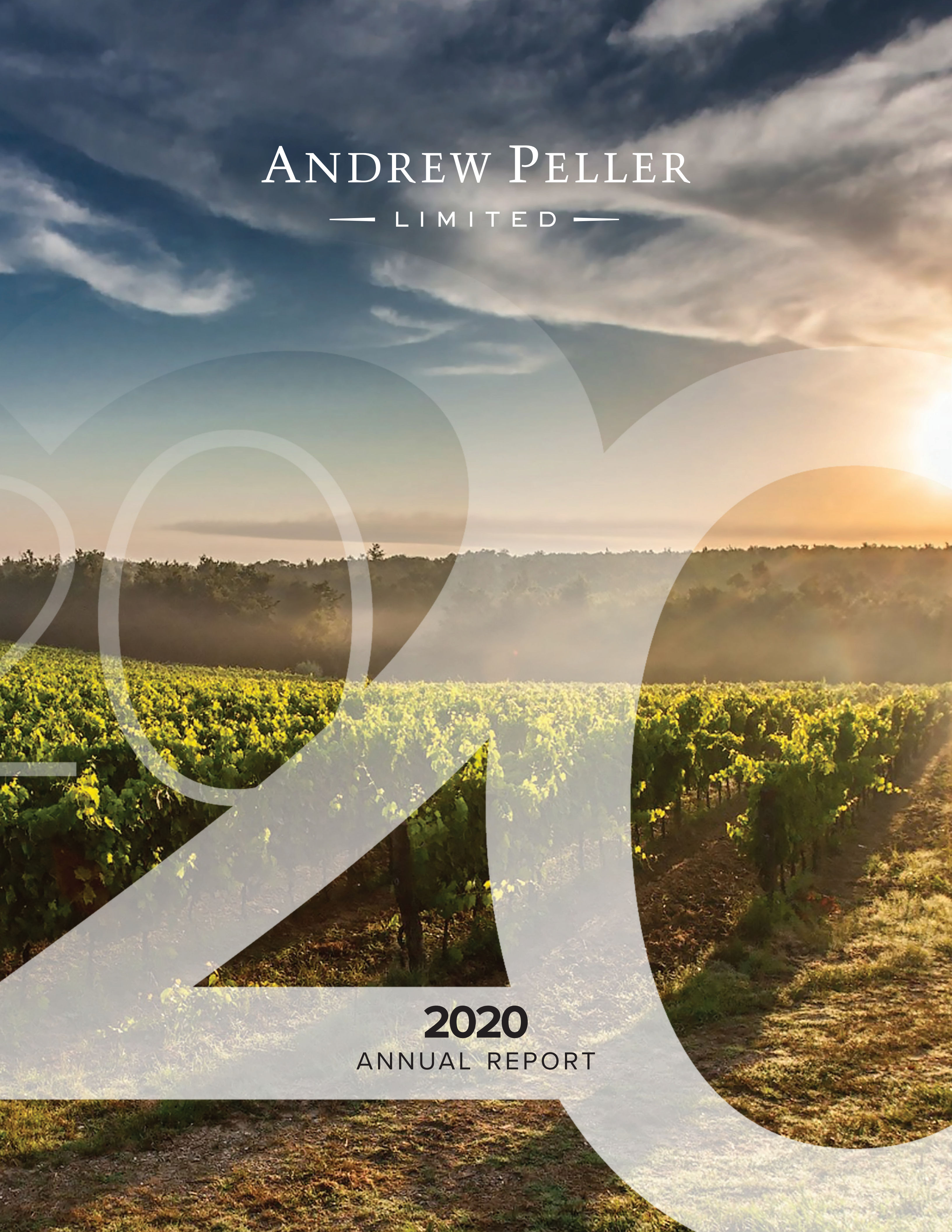

Andrew Peller

LIMITED

2020

ANNUAL REPORT

OPERATIONAL HIGHLIGHTS

FOR THE YEARS ENDED MARCH 31
(in thousands of Canadian dollars, except per share amounts)

SALES AND EARNINGS	2020	2019
Net sales	$ 382,306	$ 381,796
EBITA	61,501	52,875
Adjusted earnings *	27,575	29,408
FINANCIAL POSITION		
Working capital	83,654	97,305
Total assets	513,919	467,019
Shareholders' equity	245,523	234,751
PER SHARE		
Net earnings per Class A Share - basic and diluted	0.55	0.51
DIVIDENDS		
Class A Shares, non-voting	0.215	0.205
Class B Shares, voting	0.187	0.178
MARKET VALUE		
Class A - HIGH	14.84	18.63
Class A - LOW	6.00	11.64
Class B - HIGH	14.75	18.84
Class B - LOW	6.01	11.62
ANALYTICAL INFORMATION		
Return on average shareholders' equity	9.8%	9.7%
Return on average capital employed	10.7%	11.5%
Ratio of current assets to current liabilities	1.64:1	1.98:1

*Adjusted earnings is defined as net earnings excluding restructuring costs, gains (losses) on derivative financial instruments, other expenses (income), non-recurring, non-operating (gains) and losses and the related income tax effect.

CONTENTS

Report to Shareholders

We were pleased with our results in fiscal 2020 as the launch of new products and product categories, combined with our emphasis on higher margin sales and operating cost controls, generated another year of increased earnings for our shareholders. While the COVID-19 pandemic has impacted certain of our trade channels, we believe we will see compensating sales through our largest customers, including provincial liquor stores, grocery stores and our retail outlets. Overall, we have the experience and the financial resources to work through this challenging time.

While our annual sales were essentially the same as the prior fiscal year, strategies implemented over the last few years are continuing to generate real benefits as gross margin and overall profitability increased again in fiscal 2020.

We experienced solid sales growth through the majority of our well-established bottled wine trade channels, including provincial liquor outlets, grocery stores and our retail stores. This growth was partially offset by reduced sales in the personal winemaking market, increased competition from subsidized lower priced imported wines, and lower duty-free export sales due to trade and political disputes between Canada and China. Our share of the English Canada wine market remained strong and stable, a reflection of our growing product portfolio, our reputation for delivering value, and the loyalty of our expanding customer base.

We continue to benefit from the rationalization of our product lines, our increased focus on higher margin products, and our programs to enhance efficiency and reduce costs. As a result, gross margin improved again in fiscal 2020 to 43.5% of sales, up from 41.6% in the prior year. Gross margin in fiscal 2020 included a lower charge to cost of sales of $1.7 million compared to $5.5 million in the prior year to reflect sales of inventory acquired with the three wineries purchased in October 2017.

Our sales and administrative expenses were lower in fiscal 2020, due primarily to a $3.2 million reduction resulting from the change in accounting for lease obligations adopted in April 2019. Partially offsetting this decrease were one-time costs for consulting and professional fees related to our implementation of a new Enterprise Resource Planning system and an increase in the allowance for doubtful accounts due to the potential impact of the COVID-19 pandemic on certain customers. Selling and administrative expenses as a percentage of revenues improved to 27.4% from 27.8% in the prior year.

With stronger gross margins, earnings before interest, taxes and amortization ("EBITA") rose to $61.5 million for the year, up from $52.9 million in fiscal 2019. Most importantly, our net earnings increased in fiscal 2020, rising to $23.5 million or $0.55 per Class A Share, up from $22.0 million or $0.51 per share in fiscal 2019.

Over the last few years our primary goal has been to enhance shareholder value through strengthening and increasing our product portfolio, driving production efficiencies and cost savings through innovation, and leveraging the vast experience the Company has built over more than fifty years in business.

Over the past two years, we have successfully rationalized our product offering, removing poorly performing products and non-strategic brands and emphasizing our higher margin premium and ultra-premium brands. We also added three powerful new portfolios with the acquisition of Black Hills, Tinhorn Creek, and Gray Monk Cellars in late 2017 that have significantly increased our presence in the British Columbia market.

The re-launch of the Peller Family Vineyards brand continues to flourish, driven by a new, unique and differentiated marketing program, innovative packaging, as well as high quality digital and television advertising campaigns.

Our partnership with Wayne Gretzky continues to generate real benefits. Sales of the brand's wines and craft whisky continue to grow, and our introduction of the Wayne Gretzky Number 99 Premium Lager last year has been successful as we expanded its presence across Canada. Introduced first in Ontario, we have added two new products to our craft beer portfolio this year - 99 Session Ale and 99 Pale Ale - and will be supporting these launches with new national distribution for all three beers across the country. We are very excited about this brand's growth and success.

Our entry into the craft cider business with our No Boats on Sunday brand continues to be successful. Sales were up again in fiscal 2020 as we launched new and innovative products under the brand, including dry rose cider, cider in cans and ready-to-drink products, such as seltzers.

Our network of retail stores, The Wine Shop, continues to do very well across all formats, including our co-located presence in grocery stores. The launch of a new, upscale look and tasting rooms has been strongly received, and the stores provide us with an excellent venue in which to test new products and obtain real-time feedback from consumers.

In the current COVID-19 environment, we have experienced a significant increase in demand for direct-to-home sales. We have enhanced our capability to support this growth by re-launching thewineshops.com and plan to implement a number of new programs throughout the coming year. This will allow consumers to buy their favourite brands across our full product offering, including wine, beer, spirits, cider, and ready-to-drink products, on-line and have them delivered directly to their homes.

At the end of fiscal 2020, we completed the consolidation of our wine kit production facilities, closing our Port Coquitlam facility and now operating out of one national facility in Ontario. We believe this initiative will result in a strengthened and more efficient business with improved margins.

From an operational perspective, we continue to focus on driving production efficiencies throughout the organization and ensuring we capture sustainable cost reductions. We are also modernizing our systems and processes, including a major project to implement a new and state-of-the-art Enterprise Resource Planning system that began in early fiscal 2020. This project will continue over the next year and will enable new growth potential and operational improvements when completed. It will also be scalable for the long term.

The final weeks of fiscal 2020 saw the onset of the COVID-19 pandemic. Fortunately, businesses selling beer, wine and other alcohol products were deemed essential services, as well as those businesses that supply them. As a result, all of our production facilities remained open, as did our retail locations and retail estate locations. New protocols related to cleanliness and physical distancing were deployed at all locations and in late March 2020, we introduced a temporary wage increase for front line staff to recognize their efforts during the COVID-19 pandemic. Consumption of alcohol beverages remains stable in Canada, with consumer purchasing through alternative trade channels.

In response to COVID-19, we have implemented working practices to address potential impacts to our operations, employees and customers and will take further measures, if required. These practices have been permanently established to enhance the ability for us to respond in the future. We also continue to review all capital allocations during this period to ensure we remain financially strong and stable in these challenging times.

Most importantly, we are confident we have the management experience and the financial resources to meet the challenges presented by the pandemic and believe we will emerge stronger than ever as the pandemic eases.

We want to thank everyone at Andrew Peller Limited for their hard work, dedication, and significant contribution during these challenging times. It is our decades of experience and our proven culture of innovation and performance that will enable us to get through this pandemic. We also thank our customers and consumers for their loyalty. We remain committed to *Pour Extraordinary into Everyday Life* by delivering the highest quality products at the best possible value. This commitment has driven our growth and success for over fifty years and will continue to build value for our shareholders in the years ahead.

John E. Peller
Executive Chairman, President & CEO

2019 TOP AWARDS

Peller Estates
(Niagara-on-the-Lake, ON)

International Wine Challenge – UK
Gold Medal – 95 points – 2017 APSS Riesling Icewine
Gold Medal – 95 points – 2016 APSS Cabernet Franc Icewine
Silver Medal – 90 points – 2017 APSS Series Vidal Icewine

Experience Rosé, California USA
Silver Medal – 2018 Peller Estates Private Reserve Rosé

International Wine & Spirit Competition – UK
Silver Medal – 94 points – 2017 APSS Riesling Icewine
Silver Medal – 91 points – 2017 APSS Oak Aged Vidal Blanc Icewine
Silver Medal – 90 points – 2017 APSS Vidal Blanc Icewine

Decanter World Wine Awards – UK
Gold Medal – 95 points – 2017 APSS Oak Aged Vidal Blanc Icewine
Silver Medal – 93 points – 2017 APSS Vidal Blanc Icewine
Silver Medal – 91 points – 2017 APSS Riesling Icewine
Silver Medal – 91 points – 2017 APSS Riesling

Beverage Testing Institute – Rosé Challenge
Gold Medal – 90 points (Exceptional) - 2018 Peller Private Reserve Rosé

Tasters Guild International Wine Judging – Michigan, USA
Double Gold Medal – 2017 Family Series Cabernet Merlot
Silver Medal – 2017 Family Series Riesling

Ontario Wine Awards
Gold Medal – White Wine of the Year – 2016 APSS Riesling
Silver Medal – 2018 Private Reserve Rosé
Silver Medal – 2017 APSS Riesling Icewine

Sommelier Wine Awards, UK
Gold Medal – Peller Estates Ice Cuvée Classic

All Canadian Wine Championships
Double Gold Medal – **2017 Private Reserve Cabernet Sauvignon**
Gold Medal – 2016 APSS Cabernet Franc
Gold Medal – 2017 APSS Oak Aged Icewine
Silver Medal – 2017 Private Reserve Gamay Noir
Silver Medal – 2017 Private Reserve Cabernet Franc

Lieutenant Governor's Award for Excellence in Ontario Wines
Winner – 2016 Peller Estates APSS Riesling

WineAlign – National Wine Awards of Canada
Gold Medal – 92 points - 2018 Private Reserve Sauvignon Blanc
Gold Medal – 91 points - 2017 APSS Riesling
Gold Medal – 91 points - 2017 APSS Riesling Icewine
Silver Medal – 90 points - 2016 APSS Cabernet Franc
Silver Medal – 90 points - 2017 Private Reserve Meritage
Silver Medal – 90 points - 2017 Private Reserve Cabernet Franc
Silver Medal – 90 points - 2017 APSS Vidal Icewine
Silver Medal – 89 points - 2017 Private Reserve Cabernet Sauvignon
Silver Medal – 89 points - 2017 APSS Oak Aged Icewine

InterVin International Wine Awards – Vines magazine – Canada
Silver Medal - Ice Cuvée Classic
Silver Medal - Ice Cuvée Rosé
Silver Medal – Best Value - 2018 Family Vineyards Riesling
Silver Medal - 2018 Private Reserve Sauvignon Blanc
Silver Medal - 2018 Private Reserve Rosé
Silver Medal - 2017 Private Reserve Cabernet Franc
Silver Medal - 2017 APSS Sauvignon Blanc
Silver Medal - 2016 APSS Merlot
Silver Medal - 2017 APSS Oak Aged Vidal Icewine

Beverage Testing Institute – World Value Wine Challenge – USA
PELLER FAMILY VINEYARDS
Silver Medal – Best Buy – 88 points – Pinot Grigio
Silver Medal – Best Buy – 88 points – Cabernet Merlot
Silver Medal – Best Buy – 86 points – Cabernet Sauvignon
Silver Medal – 85 points – Sauvignon Blanc
Silver Medal – 85 points – Shiraz

Los Angeles International Wine Competition
Gold Medal – 96 points – 2017 APSS Riesling Icewine
Gold Medal – 90 points – 2017 APSS Vidal Blanc Icewine
Gold Medal – 90 points – 2017 APSS Oak Aged Vidal Blanc Icewine
Gold Medal – 90 points – 2016 APSS Cabernet Franc Icewine

Harvest Challenge – California, USA
Double Gold Medal – Best of Class – 97 points – 2018 Family Vineyards VQA Merlot
Double Gold Medal – 96 points – 2018 Family Vineyards VQA Riesling
Gold Medal – 92 points – 2018 Family Vineyards VQA Cabernet Merlot
Silver Medal – 2018 Family Vineyards VQA Sauvignon Blanc
Silver Medal – 2018 Family Vineyards VQA Chardonnay
Silver Medal – 2018 Family Vineyards VQA Baco Noir
Silver Medal – 2018 Family Vineyards VQA Cabernet Sauvignon
Silver Medal – 2018 Family Vineyards VQA Cabernet Franc

