D2C channels are competitive advantage for us and will create further growth opportunity going forward
- ❖ Export is improving despite a terrible Q1
- ❖ Focused on innovation, news and additional Trajectory suppliers
- ❖ A balance of growth and cost containment is the mandate going forward
- ❖ IR communication strategy under development



Thank you for your continued confidence and support!