Raven Conspiracy, Niagara

Tasters Guild International Wine Judging – Michigan, USA
Gold Medal – 2016 Wicked White
Gold Medal – 2016 Deep Dark Red

No Boats On Sunday

All Canadian Wine Championships
Gold Medal – 100% Nova Scotia Cider

Canadian Cider Awards
Silver Medal – 100% Nova Scotia Cider

Pacific Rim Wine Competition - USA
Gold Medal – **Cranberry Rosé Cider Nova Scotia**
Silver Medal – 100% Nova Scotia Cider
Silver Medal – 100% Ontario Hopped Cider

Trius
(Niagara-on-the-Lake, ON)

International Wine Challenge – UK
Silver Medal – 91 points – 2017 Showcase Vidal Icewine
Silver Medal – 90 points – Brut Rosé

Experience Rosé, California USA
Silver Medal – 2018 Trius Rosé

International Wine & Spirit Competition – UK
Dessert Wine Trophy – 2017 Showcase Riesling Icewine
Gold Medal – 95 points – 2017 Showcase Riesling Icewine
Silver Medal – 91 points – 2016 Showcase Chardonnay Wild Ferment Watching Tree Vineyard
Silver Medal – 91 points – 2017 Showcase Vidal Icewine
Silver Medal – 90 points – Brut
Silver Medal – 90 points – Brut Rosé
Silver Medal – 90 points – Showcase Blanc de Blancs

Decanter World Wine Awards – UK
Gold Medal – 95 points – **Brut**
Silver Medal – 92 points – 2017 Showcase Vidal Icewine
Silver Medal – 90 points – 2017 Showcase Riesling Icewine
Silver Medal – 90 points – Brut Rosé
Silver Medal – 90 points – Showcase Blanc de Blancs

Ontario Wine Awards
Gold Medal – Red Wine of the Year – **2016 Showcase Red Shale Cabernet Franc Clark Farm Vineyard**
Gold Medal – 2017 Showcase Clean Slate Sauvignon Blanc Wild Ferment

All Canadian Wine Championships
Gold Medal – Brut Rosé

Los Angeles International Wine Competition
Best of Class Gold Medal – 97 points – 2017 Showcase Riesling Icewine
Best of Class Gold Medal – 95 points – 2017 Showcase Vidal Icewine

Lieutenant Governor's Award for Excellence in Ontario Wines
Winner – 2016 Trius Showcase Red Shale Cabernet Franc Clark Farm Vineyard

WineAlign – National Wine Awards of Canada
Platinum Medal – 94 points - 2017 Showcase Sauvignon Blanc Clean Slate Wild Ferment
Silver Medal – 90 points - Showcase Blanc de Blancs
Silver Medal – 90 points - 2018 Rosé
Silver Medal – 90 points - 2017 Red
Silver Medal – 89 points - 2016 Grand Red
Silver Medal – 89 points - 2017 Showcase Vidal Icewine

InterVin International Wine Awards – Vines magazine – Canada
Silver Medal - Brut
Silver Medal - Brut Rosé
Silver Medal - 2017 Showcase Riesling Icewine
Silver Medal - 2017 Showcase Sauvignon Blanc Clean Slate Wild Ferment
Silver Medal - 2016 Showcase Cabernet Sauvignon East Block
Silver Medal - 2016 Grand Red

ONTARIO & N.S.

Wayne Gretzky Estates
(Niagara-on-the-Lake, ON)

Canadian Whisky Awards – Victoria, BC
Gold Medal – No.99 Ninety Nine Proof Whisky
Silver Medal – No.99 Red Cask Whisky
Silver Medal – No.99 Ice Cask Whisky

San Francisco World Spirits Competition
Double Gold Medal - **No. 99 Ninety Nine Proof Small Batch Whisky**
Silver Medal - No. 99 Red Cask Premium Crafted Whisky
Silver Medal - No. 99 Ice Cask Premium Crafted Whisky
Silver Medal - No. 99 Muscat Artisanal Spirited Wine

International Wine Challenge – UK
Gold Medal – 96 points (Trophy Best Cdn. Icewine) – 2017 No.99 Vidal Icewine
Silver Medal – 93 points – 2017 No.99 Cabernet Franc Icewine

International Wine & Spirit Competition – UK
Silver Medal – 93 points – 2017 Vidal Blanc Icewine
Silver Medal – 90 points – 2017 Cabernet Franc Icewine

Decanter World Wine Awards – UK
Silver Medal – 91 points – 2017 Vidal Blanc Icewine
Silver Medal – 90 points – 2017 Cabernet Franc Icewine

Los Angeles International Wine Competition
Best of Class Gold Medal – 95 points – 2017 Vidal Icewine
Best of Class Gold Medal – 93 points – 2017 Cabernet Franc Icewine

InterVin International Wine Awards – Vines magazine – Canada
Silver Medal - 2016 Estate Series Cabernet Merlot
Silver Medal - 2018 Vidal Icewine

VIVO
Beverage Testing Institute – World Wine Championships 2019
Silver Medal – 85 points – Vivo Reserva Cabernet Sauvignon Blend No.23 (Nova Scotia)

Waltzing Matilda
Pacific Rim Wine Competition - USA
Silver Medal - 2017 Shiraz Grenache

Beverage Testing Institute – Australia and New Zealand Championships
Silver Medal – 87 points – 2017 Waltzing Matilda Shiraz Grenache

XOXO
Beverage Testing Institute, Chicago USA, Flavoured Wine & Wine Cocktails
Silver Medal – 89 points – Best Buy – XOXO Pinot Grigio Sangria

Thirty Bench Wine Makers
(Beamsville, ON)

International Wine Challenge – UK
Gold Medal – 95 points – 2016 Small Lot Riesling Wood Post Vineyard
Silver Medal – 92 points – 2016 Winemaker's Blend Riesling

International Wine & Spirit Competition – UK
Silver Medal – 93 points – 2016 Small Lot Riesling Wood Post Vineyard
Silver Medal – 93 points – 2016 Small Lot Riesling Wild Cask
Silver Medal – 92 points – 2016 Small Lot Chardonnay
Silver Medal – 91 points – 2016 Winemaker's Blend Riesling
Silver Medal – 91 points – 2016 Small Lot Riesling Steel Post Vineyard
Silver Medal – 90 points – 2016 Small Lot Cabernet Franc

Decanter World Wine Awards – UK
Gold Medal – 96 points – **2016 Small Lot Riesling Wild Cask**
Gold Medal – 95 points – 2016 Small Lot Riesling Steel Post Vineyard
Silver Medal – 92 points – 2016 Small Lot Riesling Wood Post Vineyard
Silver Medal – 91 points – 2017 Winemaker's Blend Riesling
Silver Medal – 90 points – 2016 Winemaker's Blend Riesling
Silver Medal – 90 points – Sparkling Riesling

Ontario Wine Awards
Silver Medal – 2017 Small Lot Gewürztraminer

All Canadian Wine Championships
Gold Medal – 2017 Winemaker's Blend Red
Silver Medal – 2017 Winemaker's Blend Riesling

WineAlign – National Wine Awards of Canada
Gold Medal – 92 points – 2017 Small Lot Riesling Triangle
Gold Medal – 91 points – 2017 Small Lot Gewürztraminer
Gold Medal – 91 points – 2017 Small Lot Riesling Steel Post
Silver Medal – 90 points - 2016 Small Lot Riesling Wild Cask
Silver Medal – 90 points - Sparkling Riesling
Silver Medal – 89 points – 2016 Small Lot Riesling Wood Post
Silver Medal – 89 points – 2017 Small Lot Riesling Wild Cask
Silver Medal – 89 points – 2016 Small Lot Merlot

Six Nations Wine Challenge – Australia
Trophy – 2017 Winemakers Blend Riesling

InterVin International Wine Awards – Vines magazine – Canada
Gold Medal - **Sparkling Riesling**
Gold Medal - 2017 Small Lot Riesling Triangle
Gold Medal - 2016 Small Lot Cabernet Franc
Silver Medal - 2016 Winemaker's Blend Red
Silver Medal - 2016 Small Lot Riesling Steel Post
Silver Medal - 2016 Small Lot Cabernet Sauvignon
Silver Medal - 2016 Benchmark Red
Silver Medal - 2018 Small Lot Rosé

InterVin International Wine Awards
Vines magazine – Canada

2019 ONTARIO WINERY OF THE YEAR
THIRTY BENCH WINE MAKERS

+620
AWARDS NATIONALLY

2019 TOP AWARDS

Black Hills Estate Winery
(Okanagan Valley, BC)

Chardonnay du Monde, France
Silver Medal – 2016 Black Hills Chardonnay

Cascadia Wine Competition, Washington USA
Gold – 2017 Alibi
Gold – 2017 Chardonnay
Silver – 2016 Roussanne
Silver – 2016 Syrah

International Wine & Spirit Competition UK
Silver Medal – 91 points – 2016 Syrah
Silver Medal – 90 points – 2017 Addendum

Decanter World Wine Awards UK
Silver Medal – 90 points – 2017 Alibi

Okanagan Spring Wine Festival – Best of Varietals
Gold Medal – 2017 Chardonnay
Gold Medal – 2016 Syrah

All Canadian Wine Championships
Gold Medal – 2017 Viognier
Silver Medal – 2016 Ipso Facto

WineAlign National Wine Awards of Canada
Gold Medal – 92 points - 2017 Addendum
Gold Medal – 91 points - 2017 Roussanne
Silver Medal – 89 points – 2017 Carmenere

Sip NorthWest Magazine, Best of the Northwest
Double Gold Medal – 2017 Chardonnay
Gold Medal – 2017 Alias

Six Nations Wine Challenge – Australia
Gold Medal – 2017 Black Hills Estate Winery Syrah

British Columbia Lieutenant Governor's Wine Awards
Platinum – **2017 Roussanne**
Silver Medal – 2017 Syrah
Silver Medal – 2018 Alibi

San Francisco International Wine Competition
Silver Medal – 2018 Alibi
Silver Medal – 2018 Rose
Silver Medal – 2017 Syrah
Silver Medal – 2017 Ipso Facto
Silver Medal – 2018 Cellar Hand Punch Down Red

Great Northwest Invitational Wine Competition (Oregon USA)
Silver Medal – 2017 Syrah
Silver Medal – 2018 Viognier

Conviction Wines
(British Columbia)

Okanagan Spring Wine Festival – Best of Varietals
Silver Medal – 2016 The Priest Pinot Noir

Tasters Guild International Wine Judging, USA
Silver Medal – 2018 The Industrialist Sovereign Opal

Los Angeles International Wine Competition
Best of Class Gold Medal – 95 points
– 2017 The Industrialist Sovereign Opal
Silver Medal – 2017 The Financier Pinot Grigio

Beverage Testing Institute – World Value Wine Challenge – USA
Silver Medal – Best Buy – 87 points – Highly Recommended
– 2018 The Industrialist Sovereign Opal

Intervin - Vines Magazine – Canada
Silver Medal – Best Value - 2018 The Industrialist Sovereign Opal

Gray Monk Estate Winery
(Okanagan Valley, BC)

Pacific Rim Wine Competition – USA
Gold Medal – 2018 Chardonnay Unwooded
Silver Medal – 2017 Pinot Noir

Experience Rosé, California USA
Silver Medal – 2018 Gray Monk Latitude 50 Rosé

Okanagan Spring Wine Festival – Best of Varietals
Silver Medal – 2018 Chardonnay Unwooded
Silver Medal – 2017 Pinot Gris
Silver Medal – 2018 Latitude 50 White

Tasters Guild International Wine Judging, USA
Double Gold Medal – 2018 Latitude 50 White
Gold Medal – 2018 Latitude 50 Rosé
Gold Medal – 2015 Cabernet Merlot
Gold Medal – 2018 Riesling
Silver Medal – 2018 Chardonnay Unwooded
Silver Medal – 2017 Pinot Gris

All Canadian Wine Championships
Double Gold Medal – 2018 Chardonnay Unwooded

Los Angeles International Wine Competition
Silver Medal – 2018 Chardonnay Unwooded
Silver Medal – 2017 Pinot Gris
Silver Medal – 2017 Pinot Noir
Silver Medal – 2018 Latitude 50 Rosé
Silver Medal – 2018 Latitude 50 White

WineAlign National Wine Awards of Canada
Silver Medal – 89 points - 2018 Latitude 50 White
Silver Medal – 89 points - 2017 Merlot

Sip NorthWest Magazine, Best of the Northwest
Double Gold Medal – 2017 Gewürztraminer

British Columbia Lieutenant Governor's Wine Awards
Gold Medal – 2018 Rosé
Gold Medal – 2015 Odyssey Traditional Brut
Silver Medal – 2018 Latitude 50 Rosé
Silver Medal – 2017 Pinot Noir
Silver Medal – 2016 Odyssey Meritage
Silver Medal – 2017 Odyssey Rosé Brut

Beverage Testing Institute – World Value Wine Challenge – USA
Gold Medal – Best Buy – 90 points – Exceptional – 2018 Latitude 50 White
Silver Medal – 85 points – Highly Recommended – 2018 Latitude 50 Rosé

Intervin - Vines Magazine – Canada
Gold Medal - 2018 Pinot Gris
Silver Medal - 2018 Chardonnay Unwooded

Great Northwest Invitational Wine Competition (Oregon USA)
Best Sparkling Wine – Gold Medal – **2017 Odyssey White Brut**
Gold Medal – 2018 Pinot Gris
Silver Medal – 2017 Merlot
Silver Medal – 2017 Pinot Auxerrois
Silver Medal – 2017 Gewürztraminer

Harvest Challenge (California, USA)
Double Gold Medal – Best of Class – 96 points
– Best of British Columbia – **2018 Siegerrebe**
Double Gold Medal – 95 points – 2018 Kerner
Double Gold Medal – 95 points – 2018 Pinot Blanc
Gold Medal – 93 points – 2017 Ehrenfelser
Gold Medal – 90 points – 2018 Reflection Muscat
Silver Medal – 2018 Chardonnay Unwooded
Silver Medal – 2018 Riesling
Silver Medal – 2017 Merlot
Silver Medal – 2018 Latitude 50 Red

Red Rooster
(Okanagan Valley, BC)

Cascadia Wine Competition, Washington USA
Silver – 2017 Riesling
Silver – 2017 Pinot Gris
Silver – 2016 Rare Bird Series Meritage

Pacific Rim Wine Competition – USA
Silver Medal – 2016 Rare Bird Series Meritage

International Wine & Spirit Competition UK
Silver Medal – 90 points – 2017 Riesling
Silver Medal – 90 points – 2017 Rare Bird Series Viognier
Silver Medal – 90 points – 2016 Rare Bird Series Malbec
Silver Medal – 90 points – 2016 Rare Bird Series Merlot

Okanagan Spring Wine Festival – Best of Varietals
Gold Medal – 2017 Rare Bird Series Pinot Noir
Silver Medal – 2018 Pinot Gris
Silver Medal – 2018 Rare Bird Series Viognier
Silver Medal – 2016 Rare Bird Series Meritage

All Canadian Wine Championships
Gold Medal – 2018 Pinot Gris

Los Angeles International Wine Competition
Best of Class Gold Medal – 96 points – **2018 Riesling**
Gold Medal – 95 points – 2017 Riesling Icewine
Gold Medal – 90 points – 2016 Rare Bird Series Meritage
Silver Medal – 2018 Rare Bird Series Pinot Gris
Silver Medal – 2016 Rare Bird Series Syrah

WineAlign National Wine Awards of Canada
Gold Medal – 91 points - 2016 Golden Egg
Silver Medal – 89 points - 2018 Pinot Gris
Silver Medal – 89 points - 2018 Riesling

Sip NorthWest Magazine, Best of the Northwest
Double Gold Medal – **2016 Golden Egg**
Gold Medal – 2018 Rare Bird Series Gewürztraminer
Silver Medal – 2018 Gewürztraminer

British Columbia Lieutenant Governor's Wine Awards
Gold Medal – 2018 Riesling
Gold Medal – 2017 Rare Bird Series Pinot Noir
Silver Medal – 2017 Rare Bird Series Malbec
Silver Medal – 2018 Rare Bird Series Viognier

Intervin - Vines Magazine – Canada
Silver Medal - 2017 Pinot Noir
Silver Medal - 2016 Rare Bird Series Meritage

San Francisco International Wine Competition
Gold Medal – 90 points – 2017 Rare Bird Series Malbec
Silver Medal – 2016 Rare Bird Series Meritage

Great Northwest Invitational Wine Competition (Oregon USA)
Silver Medal – 2017 Pinot Blanc
Silver Medal – 2016 Rare Bird Series Merlot
Silver Medal – 2016 Golden Egg

Copper Moon, B.C.

Beverage Testing Institute – World Value Wine Challenge - USA
Silver Medal – Best Buy – 87 points – Highly Recommended – Malbec

No Boats On Sunday

Pacific Rim Wine Competition - USA
Silver Medal – 100% BC Cider

BRITISH COLUMBIA

Peller Estates
(Okanagan Valley, BC)

Okanagan Spring Wine Festival – Best of Varietals
Gold Medal – 2017 Family Select Chardonnay

Tasters Guild International Wine Judging, USA
Double Gold Medal – **2017 Family Select Merlot**
Gold Medal – 2017 Family Select Cabernet Merlot
Silver Medal – 2018 Family Vineyards Sauvignon Blanc

WineAlign National Wine Awards of Canada
Silver Medal – 89 points - 2018 Family Vineyards VQA Sauvignon Blanc

Intervin – Vines Magazine - Canada
Silver Medal – Best Value - 2018 Family Vineyards VQA Sauvignon Blanc

Harvest Challenge – California, USA
Gold Medal – 92 points - 2018 Family Vineyards VQA Select Sauvignon Blanc
Silver Medal – 2018 Family Vineyards VQA Select Chardonnay
Silver Medal – 2017 Family Select VQA Merlot
Silver Medal – 2017 Family Select VQA Cabernet Merlot

Sandhill
(Okanagan Valley, BC)

Cascadia Wine Competition, Washington USA
Silver – 2017 Pinot Gris Terroir Driven Wine
Silver – 2016 ONE Small Lots Program
Silver – 2016 TWO Small Lots Program
Silver – 2016 Sangiovese Small Lots Program

Pacific Rim Wine Competition – USA
Silver Medal – 2016 Syrah Terroir Driven Wine

Experience Rosé, California USA
Silver Medal – 2018 Rosé Terroir Driven Wine

International Wine & Spirit Competition UK
Silver Medal – 93 points – 2016 Syrah Small Lots Program
Silver Medal – 93 points – 2017 Riesling Icewine
Silver Medal – 91 points - 2017 Cabernet Franc Icewine

Decanter World Wine Awards UK
Silver Medal – 90 points – 2016 ONE Small Lots Program
Silver Medal – 90 points – 2016 Syrah Small Lots Program

Okanagan Spring Wine Festival – Best of Varietals
Gold Medal – 2018 Rosé Terroir Driven Wine
Gold Medal – 2016 TWO Small Lots Program
Silver Medal – 2016 Cabernet Merlot Terroir Driven Wine
Silver Medal – 2016 Syrah Terroir Driven Wine

Los Angeles International Wine Competition
Gold Medal – 94 points – 2017 Riesling Icewine
Gold Medal – 93 points – 2016 Sangiovese Small Lots Program
Gold Medal – 90 points – 2017 Cabernet Franc Icewine
Gold Medal – 90 points – 2017 Pinot Blanc Terroir Driven Wine
Silver Medal – 2016 Cabernet Franc Terroir Driven Wine
Silver Medal – 2016 ONE Small Lots Program
Silver Medal – 2016 TWO Small Lots Program
Silver Medal – 2016 THREE Small Lots Program

WineAlign National Wine Awards of Canada
Gold Medal – 91 points – 2016 ONE Small Lots Program
Silver Medal – 89 points – 2018 Pinot Gris Terroir Driven Wine
Silver Medal – 89 points – 2017 Syrah Terroir Driven Wine

Alberta Beverage Awards – Culinaire magazine
Best in Class – 2018 Rosé Terroir Driven Wine

Sip NorthWest Magazine, Best of the Northwest
Double Gold Medal – **2017 Syrah Terroir Driven Wines**
Double Gold Medal – **2016 Sangiovese Small Lots Program**

British Columbia Lieutenant Governor's Wine Awards
Platinum – 2018 Riesling Icewine
Gold Medal – 2017 Syrah Small Lots Program
Gold Medal – 2016 ONE Small Lots Program
Silver Medal – 2018 Pinot Gris Terroir Driven Wine
Silver Medal – 2016 Sangiovese Small Lots Program

Intervin - Vines Magazine – Canada
Silver Medal – 2016 Cabernet Franc Terroir Driven Wine
Silver Medal - 2018 Rosé Terroir Driven Wine
Silver Medal - 2016 TWO Small Lots Program
Silver Medal - 2016 THREE Small Lots Program
Silver Medal - 2016 Barbera Small Lots Program
Silver Medal - 2016 Sangiovese Small Lots Program
Silver Medal - 2017 Syrah Small Lots Program
Silver Medal - 2018 Viognier Small Lots Program

San Francisco International Wine Competition
Gold Medal – 92 points – 2017 Syrah Terroir Driven Wine
Gold Medal – 92 points – 2017 Syrah Small Lots Program
Silver Medal – 2016 ONE Small Lots Program
Silver Medal – 2016 TWO Small Lots Program
Silver Medal – 2016 THREE Small Lots Program
Silver Medal – 2016 Barbera Small Lots Program

Great Northwest Invitational Wine Competition (Oregon USA)
Silver Medal – 2017 Syrah Terroir Driven Wine

Wayne Gretzky Estates
(Okanagan Valley, BC)

Okanagan Spring Wine Festival – Best of Varietals
Silver Medal – 2017 Chardonnay
Silver Medal – 2017 Merlot
Silver Medal – 2016 The Great White

Tasters Guild International Wine Judging, USA
Gold Medal – 2017 Chardonnay
Silver Medal – Cabernet Franc Syrah Cabernet Sauvignon
Silver Medal – 2017 Pinot Grigio

All Canadian Wine Championships
Silver Medal – 2017 Pinot Grigio

British Columbia Lieutenant Governor's Wine Awards
Platinum – **2016 Signature Series Shiraz**
Gold Medal – 2016 Signature Series Riesling
Silver Medal – 2018 Cabernet Franc Syrah
Silver Medal – 2018 The Great Red

Harvest Challenge – California, USA
Gold Medal – 91 points – 2018 Chardonnay
Silver Medal – 2017 The Great Red
Silver Medal – 2018 Whisky Oak Aged Chardonnay
Silver Medal – 2018 Whisky Oak Aged Red

Alberta Beverage Awards – Culinaire Magazine
Top Value – 2017 Pinot Grigio

Tinhorn Creek
(Okanagan Valley, BC)

Chardonnay du Monde, France
Silver Medal – 2016 Tinhorn Creek Oldfield Reserve Chardonnay

Cascadia Wine Competition, Washington USA
Gold – 2018 Pinot Gris
Gold – 2017 Oldfield Reserve 2Bench White
Silver – 2017 Gewurztraminer
Silver – 2017 Chardonnay
Silver – 2016 Merlot
Silver – 2015 Oldfield Reserve Merlot

International Wine & Spirit Competition UK
Silver Medal – 90 points – 2016 Cabernet Franc
Silver Medal – 90 points – 2015 The Creek

Decanter World Wine Awards UK
Silver Medal – 91 points – 2016 Cabernet Franc

Okanagan Spring Wine Festival – Best of Varietals
Silver Medal – 2017 Chardonnay
Silver Medal – 2017 Oldfield Reserve 2Bench White
Silver Medal – 2015 Oldfield Reserve Merlot

All Canadian Wine Championships
Double Gold Medal – **2017 Oldfield Reserve 2Bench White**
Gold Medal – 2016 Merlot
Silver Medal – 2017 Pinot Noir

WineAlign National Wine Awards of Canada
Gold Medal – 92 points - 2015 Oldfield Reserve Syrah

Sip NorthWest Magazine, Best of the Northwest
Gold Medal – 2016 Oldfield Reserve Cabernet Franc

British Columbia Lieutenant Governor's Wine Awards
Silver Medal – 2017 Cabernet Franc
Silver Medal – 2017 Chardonnay

Intervin - Vines Magazine – Canada
Gold Medal – 2016 Oldfield Reserve Cabernet Franc
Gold Medal – 2015 Oldfield Reserve Merlot
Silver Medal – 2018 Pinot Gris
Silver Medal – 2017 Oldfield Reserve Roussanne

San Francisco International Wine Competition
Gold Medal – 89 points – 2016 Oldfield Reserve Cabernet Franc
Silver Medal – 2017 Cabernet Franc

Great Northwest Invitational Wine Competition (Oregon USA)
Gold Medal – 2017 Chardonnay
Silver Medal – 2015 The Creek
Silver Medal – 2018 Pinot Gris

Wine Press Northwest Platinum Best of the Best Competition Washington USA
Platinum – 2018 Pinot Gris
Platinum – 2016 Oldfield Reserve Cabernet Franc
Double Gold – 2015 Oldfield Reserve Syrah
Double Gold – 2017 Oldfield Reserve 2Bench White
Gold – 2016 Merlot

Raven Conspiracy, Okanagan
Tasters Guild International Wine Judging, USA
Silver Medal – 2016 Smooth Bright White
Silver Medal – 2016 Deep Dark Red

Stone Road Vineyards
Harvest Challenge (California, USA)
Gold Medal – 93 points – 2018 Smooth White
Silver Medal – 2018 Smooth Red

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE THREE MONTHS AND YEAR ENDED MARCH 31, 2020

The following management's discussion and analysis ("MD&A") provides a review of corporate developments, results of operations, and financial position for the three months and year ended March 31, 2020 in comparison with those for the three months and year ended March 31, 2019 for Andrew Peller Limited (the "Company" or "APL"). This discussion is prepared as of June 10, 2020 and should be read in conjunction with the audited consolidated financial statements and accompanying notes contained therein for the years ended March 31, 2020 and 2019. Additional information relating to the Company, including the audited annual consolidated financial statements, MD&A and Annual Information Form for the years ended March 31, 2020 and March 31, 2019, is available on www.sedar.com. The financial years ending March 31, 2019 and March 31, 2020 are referred to as "fiscal 2019" and "fiscal 2020" respectively. All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

FORWARD-LOOKING INFORMATION

Certain statements in this MD&A may contain "forward-looking statements" within the meaning of applicable securities laws including the "safe harbour provisions" of the Securities Act (Ontario) with respect to APL and its subsidiaries. Such statements include, but are not limited to, statements about the growth of the business in light of the Company's acquisitions; its launch of new premium wines and craft beverage alcohol products; sales trends in foreign markets; its supply of domestically grown grapes; and current economic conditions. These statements are subject to certain risks, assumptions, and uncertainties that could cause actual results to differ materially from those included in the forward-looking statements. The words "believe", "plan", "intend", "estimate", "expect", or "anticipate", and similar expressions, as well as future or conditional verbs such as "will", "should", "would", "could", and similar verbs often identify forward-looking statements. We have based these forward-looking statements on our current views with respect to future events and financial performance. With respect to forward-looking statements contained in this MD&A, the Company has made assumptions and applied certain factors regarding, among other things: future grape, glass bottle, and wine and spirit prices; its ability to obtain grapes, imported wine, glass, and other raw materials; fluctuations in foreign currency exchange rates; its ability to market products successfully to its anticipated customers; the trade balance within the domestic Canadian and international wine markets; market trends; reliance on key personnel; protection of its intellectual property rights; the economic environment; the regulatory requirements regarding producing, marketing, advertising, and labelling of its products; the regulation of liquor distribution and retailing in Ontario; the application of federal and provincial environmental laws; and the impact of increasing competition.

These forward-looking statements are also subject to the risks and uncertainties discussed in the "Risks and Uncertainties" section and elsewhere in this MD&A and other risks detailed from time to time in the publicly filed disclosure documents of the Company which are available at www.sedar.com. Forward-looking statements are not guarantees of future performance and involve risks, uncertainties, and assumptions which could cause actual results to differ materially from the conclusions, forecasts, or projections anticipated in these forward-looking statements. Because of these risks, uncertainties, and assumptions, you should not place undue reliance on these forward-looking statements. The Company's forward-looking statements are made only as of the date of this MD&A, and except as required by applicable law, Andrew Peller Limited undertakes no obligation to update or revise these forward-looking statements to reflect new information, future events, or circumstances.

Overview

The Company is a leading producer and marketer of quality wines and craft beverage alcohol products in Canada. With wineries in British Columbia, Ontario, and Nova Scotia, the Company markets wines produced from grapes grown in Ontario's Niagara Peninsula, British Columbia's Okanagan and Similkameen Valleys, and from vineyards around the world. The Company's award-winning premium and ultra-premium Vintners' Quality Alliance ("VQA") brands include Peller Estates, Trius, Thirty Bench, Wayne Gretzky, Sandhill, Red Rooster, Black Hills Estate Winery, Tinhorn Creek Vineyards, Gray Monk Estate Winery, Raven Conspiracy and Conviction. Complementing these premium brands are a number of popularly priced varietal brands including Peller Family Vineyards, Copper Moon, Black Cellar and XOXO. Hochtaler, Domaine D'Or, Schloss Laderheim, Royal, and Sommet are the Company's key value priced brands. The Company imports wines from major wine regions around the world to blend with domestic wine to craft these quality and value priced brands. The Company also produces craft beverage alcohol products, including No Boats on Sunday, Wayne Gretzky No. 99 Red Cask, No. 99 Ice Cask and 99 Proof Canadian Whiskies and No. 99 Canadian Whisky Cream products. The Company has also recently entered the craft beer market with the launch of No. 99 Premium Lager, No. 99 Pale Ale and No. 99 Session Ale. With a focus on serving the needs of all wine consumers, the Company produces and markets premium personal winemaking products through its wholly-owned subsidiary, Global Vintners Inc. ("GVI"), the recognized leader in personal winemaking products. GVI distributes products through over 200 authorized retailers and more than 400 independent retailers across Canada, with additional distributors in the United States, the United Kingdom, New Zealand, Australia, and China. GVI's award-winning premium and ultra-premium winemaking brands include Winexpert, Vine Co., Apres, LE, Passport Series, On the House, Wild Grapes, DIY My Wine Co., Island Mist and Niagara Mist. The Company owns and operates 101 well-positioned independent retail locations in Ontario under The Wine Shop, Wine Country Vintners, and Wine Country Merchants store names. The Company also operates Andrew Peller Import Agency and The Small Winemaker's Collection Inc., importers and marketing agents for premium wines from around the world.

The Company's vision is to Pour Extraordinary into Everyday Life. The Company believes it achieves this objective by delivering to its customers and consumers the highest quality branded wines, spirits, refreshments, beer and experiences at the best possible value. To meet this goal, the Company invests in improvements in the quality of grapes, wines, and other raw materials, its winemaking and distillation capabilities, sales and marketing initiatives, tourism and hospitality experiences, and its quality management programs.

The Company is focused on initiatives to reduce costs and enhance its production efficiencies through a continual review of its operations and cost structure with a view to enhancing profitability. The Company continues to expand and strengthen its distribution through provincial liquor boards, Ontario independent retail locations and grocery outlets under The Wine Shop, Wine Country Vintners, and Wine Country Merchants store names, estate wineries, restaurants, and other licensed establishments. This distribution network is supported by enhanced sales, marketing, and promotional programs. From time to time the Company also evaluates the potential for acquisitions and partnerships, both in Canada and internationally, to further complement its product portfolio and market presence.

Recent Events

On March 11, 2020, the World Health Organization characterized the outbreak of COVID-19 as a global pandemic. Management continues to closely monitor and assess developments regarding the pandemic, including industry, market and internal factors, as well as regulations enacted by governments across Canada. Businesses selling beer, wine and other alcohol products have been deemed essential services, as well as those businesses that supply them. As a result, all of the Company's production facilities remain open, as do the Company's retail locations and retail estate locations. New protocols related to cleanliness and social distancing have been deployed at all locations. In late March 2020, the Company introduced a temporary wage increase for front line staff to recognize their efforts during the COVID-19 pandemic. Management believes its export, estate property hospitality and personal winemaking sales will be affected by the pandemic. However, consumption of alcohol beverages remains stable in Canada with consumers purchasing products through alternative trade channels available during the pandemic, benefiting the Company's sales through provincial liquor stores and its other retail channels. The Company has enhanced its capabilities to support increased demand for direct-to-home purchases. In response to COVID-19, the Company has implemented working practices to address potential impacts to its operations, employees and customers and will take further measures, if required. These practices have been permanently established to enhance the ability for the Company to respond in the future. The outbreak may also have an effect on the future collectability of certain receivables, recoverability of property plant and equipment, goodwill and intangible assets, as well as the fair value of derivatives. At present, the Company has not identified any material continuity-risks specifically associated with COVID-19. The Company believes it has the management experience and the financial resources and flexibility to meet the liquidity needs presented by the pandemic. The Company continues to review all capital allocations to ensure it remains financially stable and well capitalized going forward.

On June 10, 2020, the Company's Board of Directors approved a common share dividend with no increase to preserve capital as a result of COVID-19. The annual dividend on Class A Shares is $0.215 per share and the dividend on Class B Shares is $0.187 will be paid quarterly to shareholders. The Company has consistently paid common share dividends since 1979. APL currently designates all dividends paid as "eligible dividends" for purposes of the Income Tax Act (Canada) unless indicated otherwise.

On July 29, 2019 the City of Port Moody, British Columbia approved by-law amendments to permit the future development of lands owned by the Company that had held its first winery operations since 1961. Production was moved from the property to its Kelowna, B.C. facility in January 2006 Since that time the Company has engaged with the community and the City of Port Moody to produce a plan to transform the 217,000 square foot site into a mixed-use community.

Results of Operations

For the year ended March 31, (in $000, except per share amounts)	**2020**	2019	2018
Sales	**$ 382,306**	$ 381,796	$ 363,897
Gross margin	**166,250**	159,008	150,325
Gross margin (% of sales)	**43.5%**	41.6%	41.3%
Selling and administrative expenses	**104,749**	106,133	97,465
EBITA	**61,501**	52,875	52,860
Adjusted EBITA	**63,233**	58,287	57,225
Interest	**8,107**	6,872	5,345
Net unrealized loss (gain) on derivative financial instruments	**1,406**	1,679	(1,400)
Other expenses (income)	**1,769**	1,063	(3,842)
Adjusted earnings	**27,575**	29,408	29,303
Net earnings	**23,494**	21,958	30,117
Earnings per share – basic and diluted - Class A	**$0.55**	$0.51	$0.71
Earnings per share – basic and diluted - Class B	**$0.48**	$0.44	$0.62
Adjusted earnings per share – basic and diluted – Class A	**$0.64**	$0.68	$0.69
Adjusted earnings per share – basic and diluted – Class B	**$0.56**	$0.59	$0.60
Dividend per share – Class A (annual)	**$0.215**	$0.205	$0.180
Dividend per share – Class B (annual)	**$0.187**	$0.178	$0.156

Sales for the year ended March 31, 2020 were $382.3 million, up from $381.8 million in the prior year. The Company experienced solid sales growth through the majority of its well-established bottled wine trade channels due to the introduction of new products and new product categories, and new and innovative sales and marketing programs. This growth was partially offset by reduced sales in the personal winemaking market, increased competition from subsidized lower priced imported wines, and lower duty-free export sales due to trade and political disputes between Canada and China.

The Company defines gross margin as gross profit excluding amortization. Gross margin as a percentage of sales strengthened to 43.5% for the year ended March 31, 2020 compared to 41.6% in the prior year. Gross margin is benefiting from an increased focus on higher margin products and the positive impact of the Company's cost control initiatives. Management is continually focused on enhancing production efficiency and productivity and believes gross margin will remain strong for the foreseeable future.

On the acquisition of the three wineries purchased in October 2017, the Company recorded an increase of $10.4 million to inventory to represent the fair value of the goods acquired. This increase is being expensed over time to the consolidated statement of earnings as finished goods are sold, thus reducing gross margin. For fiscal 2020 the Company's gross margin was reduced by $1.7 million due to this adjustment compared to $5.5 million in the prior year.

Selling and administrative expenses were lower in fiscal 2020 compared to the prior year. Included in fiscal 2020 is the reduction of lease expenses of $3.2 million due to the accounting treatment for lease obligations in accordance with IFRS 16, adopted on April 1, 2019 (see IFRS, Leases below). Partially offsetting these reductions are expenditures related to the Company's implementation of a new Enterprise Resource Planning (ERP) solution, and an increase in the allowance for doubtful accounts due to the potential impact of the COVID-19 pandemic on certain customers. As a percentage of sales, selling and administrative expenses improved to 27.4% in fiscal 2020 compared to 27.8% in the prior year.

Earnings before interest, amortization, net unrealized gains and losses on derivative financial instruments, other (income) expenses, and income taxes ("EBITA") were $61.5 million for the year ended March 31, 2020, up from $52.9 million in the prior year. EBITA strengthened due primarily to the improved gross margin and the lower selling and administrative costs in fiscal 2020. Adjusted EBITA, which excludes from EBITA one-time acquisition related charges, was $63.2 million for the year ended March 31, 2020 compared to $58.3 million in the prior year.

Interest and amortization expense increased in fiscal 2020 compared to the prior year due primarily to the lease obligations as mentioned above. Other expenses in fiscal 2020 include $1.7 million in restructuring costs.

The Company recorded a net unrealized non-cash loss in fiscal 2020 of $1.4 million related to mark-to-market adjustments on interest rate swaps and foreign exchange contracts compared to $1.7 million in the prior year. The Company has elected not to apply hedge accounting and accordingly the change in fair value of these financial instruments is reflected in the Company's consolidated statement of earnings each reporting period. These instruments are considered to be effective economic hedges and have enabled management to mitigate the short-term volatility of changing foreign exchange and interest rates.

Net earnings for fiscal 2020 were $23.5 million or $0.55 per Class A Share compared to $22.0 million or $0.51 per Class A Share in the prior year. Adjusted earnings, defined as net earnings not including net unrealized gains and losses on derivative financial instruments, other (income) expenses, non-recurring, non-operating (gains) and losses, and the related income tax effect were $27.6 million for the year ended March 31, 2020 compared to $29.4 million in the prior year.

The Company believes that sales will grow over the long term due to strong positioning of key brands, the continued launch of new and innovative products in both its core wine business and in the new product categories, as well as overall growth in the Canadian beverage alcohol market.

Quarterly Performance

The following table outlines key quarterly highlights.

(in $000, except per share amounts)	Q4 20	Q3 20	Q2 20	Q1 20	Q4 19	Q3 19	Q2 19	Q1 19
Sales	82,118	101,597	103,375	95,216	79,780	103,152	103,323	95,541
Gross margin	35,550	41,968	46,311	42,421	31,310	42,133	44,284	41,281
Gross margin (% of sales)	43.3%	41.3%	44.8%	44.6%	39.2%	40.8%	42.9%	43.2%
EBITA	9,668	16,148	17,335	18,350	6,554	14,353	16,160	15,808
Interest	1,839	1,818	2,222	2,228	1,055	1,920	1,943	1,954
Adjusted EBITA	9,924	16,427	17,957	18,925	6,548	15,599	18,198	17,942
Net unrealized loss (gain) on financial instruments	1,984	(646)	(497)	565	1,168	1,478	(749)	(218)
Other expenses (income)	634	(57)	1,106	86	669	27	92	275
Adjusted earnings	1,196	7,815	8,716	9,848	1,477	7,761	10,446	9,724
Net earnings (loss)	(996)	8,056	7,643	8,791	84	5,432	8,894	7,548
E.P.S. – Class A basic & diluted	$(0.02)	$0.19	$0.18	$0.20	$0.00	$0.13	$0.21	$0.18
E.P.S. – Class B basic & diluted	$(0.02)	$0.16	$0.15	$0.18	$0.00	$0.11	$0.18	$0.15
Adjusted E.P.S – Class A basic & diluted	$0.03	$0.18	$0.20	$0.23	$0.03	$0.18	$0.24	$0.23
Adjusted E.P.S – Class B basic & diluted	$0.03	$0.15	$0.17	$0.20	$0.03	$0.16	$0.21	$0.20

The second and third quarters of the Company's fiscal year are historically the largest due to increased activity at the Company's estate properties and increased consumer purchasing of the Company's products during the holiday season.

Sales in the fourth quarter of fiscal 2020 were $82.1 million, up from $79.8 million in the prior year's fourth quarter. The Company experienced solid sales growth through the majority of its well-established bottled wine trade channels due to the introduction of new products and new product categories, and new and innovative sales and marketing programs. This growth was partially offset by reduced sales in the personal winemaking market, increased competition from subsidized lower priced imported wines, and lower duty-free export sales due to trade and political disputes between Canada and China.

Gross margin for the three months ended March 31, 2020 strengthened to 43.3% of sales compared to 39.2% in the fourth quarter of fiscal 2019. Gross margin in fiscal 2020 is benefiting from an increased focus on higher margin products, and the positive impact of the Company's cost control initiatives.

Selling and administrative expenses increased in the fourth quarter of fiscal 2020 compared to the prior year's fourth quarter due to the increase in the allowance for doubtful accounts for potential impact of the COVID-19 pandemic on certain customers, partially offset by the reduction of lease expenses.

EBITA was $9.7 million for the three months ended March 31, 2020 compared to $6.5 million in the same quarter in fiscal 2019. The increase is due primarily to the higher sales and gross margin. The Company recorded a net unrealized non-cash loss of $2.0 million in the fourth quarter of fiscal 2020 related to mark-to-market adjustments on interest rate swaps and foreign exchange contracts compared to $1.2 million in the fourth quarter of fiscal 2019.

The Company incurred a net loss of $1.0 million or $(0.02) per Class A share for the three months ended March 31, 2020 compared to net profit of $0.8 million or $0.00 per Class A Share in the fourth quarter of fiscal 2019. The Company generated adjusted earnings for the three months ended March 31, 2020 of $1.2 million compared with $1.5 million the same period in the prior year.

Liquidity and Capital Resources

As at (in $000)	**March 31, 2020**	March 31, 2019	March 31, 2018
Current assets	**$ 214,114**	$ 196,700	$ 198,014
Property, plant, and equipment	**221,100**	199,749	188,191
Intangibles	**25,067**	16,932	17,733
Goodwill	**53,638**	53,638	53,638
Derivative financial instruments	**-**	-	204
Total assets	**$ 513,919**	$ 467,019	$ 457,780
Current liabilities	**$ 130,460**	$ 99,395	$ 93,597
Long-term debt	**95,515**	106,879	116,257
Long-term derivative financial instruments	**1,932**	1,008	-
Lease obligations	**14,802**	-	-
Post-employment benefit obligations	**3,649**	4,657	5,140
Deferred income tax	**22,038**	20,329	22,540
Shareholders' equity	**245,523**	234,751	220,246
Total liabilities and shareholders' equity	**$ 513,919**	$ 467,019	$ 457,780

The change in current assets as at March 31, 2020 compared to March 31, 2019 reflects an increase in accounts receivable due to higher sales in the fourth quarter of fiscal 2020 and an increase in inventory due to seasonal factors and the harvesting of grapes. Inventory is dependent on domestically grown grapes that are used in the sale of premium and ultra-premium wines that are held for a longer period than imported wine. These wines are typically aged for one to three years before they are sold. The cost of producing wine from domestically grown grapes is also significantly higher than wine purchased on international markets. Included in current assets for the year ended March 31, 2020 was $1.3 million reflecting the carrying value of the Company's production facility in Port Coquitlam British Columbia which is being held for sale.

Accounts receivable are predominantly with provincial liquor boards and, to a lesser extent, licensed establishments and independent retailers of personal winemaking products. The Company had $20.8 million of accounts receivable with provincial liquor boards at March 31, 2020, all of which is expected to be collectible. The balance represents amounts due from licensees, export customers, and independent retailers of personal winemaking products. The amount of accounts receivable that was 30 days past due was $1.5 million at March 31, 2020. Against these amounts an allowance for doubtful accounts of $0.9 million has been provided which the Company has determined based on assumptions about risk of default and expected loss rates. The allowance for doubtful accounts was increased in March 2020 due to the potential impact of the COVID-19 pandemic on certain customers.

Property, plant and equipment increased at March 31, 2020 due to the requirement to record all lease obligations on the Balance Sheet, as discussed above and operational investments in the Company's facilities.

Intangibles increased at March 31, 2020 compared to the prior year-end due to the investment in a new Enterprise Resource Planning (ERP) solution.

The change in current liabilities as at March 31, 2020 compared to March 31, 2019 reflects an increase in accounts payable due to timing of invoices and payments, an increase in bank indebtedness, and the change in accounting treatment for lease obligations.

Overall bank debt increased to $165.2 million at March 31, 2020 from $154.8 million at March 31, 2019. The increase is due to cash flows from operations in fiscal 2020 offset by regularly scheduled debt repayments. With the increase in debt, the Company's debt to equity ratio was 0.67:1 at March 31, 2020 compared to 0.66:1 at March 31, 2019. At March 31, 2020, the Company had unutilized debt capacity in the amount of $24.2 million on its operating facility and $112.4 million on its investment facility. A reduction in EBITA, could result in the breach of a covenant relative to its impact on the trailing twelve months results used in calculating covenant compliance. The company is actively managing its administrative costs, inventory, bank indebtedness and long-term debt balances in order to comply with lenders covenants.

Management expects to generate sufficient cash flow from operations to meet its debt servicing, principal payment, and working capital requirements over both the short and long-term through continued profitability and strong management of working capital and prioritization of capital expenditures. The Company continues to monitor its capital allocations in order to preserve capital during the current COVID-19 pandemic. The Company regularly reviews all of its assets to ensure appropriate returns on investment are being achieved and that they fit with the Company's long-term strategic objectives.

For the year ended March 31, 2020, the Company generated cash from operating activities, after changes in non-cash working capital items, of $31.5 million compared to $49.0 million in the prior year. Investing activities of $23.3 million in fiscal 2020 relate primarily to capital expenditures to improve operations and to implement the new ERP system.

Financing activities for the year ended March 31, 2020 of $8.2 million include $6.2 million for the repurchase of class A shares under its Normal Course Issuer Bid (see Common Shares Outstanding below), scheduled repayments of long-term debt, dividend payments, the principal repayment of lease obligations, and an increase in bank indebtedness.

Working capital as at March 31, 2020 was $83.7 million compared to $97.3 million at March 31, 2019. Shareholders' equity as at March 31, 2020 was $245.5 million or $5.63 per common share compared to $234.8 million or $5.31 per common share as at March 31, 2019. The increase in shareholders' equity was due to the net earnings in fiscal 2020, partially offset by the payment of dividends.

The following table outlines the Company's contractual obligations as at March 31, 2020:

(in $000)	**< 1 Year**	**2 - 3 Years**	**4 - 5 Years**	**> 5 Years**	**Total**
Long-term debt	$ 11,615	$ 96,082	$ -	$ -	$ 107,697
Leases and royalties	4,957	8,737	5,645	16,961	36,300
Service agreements	483	3,958	1,496	-	5,937
Pension obligations	221	379	40	69	709
Grape and bulk wine purchase contracts	62,816	78,433	58,647	98,491	298,387
Packaging purchase contracts	31,299	21,472	2,271	-	55,042
	111,391	209,061	68,099	115,521	504,072
Interest rate swap	2,309	2,934	-	-	5,243
Foreign exchange forwards	10,070	-	-	-	10,070
Total contractual obligations	$ 123,770	$ 211,995	$ 68,099	$ 115,521	$ 519,385

The Company's obligations under its interest rate swaps and foreign exchange forward contracts are stated above on a gross basis rather than net of the corresponding contractual benefits.

Common Shares Outstanding

The Company is authorized to issue an unlimited number of Class A and Class B Shares. Class A Shares are non-voting and are entitled to a dividend in an amount equal to 115% of any dividend paid or declared on Class B Shares. Class B Shares are voting and convertible into Class A Shares on a one-for-one basis.

Shares outstanding	**March 31, 2020**	March 31, 2019	March 31, 2018
Class A Shares	**35,403,767**	35,988,148	35,471,185
Class B Shares	**8,191,883**	8,198,994	8,702,095
Total	**43,595,650**	44,187,142	44,173,280

On November 8, 2019, the Company announced that it filed with the Toronto Stock Exchange ("TSX"), and the TSX has accepted, a notice of intention to make a Normal Course Issuer Bid ("NCIB") permitting the Company to purchase for cancellation up to 1,799,733 of its outstanding class A non-voting shares ("Class A Shares") over a 12-month period, representing 5% of the 35,994,667 Class A Shares outstanding as of the close of trading on November 7, 2019.

The total number of common shares repurchased for cancellation under the NCIB during the year ended March 31, 2020 amounted to 597,900 common shares, at a weighted average price of $10.44 per common share, for a total cash consideration of $6.3 million. For the year ended March 31, 2020, the Company's share capital was reduced by $0.5 million and the remaining $5.8 million was accounted for as a decrease in retained earnings. In order to preserve capital during the COVID-19 pandemic, the Company has suspended purchases on its NCIB.

Strategic Outlook and Direction

Andrew Peller Limited is committed to a strategy of growth that focuses on the expansion of its core business as a producer and marketer of quality wines and wine related products through concentrating on and developing leading brands that meet the needs of consumers and customers. Over the long term the Company believes higher-priced premium wine and spirits sales will continue to grow in Canada, generating higher margins and increased profitability compared to its lower-priced products. The Company has also entered the spirits and craft beer categories, through its strategic alliance with Wayne Gretzky, and has introduced sangrias and ciders through its own brand labels.

The Company has focused its product development and sales and marketing initiatives by capitalizing on alcohol consumption trends and expects to see continued sales growth. The Company will continue to closely monitor its costs and will react quickly to changes to risks and opportunities in the marketplace.

The Company will continue to expand product offerings outside the traditional table wine segment into other alcoholic beverages where it is able to leverage its detailed knowledge of growth opportunities in the Canadian market. The Company will also make packaging design changes that are more appealing to its target markets and are consistent with its initiative to be more environmentally friendly. Increased focus will be made on coordination between the Company's business-to-consumer trade channels to provide customers with a more intimate awareness of its broad product portfolio. New product launches and key brands through all of the Company's distribution channels will continue to receive increased marketing and sales support.

The Company expects to continue to invest in capital expenditures over the next five years to improve efficiencies, increase capacity, support its ongoing commitment to producing the highest-quality wines and spirits, and improve productivity.

From time to time the Company evaluates investment opportunities, including acquisitions, which support its strategic direction.

Risks and Uncertainties

The Company's sales of wine and craft beverage alcohol products are affected by general economic conditions and social trends such as changes in discretionary consumer spending and consumer confidence, future economic conditions, changes to inter-provincial trade laws, tax laws, the prices of its products and health trends. The duration and impact of the COVID-19 outbreak is unknown at this time. The impact of the outbreak on the financial results of the Company will depend on future developments, including the duration and spread of the outbreak and its impact on the overall economy and related advisories and restrictions. It is not possible to reliably estimate the length and severity of these developments and conclusively quantify the impact on the financial results and condition of the Company in future periods. If the overall economy is impacted for an extended period, the financial results of the Company may be materially adversely affected. Such general economic conditions could impact the Company's sales through duty-free export, restaurant, estate property and personal winemaking channels. The Company's suppliers may not have the materials, capacity or capability to supply components according to its schedule and specifications if the outbreak continues. This could delay the release or delivery of the Company's products or require management to make unexpected changes to such products which may materially affect the business, operating results and future compliance with the Company's financial covenants.

The outbreak may also have an effect on the future collectability of certain receivables, recoverability of property plant and equipment, goodwill and intangible assets, as well as fair value of derivatives. As the duration and impact of the COVID-19 outbreak or the efficacy of the Government and Bank of Canada interventions is not known at this time, it is not possible to reliably estimate the length and severity of these developments or quantify the impact this pandemic may have on the financial results and condition of the Company in future periods. In response to COVID-19, the Company has implemented working practices to address potential impacts to its operations, employees and customers and will take further measures in the future, if required. At present, the Company has not identified any material continuity-risks specifically associated with COVID-19.

The Government of Ontario has announced its intention to modernize the rules for selling beverage alcohol in Ontario by expanding retail distribution in the province. This could represent a significant change to the retail landscape in Ontario with the goal of providing more convenience and choice to consumers. While there has not been a proposal by the Government of Ontario regarding implementation, the Company is working closely with its industry partners to mitigate the risks that this transition may have on its financial results.

The Canadian wine market continues to be the target of low-priced imported wines from regions and countries that subsidize wine production and grape growing as well as providing sizeable export incentives on subsidies. Many of these countries and regions prohibit or restrict the sale of imported wine in their own domestic markets. The Company, along with other members of the Canadian wine industry, are working with the Canadian government to improve support for the domestic industry.

The Company operates in a highly competitive industry and the dollar amount and unit volume of sales could be negatively impacted by its inability to maintain or increase prices, changes in geographic or product mix, a general decline in beverage alcohol consumption, or the decision of retailers or consumers to purchase competitive products instead of the Company's products. Retailer and consumer purchasing decisions are influenced by, among other things, the perceived absolute or relative overall value of the Company's products including their quality or pricing compared to competitive products. Unit volume and dollar sales could also be affected by purchasing, financing, operational, advertising, or promotional decisions made by provincial agencies and retailers which could affect supply of or consumer demand for the Company's products. APL could also experience higher than expected selling and administrative expenses if it finds it necessary to increase the number of its personnel, advertising, or promotional expenditures to maintain its competitive position.

APL expects to increase sales in Canada principally through the sale of VQA wines, and as a result, is dependent on the quality and supply of domestically grown premium quality grapes. If any of the Company's vineyards or the vineyards of our grape suppliers experience certain weather variations, natural disasters, pestilence, other severe environmental problems, or other occurrences, APL may not be able to secure a sufficient supply of grapes, a situation which could result in a decrease in production of certain products from those regions and/or result in an increase in costs. The inability to secure premium quality grapes could impair the ability of the Company to supply certain wines to its customers. APL has developed programs to ensure it has access to a consistent supply of premium quality grapes and wine. The price of grapes is determined through negotiations with the Ontario Grape Growers Marketing Board in Ontario and with independent growers in British Columbia.

Foreign exchange risk exists on the purchases of bulk wine and concentrate that are primarily made in United States dollars, Euros, and Australian dollars. Fluctuating foreign currencies may have a positive or negative impact on gross margins, however, the Company believes the impact on gross margin will be largely offset by its continued ability to leverage scale and successful cost control initiatives to reduce other cost of goods sold. The Company's strategy is to hedge approximately 50% - 80% of its foreign exchange requirements throughout the fiscal year and to regularly review its on-going requirements. The Company does not enter into foreign exchange contracts for trading or speculative purposes and contracts are reviewed periodically. As at March 31, 2020, the Company had locked in $7.7 million in U.S. dollar contracts at rates ranging between $1.30 and $1.31 Canadian. These contracts expire at various dates through September 2020. Based on the Company's forecasts for foreign currency purchases and the amount of foreign exchange forward contracts outstanding at March 31, 2020, each one percent change in the U.S. dollar would impact the Company's net earnings by an estimated $0.2 million. Each one percent change in the Euro and the Australian dollar exchange rates would not result in a material impact on the Company's net earnings.

The Company purchases glass, bag in box, tetra paks, and other components used for bottling and packaging. The largest component of packaging is glass, of which there are few domestic or international suppliers. There is currently only one commercial supplier of glass in Canada that is able to supply glass to APL's specifications. Any interruption in supply could have an adverse impact on the Company's ability to supply its markets. APL has taken steps to reduce its dependence on domestic suppliers through the development of relationships with several international producers of glass and through carrying increased inventory of selected bottles.

The Company operates in a highly regulated industry with requirements regarding the production, distribution, marketing, advertising, and labelling of wine and spirits. These regulatory requirements may inhibit or restrict the Company's ability to maintain or increase strong consumer support for and recognition of its brands and may adversely affect APL's business strategies and results of operations. Privatization of liquor distribution and retailing has been implemented in varying degrees across the country. The recent regulatory changes relating to privatization in Ontario and sales through grocery outlets remains a risk to the Company through its impact on the Company's retail operations.

The wine industry and the domestic and international markets in which the Company operates are consolidating. This has resulted in fewer, but larger, competitors who have increased their resources and scale. The increased competition from these larger market participants may affect the Company's pricing strategies and create margin pressures resulting in potentially lower revenues. Competition also exerts pressure on existing customer relationships which may affect APL's ability to retain existing customers and increase the number of new customers. The Company has worked to improve production efficiencies, selectively increase pricing to increase gross margin, and implement a higher level of promotion and advertising activity to remain competitive. APL and other wine industry participants also generally compete with other alcoholic beverages for consumer acceptance, loyalty, and shelf space. No assurance can be given that consumer demand for wine and premium wine products will continue at current levels in the future.

Federal and provincial governments impose excise, other taxes, and mark-ups on beverage alcohol products which have been subject to change. Significant increases in excise and other taxes on beverage alcohol products could materially and adversely affect the Company's financial condition or results of operations. Federal and provincial governmental agencies extensively regulate the beverage alcohol products industry concerning such matters as licensing, trade practices, permitted and required labelling, advertising, and relations with consumers and retailers. Certain federal and provincial regulations also require warning labels and signage. New or revised regulations, increased licensing fees, requirements, taxes, or mark-ups could also have a material adverse effect on the Company's financial condition or results of operations.

The Company's future operating results also depend on the ability of its officers and other key employees to continue to implement and improve its operating and financial systems and manage the Company's significant relationships with its suppliers and customers. The Company is also dependent upon the performance of its key senior management personnel. The Company's success is linked to its ability to identify, hire, train, motivate, promote, and retain highly qualified management. Competition for such employees is intense and there can be no assurances that the Company will be able to retain current key employees or attract new key employees.

The Company has certain defined benefit pension plans. The expense and cash contributions related to these plans depend on the discount rate used to measure the liability to pay future benefits and the market performance of the plan assets set aside to pay these benefits. The Company's Pension Committee reviews the performance of plan assets on a regular basis and has a policy to hold diversified investments. Nevertheless, a decline in long-term interest rates or in asset values could increase the Company's costs related to funding the deficit in these plans.

The competitive nature of the wine industry internationally has resulted in the discounting of retail prices of wine in key markets such as the United States and the United Kingdom. Although significant price discounting may occur in Canada beyond current levels, the Company believes that its product quality, advertising, and promotional support along with its competitive pricing strategies will effectively mitigate the impact of this to the Company.

The Company considers its trademarks, particularly certain brand names and product packaging, advertising and promotion design, and artwork to be of significant importance to its business and ascribes a significant value to these intangible assets. APL relies on trademark laws and other arrangements to protect its proprietary rights. There can be no assurance that the steps taken by APL to protect its intellectual property rights will preclude competitors from developing confusingly similar brand names or promotional materials. The Company believes that its proprietary rights do not infringe upon the proprietary rights of fourth parties, but there can be no assurance in this regard.

As an owner and lessee of property the Company is subject to various federal and provincial laws relating to environmental matters. Such laws provide that the Company could be held liable for the cost of removal and remediation of hazardous substances on its properties. The failure to remedy any situation that might arise could lead to claims against the Company. A perceived failure to maintain high ethical, social, and environmental standards could have an adverse effect on the Company's reputation.

The success of the Company's brands depends upon the positive image that consumers have of those brands. Contamination of APL's products, whether arising accidentally or through deliberate fourth-party action, or other events that harm the integrity or consumer support for those brands could adversely affect their sales. Contaminants in raw materials purchased from fourth parties and used in the production of the Company's products or defects in the fermentation process could lead to low product quality as well as illness among, or injury to, consumers of the products and may result in reduced sales of the affected brand or all of the Company's brands.

Non-IFRS Measures

The Company utilizes EBITA (defined as earnings before interest, amortization, net unrealized gains and losses on derivative financial instruments, other (income) expenses, and income taxes) and Adjusted EBITA (EBITA before non-recurring expenses such as acquisition transaction and transition costs) to measure its financial performance. EBITA and Adjusted EBITA are not recognized measures under IFRS; however, management believes that EBITA and Adjusted EBITA are useful supplemental measures to net earnings as these measures provide readers with an indication of earnings available for investment prior to debt service, capital expenditures, and income taxes, as well as provide an indication of recurring earnings compared to prior periods.

The Company calculates EBITA and Adjusted EBITA as follows:

For the three months and years ended March 31,	Three Months		Year	
(in $000)	**2020**	2019	**2020**	2019
Net earnings (loss)	**$ (996)**	$ 84	**$ 23,494**	$ 21,958
Add: Interest	**1,839**	1,055	**8,107**	6,872
Provision for income taxes	**621**	234	**8,971**	8,533
Amortization of plant and equipment used in production	**2,882**	2,091	**10,057**	7,749
Amortization of equipment and intangibles used in selling and administration	**2,704**	1,253	**7,697**	5,021
Net unrealized loss on derivative financial instruments	**1,984**	1,168	**1,406**	1,679
Other expenses	**634**	669	**1,769**	1,063
EBITA	**$ 9,668**	$ 6,554	**$ 61,501**	$ 52,875
Professional fees and COGS adjustments - acquisitions (FMV)	**256**	305	**1,732**	5,483
Acquisition transaction and transition costs	**-**	(311)	**-**	(71)
Adjusted EBITA	**$ 9,924**	$ 6,548	**$ 63,233**	$ 58,287

Readers are cautioned that EBITA and Adjusted EBITA should not be construed as an alternative to net earnings determined in accordance with IFRS as an indicator of the Company's performance or to cash flows from operating, investing, and financing activities as a measure of liquidity and cash flows.

The Company also utilizes gross margin (defined as sales less cost of goods sold, excluding amortization) as calculated below.

For the three months and years ended March 31,	Three Months		Year	
(in $000)	**2020**	2019	**2020**	2019
Sales	**$ 82,118**	$ 79,780	**$ 382,306**	$ 381,796
Less: Cost of goods sold, excluding amortization	**46,568**	48,470	**216,056**	222,788
Gross margin	**$ 35,550**	$ 31,310	**$ 166,250**	$ 159,008
Gross margin (% of sales)	**43.3%**	39.2%	**43.5%**	41.6%

The Company calculates Adjusted earnings and Adjusted earnings per share as follows:

For the three months and years ended March 31,	Three Months		Year	
(in $000)	**2020**	2019	**2020**	2019
Net earnings (loss)	**$ (996)**	$ 84	**$ 23,494**	$ 21,958
Net unrealized loss on derivative financial instruments	**1,984**	1,168	**1,406**	1,679
Other expenses	**634**	669	**1,769**	1,063
Fair value adjustment for acquired inventory sold during the period	**256**	305	**1,732**	5,483
Acquisition transaction and transition costs	**-**	(311)	**-**	(71)
Income tax effect of the above	**(682)**	(438)	**(826)**	(704)
Adjusted earnings	**$ 1,196**	$ 1,477	**$ 27,575**	$ 29,408
Adjusted earnings per share – Class A	**$0.03**	$0.03	**$0.64**	$0.68
Adjusted earnings per share – Class B	**$0.03**	$0.03	**$0.56**	$0.59

The Company's method of calculating EBITA, Adjusted EBITA, gross margin, Adjusted earnings, and Adjusted earnings per share may differ from the methods used by other companies and accordingly, may not be comparable to the corresponding measures used by other companies.

Transactions with Related Parties

The Company is controlled by Peller Family Enterprises Inc. (formerly, Jalger Limited), which owns 61.0% of the Company's Class B voting shares. No individual has sole voting power or control in respect of the shares of the Company owned by Peller Family Enterprises Inc.

The compensation expense recorded for directors and members of the Executive Management Team of the Company is shown below:

For the years ended March 31 (in $000)	2020	2019
Compensation and short-term benefits	**$ 4,374**	$ 4,336
Post-employment benefits	**266**	295
Stock based compensation expense	**1,613**	1,097
	$ 6,253	$ 5,728

The compensation and short-term benefits expense consist of amounts that will primarily be settled within twelve months.

Financial Statements and Accounting Policies

The Company's consolidated financial statements have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB").

Critical Accounting Estimates

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the dates of the consolidated financial statements, the reported amounts of revenues and expenses during the reporting periods and the extent of and the reported amounts in disclosures. Actual results may vary from current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the period in which they change. Specific areas of uncertainty include but are not limited to:

Impairment of goodwill and indefinite life intangible assets
Testing goodwill for impairment at least annually involves estimating the recoverable amount of the cash generating units (CGUs) to which goodwill is allocated. This requires making assumptions about future cash flows, growth rates and discount rates. Testing indefinite life intangible assets for impairment at least annually involves estimating the fair value using the relief of royalty method. This requires making assumptions about royalty rates, growth rates and discount rates. These assumptions are inherently uncertain and as such, actual amounts may vary from these assumptions and cause significant adjustments.

Post-employment benefits
Measuring the liability for post-employment benefits requires assumptions for the discount rates, increases in compensation, increases in medical costs and the timing of the payment of benefits. Actual amounts may vary from these assumptions and cause significant adjustments.

Fair value of grapes at the point of harvest
Where possible, the fair value of grapes at the point of harvest is determined by reference to local market prices for grapes of a similar quality and same varietal. For grapes for which local market prices are not readily available, the average price of similar grapes is used. Actual amounts may vary from these assumptions and cause significant adjustments.

Leases
Critical accounting estimates were made in determining the lease term and incremental borrowing rate. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

In determining the carrying amount of right-of-use assets and lease liabilities, the Company is required to estimate the incremental borrowing rate specific to each leased asset or portfolio of leased assets if the interest rate implicit in the lease is not readily determined. Management determines the incremental borrowing rate of each leased asset or portfolio of leased assets by using the companies specific risk portfolio, the security, term and value of the underlying leased asset, and the economic environment in which the leased asset operates in. The incremental borrowing rates are subject to change mainly due to macroeconomic changes in the environment.

Recently adopted accounting pronouncements

IFRS 16, Leases
The IASB issued IFRS 16, Leases, which replaces IAS 17, Leases and Related Interpretations. On April 1, 2019, the Company adopted the new accounting standard using the modified retrospective method and therefore, comparative figures have not been restated, as permitted under the specific transitional provisions in the standard. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized in operating retained earnings at April 1, 2019.

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Reliance on previous assessment on whether leases are onerous;
- The accounting for operating leases with a remaining lease term of less than 12 months as at April 1, 2019 as short term leases;
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has also elected not to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Company relied on its assessment made applying IAS 17 and IFRIC 4, Determining whether an Arrangement Contains a Lease.

The Company leases various vineyards, retail stores, offices, warehouses, equipment and vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants.

Where the Company is a lessee, IFRS 16 resulted in recognition of most of its leases that were considered operating leases under IAS 17. This resulted in recognition of a right-of-use asset and a lease liability for the present value of the remaining future lease payments, discounted using the incremental borrowing rate at the date of initial application. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on April 1, 2019 was 5.01%.

Depreciation expense on the right-of-use asset and interest expense on the lease liability replaced the previously recognized operating lease expense. The impact of adopting this standard on the consolidated statement of cash flow is to present the principle repayment on lease obligations in financing activities under IFRS 16, whereas previously payments for operating leases were presented in operating activities.

The adoption of this standard resulted in the recognition of right-of-use assets, in property, plant and equipment and lease liabilities amounting to $17,658 as of April 1, 2019.

The expense related to leases with variable consideration, short term leases and low value leases amounted to $2,354 for year ended March 31, 2020. The total cash outflows relating to leases during the year were $6,213.

Some property leases contain variable payment terms that are linked to sales generated from a store. For individual stores, up to 100% of lease payments are on the basis of variable payment terms. Variable lease payments are recognized in the consolidated statement of earnings in the period in which the condition that triggers those payments occurs. A 5% increase in sales across all stores with such variable lease contracts would not result in a material change to the total lease payments.

IAS 19, Employee Benefits
The IASB issued an amended IAS 19, Employee Benefits to modify the guidance in connection with defined benefit plans and accounting for plan amendments, settlements, or curtailments. The Amendments are effective for annual periods beginning on or after January 1, 2019. The adoption of these amendments did not have a material impact on the consolidated financial statements.

IAS 9, Financial Instruments
IFRS 9, Financial Instruments has been amended to enable companies to measure at amortized cost some prepayable financial assets with negative compensation. The amendment to IFRS 9 also clarifies how to account for the modification of a financial liability. Most modifications of financial liabilities will result in immediate recognition of a gain or loss. The amendment is effective for annual periods beginning on or after January 1, 2019. The adoption of these amendments did not have a material impact on the consolidated financial statements.

IFRIC Interpretation 23, Uncertainty over Income Tax Treatments
IFRIC Interpretation 23, Uncertainty over Income Tax Treatments, has been issued to clarify how to apply the recognition and measurement requirements in IAS 12, Income Taxes, when there is uncertainty over income tax treatments. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2019. The adoption of these amendments did not have a material impact on the consolidated financial statements.

Recently issued accounting pronouncements
IAS 1, Presentation of Financial Statements and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors
These standards have been amended to use a consistent definition of materiality throughout all accounting standards, clarify the explanation of the definition of material and incorporate some of the guidance in IAS 1 about immaterial information. The amendments are effective for annual periods beginning on or after January 1, 2020. The Company has not yet assessed the impact of the amendment on the consolidated financial statements.

IFRS 3, Business Combinations
This standard has been amended to improve the definition of a business. The amendments will help companies determine whether an acquisition made is of a business or a group of assets. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contributions to the ability to create outputs. The

amendments are effective for annual periods beginning on or after January 1, 2020. The Company has not yet assessed the impact of the amendment on the consolidated financial statements.

IAS 1, Presentation of Financial Statements and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors
This standard has been amended to clarify the classification of liabilities as current or non-current. The amendments are effective for annual periods beginning on or after January 1, 2022. The Company has not yet assessed the impact of the amendment on the consolidated financial statements.

Evaluation of Disclosure Controls and Procedures and Internal Control over Financial Reporting
Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information required to be disclosed by the Company in reports filed with or submitted to various securities regulators are recorded, processed, summarized and reported within the time periods specified. This information is gathered and reported to the Company's management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") on a timely basis so that decisions can be made regarding the Company disclosures to the public.

The Company's management, under the supervision of, and with the participation of the CEO and CFO, have designed and maintained the Company's disclosure controls and procedures as required in Canada by "National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings". As at June 10, 2020, the CEO and CFO of the Company have evaluated the effectiveness of the disclosure controls and procedures. Based on these evaluations, the CEO and CFO have concluded that the controls and procedures were operating effectively.

Internal Controls Over Financial Reporting
Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to reliability of financial reporting and financial statement presentation.

Designing, establishing and maintain adequate internal controls over financial reporting is the responsibility of management. Internal controls over financial reporting is a process designed by, or under the supervision of senior management and effected by the Board of Directors to provide reasonable assurance regarding the reliability of financial reporting and preparation of the Company's financial statements in accordance with IFRS.

For the year ended March 31, 2020, there have been no material changes in the Company's internal controls over financial reporting or changes to disclosure controls and procedures that materially affected or were likely to affect, the Company's internal control systems. As at June 10, 2020, the CEO and CFO of the Company have evaluated the effectiveness of the Company's internal controls over financial reporting. Based on these evaluations, the CEO and CFO have concluded that the controls and procedures were operating effectively.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Andrew Peller Limited

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Andrew Peller Limited and its subsidiaries (together, the Company) as at March 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated balance sheets as at March 31, 2020 and 2019;
- the consolidated statements of earnings for the years then ended;
- the consolidated statements of comprehensive income for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

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 *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence

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

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis, which we obtained prior to the date of this auditor's report and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, which is expected to be made available to us after that date.

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

In connection with our audit of the consolidated 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 consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. When we read the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 these consolidated 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 consolidated 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is John Donnelly.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
June 10, 2020

Consolidated Balance Sheets
As at March 31, 2020 and 2019
(in thousands of Canadian dollars)

	2020 $	2019 $
Assets		
Current assets		
Accounts receivable (note 20)	34,096	29,801
Inventories (note 4)	170,779	160,537
Biological assets (note 6)	1,951	1,736
Prepaid expenses and other assets	3,998	4,626
Income taxes receivable	1,232	-
Derivative financial instruments (note 20)	783	-
Assets held for sale (note 5)	1,275	-
	214,114	196,700
Property, plant and equipment (notes 2 and 5)	221,100	199,749
Intangible assets (note 7)	25,067	16,932
Goodwill (note 8)	53,638	53,638
	513,919	467,019
Liabilities		
Current liabilities		
Bank indebtedness (note 9)	58,114	38,175
Accounts payable and accrued liabilities (note 10)	53,821	47,451
Dividends payable	2,288	2,212
Income taxes payable	-	1,477
Lease obligation (note 2)	3,018	-
Derivative financial instruments (note 20)	1,604	339
Long-term debt (note 11)	11,615	9,741
	130,460	99,395
Long-term debt (note 11)	95,515	106,879
Long-term derivative financial instruments (note 20)	1,932	1,008
Lease obligations (note 2)	14,802	-
Post-employment benefit obligations (note 12)	3,649	4,657
Deferred income taxes (note 13)	22,038	20,329
	268,396	232,268
Shareholders' Equity		
Capital stock (note 14)	26,014	26,330
Contributed surplus (note 15)	4,834	2,737
Retained earnings	218,263	209,825
Accumulated other comprehensive loss	(3,588)	(4,141)
	245,523	234,751
	513,919	467,019

Contingent liabilities and unrecognized contractual commitments (note 18)
Events after the reporting period (note 24)

Director Director

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

Consolidated Statements of Earnings

For the years ended March 31, 2020 and March 31, 2019
(in thousands of Canadian dollars, except per share amounts)

	2020 $	2019 $
Sales	382,306	381,796
Cost of goods sold, excluding amortization (note 16)	216,056	222,788
Amortization of plant and equipment used in production	10,057	7,749
Gross profit	156,193	151,259
Selling and administration (note 16)	104,749	106,133
Amortization of equipment and intangible assets used in selling and administration	7,697	5,021
Interest	8,107	6,872
Net unrealized loss on derivative financial instruments (note 20)	1,406	1,679
Other expense (note 16)	1,769	1,063
	123,728	120,768
Earnings before income taxes	32,465	30,491
Provision for (recovery of) income taxes (note 13)		
Current	7,456	10,778
Deferred	1,515	(2,245)
	8,971	8,533
Net earnings for the year	23,494	21,958
Net earnings per share (note 17)		
Basic and diluted		
Class A shares	0.55	0.51
Class B shares	0.48	0.44

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

Consolidated Statements of Comprehensive Income
For the years ended March 31, 2020 and March 2019
(in thousands of Canadian dollars)

	2020 $	2019 $
Net earnings for the year	23,494	21,958
Items that are never reclassified to net earnings		
Net actuarial gains on post-employment benefit plans (note 12)	822	130
Deferred income taxes (note 13)	(214)	(34)
Other comprehensive income for the year	608	96
Net comprehensive income for the year	24,102	22,054

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

Consolidated Statements of Changes in Equity
For the years ended March 31, 2020 and March 31, 2019
(in thousands of Canadian dollars)

	Capital stock $	Contributed surplus $	Retained earnings $	Accumulated other comprehensive loss $	Total shareholders' equity $
Balance at April 1, 2018	26,097	1,673	196,713	(4,237)	220,246
Net comprehensive income for the year	-	-	21,958	96	22,054
Issuance of Class A non-voting shares (note 15)	233	(162)	-	-	71
Share-based compensation (note 15)	-	1,226	-	-	1,226
Dividends (Class A $0.205 per share, Class B $0.178 per share)	-	-	(8,846)	-	(8,846)
Balance at March 31, 2019	26,330	2,737	209,825	(4,141)	234,751
Net comprehensive income for the year	-	-	23,494	608	24,102
Exercise of DSUs and issuance of Class A non-voting shares (notes 14 and 15)	115	(115)	-	-	-
Cancellation of post-retirement benefit arrangement (note 12)	-	75	-	(55)	20
Repurchase and cancellation of Class A non-voting shares (note 14)	(431)	-	(5,810)	-	(6,241)
Share-based compensation (note 15)	-	2,137	-	-	2,137
Dividends (Class A $0.215 per share, Class B $0.187 per share)	-	-	(9,246)	-	(9,246)
Balance at March 31, 2020	26,014	4,834	218,263	(3,588)	245,523

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

Consolidated Statements of Cash Flows

For the years ended March 31, 2020 and March 31, 2019
(in thousands of Canadian dollars)

	2020 $	2019 $
Cash provided by (used in)		
Operating activities		
Net earnings for the year	23,494	21,958
Adjustments for non-cash items		
Loss (gain) on disposal of property, plant and equipment and intangible assets	729	(7)
Amortization of plant, equipment and intangible assets	17,754	12,770
Amortization of deferred financing fees	251	257
Interest expense	7,856	6,615
Provision for income taxes	8,971	8,533
Net unrealized loss on derivative financial instruments	1,406	1,679
Share-based compensation expense	1,876	1,226
Post-employment benefits	(186)	(353)
Interest paid	(8,208)	(6,689)
Income taxes paid	(10,165)	(12,076)
	43,778	33,913
Change in non-cash working capital items related to operations (note 19)	(12,235)	15,131
	31,543	49,044
Investing activities		
Proceeds from disposal of property, plant and equipment	-	18
Purchase of property, plant and equipment	(17,699)	(22,516)
Purchase of intangible assets	(5,609)	(870)
	(23,308)	(23,368)
Financing activities		
Increase (decrease) in bank indebtedness	19,939	(9,149)
Issuance of Class A non-voting shares	-	71
Principle payments on lease obligations	(3,022)	-
Repurchase of Class A shares	(6,241)	-
Repayment of long-term debt	(9,741)	(8,029)
Dividends paid	(9,170)	(8,569)
	(8,235)	(25,676)
Cash – Beginning and end of year	-	-
Supplementary information		
Property, plant and equipment acquired that were unpaid in cash and included in accounts payable and accrued liabilities	1,360	536
Intangible assets acquired that were unpaid in cash and included in accounts payable and accrued liabilities	4,270	-

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2020 and March 31, 2019
(in thousands of Canadian dollars, except per share amounts)

1 Nature of operations

Andrew Peller Limited (the Company) produces and markets wine, spirits, craft beer and wine related products. The Company's products are produced and sold predominantly in Canada. The Company is incorporated under the Canada Business Corporations Act and is domiciled in Canada. The address of its head office is 697 South Service Road, Grimsby, Ontario, L3M 4E8.

In March 2020, the World Health Organization characterized the outbreak of the novel strain of coronavirus, specifically identified as COVID-19, as a global pandemic. This has resulted in the governments enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to business, resulting in a global economic slowdown. Equity markets have experienced significant volatility and weakness and the governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. While the Company is deemed an essential service, there is significant uncertainty as to the likely effects this outbreak will have on the business, which may, among other things, negatively impact customers and their demand for the Company's products, its supply chain, lease agreements as well as covenants and banking agreements.

The outbreak may also have an effect on the future collectibility of certain receivables, recoverability of property, plant and equipment, goodwill and intangible assets, as well as fair value of derivatives. As the duration and impact of the COVID-19 outbreak or the efficacy of the government and Bank of Canada interventions are not known at this time, it is not possible to reliably estimate the length and severity of these developments or quantify the impact this pandemic may have on the financial results and condition of the Company in future periods. In response to COVID-19, the Company has implemented working practices to address potential impacts to its operations, employees and customers and will take further measures in the future, if required.

2 Summary of significant accounting policies

Basis of presentation

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

These consolidated financial statements were approved by the Board of Directors for issue on June 10, 2020.

Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except for derivatives, which are measured at fair value, and biological assets, which are measured at fair value less costs to sell.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and all subsidiary companies. Subsidiaries are those entities the Company controls by having the power to govern their financial and operating policies. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are de-consolidated from the date control ceases. Intercompany transactions, balances, income and expenses and profits and losses are eliminated.

Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred by the Company is measured as the fair value of assets transferred and equity instruments issued at the date of completion of the acquisition. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at fair value at the acquisition date. The excess of the consideration transferred over the fair value of the net assets acquired is recorded as goodwill. If the consideration transferred is less than the net assets acquired, the difference is recognized directly in the consolidated statements of earnings as a gain on acquisition. Results of operations of a business acquired are included in the Company's consolidated financial statements from the date of the business acquisition. Acquisition costs incurred are expensed and included in selling and administrative expenses.

Foreign currency translation

The consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than the Company's functional currency are recognized in the consolidated statements of earnings.

Revenue

Revenue is derived from the sale of goods and is recognized at a point in time when the performance obligation is fulfilled. For sales to consumers through retail stores, winery restaurants and estate wineries, the performance obligation is deemed fulfilled when the product is purchased. For sales transactions with provincial liquor boards, licensee retail stores and wine kit retailers, the Company's performance obligation is fulfilled when the product is shipped from the Company's distribution facilities.

Excise taxes collected on behalf of the federal government, licensing fees and levies paid on wine sold through the Company's independent retail stores in Ontario, product returns, breakage, promotional and advertising allowances and discounts provided to customers are deducted from the selling price to determine the transaction price at which revenue is recognized. Expected product returns and breakage are estimated based on historical actuals as a percentage of sales.

Deferred revenue represents amounts paid by customers in advance of the purchase of products which typically takes the form of pre-loaded gift cards. The amounts received are recorded as deferred revenue within accounts payable and accrued liabilities on the condensed consolidated balance sheets. Once a gift card is redeemed to make a purchase, the liability is relieved, and revenue is recognized.

The Company also enters into arrangements with third parties for the sale of products to customers. When the terms of the arrangement are such that the Company is acting as an agent of the third party, revenue is recognized in the amount of the commission to which the Company is entitled in exchange for arranging for the third party to provide its goods to customers.

Cost of goods sold

Cost of goods sold includes the cost of finished goods inventories sold during the year, inventory writedowns and revaluations of agricultural produce to fair value less costs to sell at the point of harvest.

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined on an average cost basis. The Company utilizes a weighted average cost calculation to determine the value of ending inventory (bulk wine and finished goods). Average cost is determined separately for import wine and domestic wine and is calculated by varietal and vintage year.

Grapes produced from vineyards controlled by the Company that are part of inventories are measured at their fair value less costs to sell at the point of harvest.

The Company includes borrowing costs in the cost of certain wine inventories that require a substantial period of time to become ready for sale.

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated amortization. Cost includes borrowing costs for assets that require a substantial period of time to become ready for use. Amortization of buildings, vines and vineyard infrastructure and machinery and equipment is calculated on the straight-line basis in amounts sufficient to amortize the cost of buildings, vines and vineyard infrastructure and machinery and equipment over their estimated useful lives as follows:

Buildings	40 years
Vines and vineyard infrastructure	20 years
Machinery and equipment	5 to 20 years

Land is carried at cost and is not amortized.

Vines and vineyard infrastructure amortization commences in the year the vineyard yields a crop that approximates 50% of expected annual production.

Biological assets

The Company measures biological assets, consisting of grapes grown on vineyards controlled by the Company, at cost, which approximates fair value as there has been minimal biological transformation since the initial cost incurred. The initial costs incurred are comprised of direct expenditures required to enable the biological transformation of agricultural produce.

At the point of harvest, the fair value of biological assets is determined by reference to local market prices for grapes of a similar quality and the same varietal. At this point, agricultural produce is measured at fair value less cost to sell, which becomes the basis for the cost of inventories after harvest.

Gains or losses arising from a change in fair value less costs to sell are included in the consolidated statements of earnings in the period in which they arise.

Intangible assets

Intangible assets include brands, customer contracts and lists, contract co-packaging arrangements, software and customer-based relationships. These intangible assets are recorded at their estimated fair value on the date of acquisition or at cost for regular way purchases.

	Amortization method	Useful life	Remaining useful life
Brands – indefinite life	n/a	indefinite	indefinite
Brands – finite life	straight-line	2 years	none
Customer contracts and lists	straight-line	10 – 20 years	3 – 15 years
Contract packaging	straight-line	10 years	none
Software	straight-line	5 years	3 – 5 years

Certain of the Company's brands have been assessed as having an indefinite life because the expected usage, period of control and other factors do not limit the life of these assets. Intangible assets with an indefinite life are not amortized but are tested for impairment at least annually or more frequently if events or circumstances indicate the asset might be impaired. To test for impairment, the Company primarily compares the amount of royalty the Company would have had to pay in an arm's length licensing arrangement to secure access to the same rights to its carrying value. If necessary, the fair value is also considered. An impairment charge is recorded to the extent the carrying value exceeds the fair value. Management has determined there was no impairment in intangible assets for the years ended March 31, 2020 and 2019.

During the year ended March 31, 2019, it was determined that certain of the Company's brands, which were previously recorded as indefinite life, have a finite life based on the remaining expected usage. Therefore, amortization for these brands is being recorded on a straight-line basis over the remaining period of expected usage.

Goodwill

Goodwill represents the cost of a business combination in excess of the fair values of the net tangible and identifiable intangible assets acquired. Goodwill is not amortized but is tested for impairment on an annual basis, or more frequently if circumstances indicate goodwill may be impaired. The Company assigns goodwill combined with other assets to a cash generating unit (CGU) based on certain regions and product lines, which is the lowest level at which the combined assets generate independent cash inflows. To test for impairment, the Company primarily compares a CGU's value in use, determined based on expected future discounted cash flows, to its carrying value. If necessary, a CGU's fair value is also considered. An impairment charge is recorded to the extent the carrying value of a CGU exceeds the greater of the CGU's fair value and its value in use. An impairment loss in respect of goodwill cannot be reversed. Management has determined there is no impairment in goodwill for the years ended March 31, 2020 and 2019.

Post-employment benefits

The Company sponsors defined contribution pension plans, defined benefit pension plans, post-employment medical benefit plans and other post-employment benefit plans for certain employees. Contributions to the defined contribution pension plans are recognized as an expense as services are rendered by employees. The costs of the defined benefit plans, the post-employment medical benefit plans and other post-employment benefit plans are actuarially determined and include management's best estimate of expected plan investment performance, the interest rate on the plan obligation, salary escalation, expected retirement ages and medical cost escalation. The liability recognized in the consolidated balance sheets in respect of these plans is the present value of the defined benefit obligation at the end of the reporting period as determined by the Company's actuary less the fair value of plan assets adjusted for the unamortized portion of negative past service credits. The current service cost, amortization of past service credits and the interest cost net of the expected return on plan assets are recognized in earnings in the period they arise. Adjustments arising from actuarially determined gains or losses are recognized in other comprehensive income (loss) in the period in which they arise. The corresponding change in shareholders' equity is adjusted to retained earnings for the year.

Financial instruments and hedge accounting

Financial assets and liabilities are initially recorded at fair value including, where permitted by IFRS 9, any directly attributable transaction costs. For those financial assets that are not subsequently held at fair value, the Company assesses whether there is evidence of impairment at each consolidated balance sheet date.

The Company classifies its financial assets and liabilities into the following categories: financial assets and liabilities at amortized cost and financial assets and liabilities at fair value through profit or loss.

Expected credit losses on financial assets carried at amortized cost are assessed on a forward-looking basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

The Company recognizes financial instruments when it becomes a party to the terms of the instrument and has elected to use "trade date" accounting for regular way purchases and sales of financial assets.

Embedded derivatives (elements of contracts whose cash flows move independently from the host contract similar to a stand-alone derivative) are required to be separated and measured at fair value if certain criteria are met. Management reviewed its contracts and determined the Company does not currently have any embedded derivatives in these contracts that require separate accounting and disclosure.

Leases

For the year ended March 31, 2019, the Company classified leases in which a significant portion of the risks and rewards of ownership are retained by the lessor as operating leases. Payments made under operating leases are charged to the consolidated statements of earnings on a straight-line basis over the period the asset is used under the lease. Leases under which the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Payments on finance leases are allocated to the liability and expense so as to recognize a constant rate of interest on the remaining balance of the liability. Assets acquired under finance leases are amortized over their useful lives.

Effective April 1, 2019, the Company adopted IFRS 16, Leases using modified retrospective method. Leases are recognized as a right-of-use asset within property, plant and equipment and a corresponding lease liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the repayment of the principle portion of lease liability and the interest portion. The interest expense is charged to the consolidated statement of earnings over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payment of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Payments associated with variable lease payments not based on an index or a rate, short-term leases and leases of low value assets are recognized on a straight-line basis as an expense in the consolidated statement of earnings.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date, less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

The right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Right-of-use assets are subject to impairment. Amortization of right-of-use vineyard land, buildings and machinery and equipment is as follows:

Vineyard land	2 – 29 years
Buildings	3 – 10 years
Machinery and equipment	2 – 6 years

Impairment of non-financial assets

The Company reviews long-lived assets and definite life intangible assets for impairment when events or circumstances indicate an asset may be impaired. Assets are assigned to a CGU based on the lowest level at which they generate independent cash inflows. When there is an indication of impairment, an impairment charge is recorded to the extent the carrying value of a CGU exceeds the greater of the CGU's fair value less costs to dispose and its value in use, determined by discounting expected cash flows (recoverable amount). An impairment loss is reversed if a CGU's recoverable amount increases to the extent that the related assets' carrying amounts are no larger than the amount that would have been determined, net of amortization, had no impairment loss been recorded.

Net earnings per share

Basic net earnings per share have been calculated using the weighted average number of Class A and Class B shares outstanding during the year. Diluted net earnings per share have been calculated by considering the impact of any potential ordinary shares that are dilutive on the two classes of shares when considered together.

Dividends

Dividends on Class A and Class B shares are recognized in the period in which they are formally declared by the Board of Directors.

Segmented information

The Company produces and markets wine and spirits products in Canada. A significant portion of the Company's sales are made to the liquor control boards in each province in which the Company transacts business. Management has concluded that the chief operating decision maker allocates resources and assesses performance of the Company on a consolidated basis. Furthermore, based on the type of products sold and the fact that its customers are similar in nature, the Company operates in a single operating segment. In addition, substantially all of the Company's sales are made in Canada. As a result, management has concluded the Company operates in one geographic segment.

Income taxes

Current income tax is the expected amount of tax payable or recoverable on taxable income or loss during the period. Current income tax may also include adjustments to taxes payable or recoverable in respect of previous periods.

The Company accounts for deferred income taxes based on temporary differences, which are the differences between the carrying amount of an asset or liability and its tax base. Deferred income taxes are provided for all temporary differences between the carrying amount and tax bases of assets and liabilities, except for those arising from the initial recognition of goodwill or for those arising from the initial recognition of an asset or liability in a transaction that is not a business combination and has no impact on earnings or taxable income or loss. Deferred income tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. The deferred income tax provision recorded in net earnings and other comprehensive income (loss) represents the change during the year in deferred income tax assets and deferred income tax liabilities.

Contingencies

In the ordinary course of business activities, the Company may be contingently liable for litigation and claims. Management believes adequate provisions have been recorded in the accounts where required. Although it is not possible to accurately estimate the extent of potential claims, if any, management believes the ultimate resolution of such contingencies would not have a material adverse effect on the financial position of the Company.

Comprehensive income

Comprehensive income is comprised of net earnings and other comprehensive income (loss). Other comprehensive income (loss) represents the change in equity for a period that arises from transactions that are required to be or are elected to be recognized outside of net earnings. The Company has chosen to record actuarial gains and losses on defined benefit pension plans and other post-employment benefit plans in other comprehensive income (loss) in the period incurred.

Equity

The Company separately presents changes in equity related to capital stock, contributed surplus, retained earnings and accumulated other comprehensive income (loss) in the consolidated statements of changes in equity.

Share based compensation

The Company grants stock options, performance share units (PSUs) and deferred share units (DSUs) to employees and directors under its share-based compensation plan. All share-based compensation arrangements are equity-settled in Class A non-voting common shares.

Equity-settled share-based payments to employees are measured at the fair value of the equity instrument granted. An option valuation model (Black-Scholes) is used to fair value stock options issued on the date of grant.

The grant date fair value of equity-settled share-based awards is recognized as compensation expense with a corresponding increase in equity reserves over the related service period provided to the Company. The total amount of expense recognized in profit or loss is determined by reference to the fair value of the options granted or share awards, which factors in the number of options expected to vest. Equity-settled share-based payment transactions are not remeasured once the grant date fair value has been determined, except in cases where the share-based payment is linked to non-market performance conditions. Stock options vest in tranches (graded vesting) and, accordingly, the expense is recognized in vesting tranches. PSUs vest in full at the end of the third fiscal year after the date of grant and, accordingly, the expense is recognized evenly over the vesting period. DSUs vest immediately and, accordingly, the expense is recognized in full at the date of grant.

Compensation expense is recognized over the applicable vesting period by increasing contributed surplus based on the number of awards expected to vest. At the end of each reporting period, the Company revises its estimates of the number of awards that are expected to vest based on the non-market performance vesting conditions. The Company recognizes the impact of the revision to original estimates, if any, in the consolidated statements of earnings, with a corresponding adjustment to contributed surplus.

Recently adopted accounting pronouncements

IFRS 16, Leases

The International Accounting Standards Board issued IFRS 16, Leases which replaces International Accounting Standard (IAS) 17, Leases and Related Interpretations. On April 1, 2019, the Company adopted the new accounting standard using the modified retrospective method, and therefore comparative figures have not been restated, as permitted under the specific transitional provisions in the standard. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized in operating retained earnings at April 1, 2019.

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Reliance on previous assessment on whether leases are onerous;
- The accounting for operating leases with a remaining lease term of less than 12 months as at April 1, 2019 as short-term leases;
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has also elected not to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Company relied on its assessment made applying IAS 17 and IFRIC 4, Determining whether an Arrangement Contains a Lease.

The Company leases various vineyards, retail stores, offices, warehouses, equipment and vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants.

Where the Company is a lessee, IFRS 16 resulted in recognition of most of its leases that were considered operating leases under IAS 17. This resulted in recognition of a right-of-use asset and a lease liability for the present value of the remaining future lease payments, discounted using the incremental borrowing rate at the date of initial application. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on April 1, 2019 was 5.01%.

Depreciation expense on the right-of-use asset and interest expense on the lease liability replaced the previously recognized operating lease expense. The impact of adopting this standard on the consolidated statement of cash flows is to present the principle repayment on lease obligations in financing activities under IFRS 16, whereas previously payments for operating leases were presented in operating activities.

The adoption of this standard resulted in the recognition of right-of-use assets in property, plant and equipment and lease liabilities amounting to $17,658 as of April 1, 2019. The difference between the undiscounted operating lease commitments of the Company as of March 31, 2019 and the discounted lease obligation of the Company as of April 1, 2019 is as follows:

	2019 $
Operating lease and royalty commitments disclosed as at March 31, 2019	37,072
Less: Royalties	(9,615)
Less: Leases with variable consideration	(4,181)
Less: Short-term leases	(62)
Less: Low value leases	(189)
Undiscounted lease liability	23,025
Discounted using the lessee's incremental borrowing rate	17,658
Lease liability recognized as at April 1, 2019	17,658

Leases are included as follows in the consolidated balance sheet as at March 31, 2020:

	Vineyard land $	Buildings $	Machinery and equipment $	Total $
At April 1, 2019	7,176	9,009	1,473	17,658
Additions	-	3,103	198	3,301
Disposal	-	(116)	-	(116)
Amortization	(517)	(2,327)	(448)	(3,292)
Closing net carrying amount	6,659	9,669	1,223	17,551

The lease obligation transactions during the year were as follows:

Lease obligation	**2020 $**
As at April 1, 2019	17,658
Additions	3,301
Disposal	(117)
Repayments	(3,859)
Interest	837
As at March 31, 2020	17,820
Less: Current portion of lease obligation	3,018
Lease obligation	14,802

The expense related to leases with variable consideration, short-term leases and low value leases amounted to $2,354 for year ended March 31, 2020 and was recorded within selling and administration expenses. The total cash outflows relating to leases during the year were $6,213.

Some property leases contain variable payment terms that are linked to sales generated from a store. For individual stores, up to 100% of lease payments are on the basis of variable payment terms. Variable lease payments are recognized in the consolidated statement of earnings in the period in which the condition that triggers those payments occurs. A 5% increase in sales across all stores with such variable lease contracts would not result in a material change to the total lease payments.

IAS 19, Employee Benefits
The International Accounting Standards Board issued an amended IAS 19, Employee Benefits, to modify the guidance in connection with defined benefit plans and accounting for plan amendments, settlements or curtailments. The Amendments are effective for annual periods beginning on or after January 1, 2019. The adoption of these amendments did not have a material impact on the consolidated financial statements.

IFRS 9, Financial Instruments
IFRS 9, Financial Instruments, has been amended to enable companies to measure at amortized cost some prepayable financial assets with negative compensation. The amendment to IFRS 9 also clarifies how to account for the modification of a financial liability. Most modifications of financial liabilities will result in immediate recognition of a gain or loss. The amendment is effective for annual periods beginning on or after January 1, 2019. The adoption of these amendments did not have a material impact on the consolidated financial statements.

IFRIC Interpretation 23, Uncertainty over Income Tax Treatments
IFRIC Interpretation 23, Uncertainty over Income Tax Treatments, has been issued to clarify how to apply the recognition and measurement requirements in IAS 12, Income Taxes, when there is uncertainty over income tax treatments. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2019. The adoption of these amendments did not have a material impact on the consolidated financial statements.

Recently issued accounting pronouncements

IAS 1, Presentation of Financial Statements, and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors
These standards have been amended to use a consistent definition of materiality throughout all accounting standards, clarify the explanation of the definition of material and incorporate some of the guidance in IAS 1 about immaterial information. The amendments are effective for annual periods beginning on or after January 1, 2020. The Company has not yet assessed the impact of the amendment on the consolidated financial statements.

IFRS 3, Business Combinations
This standard has been amended to improve the definition of a business. The amendments will help companies determine whether an acquisition made is of a business or a group of assets. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contributions to the ability to create outputs. The amendments are effective for annual periods beginning on or after January 1, 2020. The Company has not yet assessed the impact of the amendment on the consolidated financial statements.

IAS 1, Presentation of Financial Statements, and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors
This standard has been amended to clarify the classification of liabilities as current or non-current. The amendments are effective for annual periods beginning on or after January 1, 2022. The Company has not yet assessed the impact of the amendment on the consolidated financial statements.

3 Critical accounting estimates and judgments

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the dates of the consolidated financial statements, the reported amounts of revenues and expenses during the reporting periods and the extent of and the reported amounts in disclosures. Actual results may vary from current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the period in which they change. Specific areas of uncertainty include but are not limited to:

Impairment of goodwill and indefinite life intangible assets

Testing goodwill for impairment at least annually involves estimating the recoverable amount of the cash generating units (CGUs) to which goodwill is allocated. This requires making assumptions about future cash flows, growth rates and discount rates. Testing indefinite life intangible assets for impairment at least annually involves estimating the fair value using the relief of royalty method. This requires making assumptions about royalty rates, growth rates and discount rates. These assumptions are inherently uncertain and as such, actual amounts may vary from these assumptions and cause significant adjustments. Refer to note 8 for further information.

Post-employment benefits

Measuring the liability for post-employment benefits requires assumptions for the discount rates, increases in compensation, increases in medical costs and the timing of the payment of benefits. Actual amounts may vary from these assumptions and cause significant adjustments.

Fair value of grapes at the point of harvest

Where possible, the fair value of grapes at the point of harvest is determined by reference to local market prices for grapes of a similar quality and same varietal. For grapes for which local market prices are not readily available, the average price of similar grapes is used. Actual amounts may vary from these assumptions and cause significant adjustments.

Leases

Critical accounting estimates were made in determining the lease term and incremental borrowing rate. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

In determining the carrying amount of right-of-use assets and lease liabilities, the Company is required to estimate the incremental borrowing rate specific to each leased asset or portfolio of leased assets if the interest rate implicit in the lease is not readily determined. Management determines the incremental borrowing rate of each leased asset or portfolio of leased assets by using the companies specific risk portfolio, the security, term and value of the underlying leased asset, and the economic environment in which the leased asset operates in. The incremental borrowing rates are subject to change mainly due to macroeconomic changes in the environment.

4 Inventories

	2020 $	**2019** $
Packaging materials and supplies	11,513	10,172
Bulk wine and spirits	88,921	83,979
Finished goods	70,345	66,386
	170,779	160,537
Interest included in the cost of inventories	1,697	1,399

Inventory writedowns recognized as an expense amounted to $2,033 (2019 – $1,088).

The cost of inventories recognized as an expense and included in cost of goods sold, excluding amortization, was $214,023 (2019 – $221,700).

5 Property, plant and equipment

	Land $	Vines, vineyard land and infrastructure $	Buildings $	Machinery and equipment $	Total $
At March 31, 2018					
Cost	35,804	47,373	79,596	139,285	302,058
Accumulated amortization	-	(11,196)	(21,131)	(81,540)	(113,867)
Net carrying amount	35,804	36,177	58,465	57,745	188,191
Year ended March 31, 2019					
Additions	-	674	9,189	12,823	22,686
Disposals	(3)	-	-	(8)	(11)
Amortization	-	(1,719)	(2,073)	(7,325)	(11,117)
Closing net carrying amount	35,801	35,132	65,581	63,235	199,749
At March 31, 2019					
Cost	35,801	48,047	88,785	151,289	323,922
Accumulated amortization	-	(12,915)	(23,204)	(88,054)	(124,173)
Net carrying amount	35,801	35,132	65,581	63,235	199,749
Year ended March 31, 2020					
Right-of-use assets capitalized on adoption of IFRS 16 (note 2)	-	7,176	9,009	1,473	17,658
Additions	-	956	11,083	9,785	21,824
Assets held for sale	(275)	-	(1,000)	-	(1,275)
Disposals	-	-	(116)	(515)	(631)
Amortization	-	(3,895)	(4,759)	(7,571)	(16,225)
Closing net carrying amount	35,526	39,369	79,798	66,407	221,100
At March 31, 2020					
Cost	35,526	56,179	107,161	156,823	355,689
Accumulated amortization	-	(16,810)	(27,363)	(90,416)	(134,589)
Net carrying amount	35,526	39,369	79,798	66,407	221,100

Included in buildings and machinery and equipment are assets amounting to $8,678 (2019 – $1,465) that are under development and are not being amortized.

Contractual commitments to purchase property, plant and equipment were $1,235 as at March 31, 2020 (2019 – $6,583).

During the year, the Company has listed for sale plant assets in Port Coquitlam, British Columbia, as a result of the consolidation of production assets. The assets listed for sale have a net book value of $1,275 and the Company intends to close the transaction during the fiscal year ending March 31, 2021.

6 Biological assets

Biological assets consist of grapes prior to harvest that are controlled by the Company. The Company owns and leases land in Ontario and British Columbia to grow grapes in order to secure a supply of quality grapes for the making of wine.

During the year ended March 31, 2020, the Company harvested grapes valued at $9,402 (2019 – $9,087).

The changes in the carrying amount of biological assets are as follows:

	2020 $	2019 $
Carrying amount – Beginning of year	1,736	1,901
Net increase in fair value less costs to sell due to biological transformation	9,617	8,922
Transferred to inventory on harvest	(9,402)	(9,087)
Net gain (loss)	215	(165)
Biological assets	1,951	1,736

The Company is exposed to financial risk because of the long period of time between the cash outflow required to plant grape vines, cultivate vineyards and harvest grapes and the cash inflow from selling wine and related products from the harvested grapes.

Substantially all of the grapes from owned and leased vineyards are used in the Company’s winemaking processes. Owned and leased vineyards, in combination with supply contracts with grape growers, are used to secure a supply of domestic grapes. These strategies reduce the financial risks associated with changes in grape prices.

7 Intangible assets

	Brands – indefinite life $	Brands – finite life $	Customer contracts and lists $	Contract packaging $	Software $	Other $	Total $
At March 31, 2018							
Cost	10,614	-	12,827	1,100	3,350	1,917	29,808
Accumulated amortization and impairment	(200)	-	(7,202)	(1,083)	(1,774)	(1,816)	(12,075)
Net carrying amount	10,414	-	5,625	17	1,576	101	17,733
Year ended March 31, 2019							
Additions	-	-	-	-	852	-	852
Transfer	(375)	375	-	-	-	-	-
Amortization	-	(125)	(834)	(17)	(677)	-	(1,653)
Closing net carrying amount	10,039	250	4,791	-	1,751	101	16,932
At March 31, 2019							
Cost	10,239	375	12,827	1,100	4,202	1,917	30,660
Accumulated amortization and impairment	(200)	(125)	(8,036)	(1,100)	(2,451)	(1,816)	(13,728)
Net carrying amount	10,039	250	4,791	-	1,751	101	16,932
Year ended March 31, 2020							
Additions	-	-	-	-	9,879	-	9,879
Disposal	-	-	-	-	(215)	-	(215)
Amortization	-	(250)	(820)	-	(459)	-	(1,529)
Closing net carrying amount	10,039	-	3,971	-	10,956	101	25,067
At March 31, 2020							
Cost	10,239	375	12,827	1,100	13,832	1,917	40,290
Accumulated amortization and impairment	(200)	(375)	(8,856)	(1,100)	(2,876)	(1,816)	(15,223)
Net carrying amount	10,039	-	3,971	-	10,956	101	25,067

Included in software are assets amounting to $9,351 (2019 – $nil) that are under development and are not being amortized.

Contractual commitments to purchase software were $3,805 as at March 31, 2020 (2019 – $nil).

8 Goodwill

In order to test goodwill for impairment, the Company allocates the carrying value of goodwill to CGUs based on the lowest level that goodwill is monitored for internal management purposes. The aggregate carrying amount of goodwill allocated to each unit is as follows:

	2020 $	2019 $
Ontario and Eastern Canadian wine	3,134	3,134
Western Canadian wine	26,695	26,695
Personal winemaking products	23,809	23,809
	53,638	53,638

The Company determined the recoverable amount of the related CGUs by estimating their value in use. The weighted average key assumptions used are:

	2020	2019
Discount rate	9.1%	8.4%
Period of projected cash flows	5 years	5 years
Gross profit percentage, excluding amortization	44.0%	40.0%
Growth rate beyond period of projected cash flows	3.3%	4.0%

The Company uses past experience and current expectations about future performance in projecting cash flows, including the impact of COVID-19, which are based on financial budgets for five years. For the period after five years, the Company projects cash flows using an assumed growth rate, which is based on expectations about long-term economic growth in Canada and any known industry specific factors that may influence long-term growth in the Canadian wine industry. The discount rate is estimated by referring to external sources of information about the cost of capital and the leverage of companies that operate in a similar industry to the Company and that are of similar size.

The recoverable amount of each CGU is sensitive to changes in market conditions and could result in changes in the carrying value of goodwill in the future. Sensitivity analysis was performed for each CGU by changing the following key assumptions: discount rate, gross profit percentage and the growth rate beyond the period of projected cash flows. To determine the impact on the recoverable amounts, the discount rates were increased by 8.8% – 11.7% (a 100 basis point increase), the gross profit percentages were decreased by 2.0% – 3.0% (a 100 basis point decrease) and the growth rates beyond the period of projected cash flows were decreased by 20.0% – 29.4% (a 100 basis point decrease). Each key assumption was changed independently while holding all other assumptions constant. These sensitivities help to determine the theoretical impairment losses that would be recorded.

An increase of the discount rate of 11.7%, a decrease in the gross profit percentage of 2.0% or a decrease in the growth rate beyond the period of projected cash flows of 21.0% would not result in an impairment of the Ontario and Eastern Canadian wine CGU. An increase of the discount rate of 11.3% would result in an impairment of the Western Canadian wine CGU in the amount of $2,046. A decrease of 2.6% in the gross profit percentage or a decrease in the growth rate beyond the period of projected cash flows of 29.4% would not result in an impairment of the Western Canadian wine CGU. An increase of the discount rate of 8.8%, a decrease in the gross profit percentage of 3.0% or a decrease in the growth rate beyond the period of projected cash flows of 20% would not result in an impairment of the personal winemaking products CGU. As each key assumption was changed independently, the results of the sensitivity analyses do not contemplate management’s ability to mitigate against any adverse effects that may arise in the future.

To cause an impairment of the Ontario and Eastern Canadian wine CGU, the discount rate would need to increase by 21.9% (188 basis points), the gross margin percentage would need to decrease by 4.5% (225 basis points) or the growth rate beyond the period of projected cash flows would need to decrease by 47.2% (225 basis points). To cause an impairment of the Western Canadian wine CGU, the discount rate would need to increase by 10.5% (93 basis points), the gross margin percentage would need to decrease by 4.8% (183 basis points) or the growth rate beyond the period of projected cash flows would need to decrease by 33.5% (114 basis points). To cause an impairment of the personal winemaking products CGU, the discount rate would need to increase by 14.1% (160 basis points), the gross margin percentage would need to decrease by 5.8% (195 basis points) and the growth rate beyond the period of projected cash flows would need to decrease by 63.0% (315 basis points).

9 Bank indebtedness

Significant terms of the Company's operating loan facility are summarized below. The floating rates are stated in relation to the one to six-month Canadian Dealer Offered Rate (CDOR).

	2020 **$**	**2019** **$**
Bank indebtedness	58,114	38,175
Significant terms		
Committed until	September 29, 2022	September 29, 2022
Borrowing limit	$90,000	$90,000
Interest rate	CDOR + 1.90%	CDOR + 1.90%
Unused amount	$31,886	$51,825

10 Accounts payable and accrued liabilities

	2020 **$**	**2019** **$**
Trade payables	34,250	35,392
Accrued liabilities	18,608	11,194
Deferred revenue – gift cards	963	865
	53,821	47,451

11 Long-term debt

	2020 $	2019 $
Revolving, amortizing loan – investment facility	107,591	117,226
Other	106	212
	107,697	117,438
Less: Financing costs	567	818
	107,130	116,620
Less: Current portion of revolving, amortizing loan	11,509	9,635
Less: Current portion of other loan	106	106
	95,515	106,879

The Company's credit agreement matures on September 29, 2022 and has a total borrowing limit of $310,000, separated into two facilities: a revolving, non-amortizing facility with a borrowing limit of $90,000 to be used for day-to-day operations, distributions and capital expenditures and a revolving, amortizing investment facility with a borrowing limit of $220,000 to be used for acquisitions or capital expenditures. Each draw on the investment facility is subject to a new amortization schedule and required annual repayments increase over the term of the loan. Monthly principal repayments of $803 are required on the revolving, amortizing facility until September 29, 2020. Thereafter, monthly principal repayments will increase to $1,071. As at March 31, 2020 and 2019, the applicable margin was 1.90%.

Financing costs of $1,222 were incurred to amend the debt facilities during the year ended March 31, 2019 and these costs are being amortized over the term of the loan.

The Company has entered into interest rate swap agreements to fix the interest rate on the balance outstanding on the investment facility. Until September 29, 2022, the interest rate is fixed at 2.25%, plus the applicable margin.

The Company and its subsidiaries have provided their assets as security for these loans.

Interest expense on long-term debt during the year was $4,695 (2019 – $4,828).

12 Post-employment benefits

Defined contribution plans

The total expenses for the defined contribution savings plans were $2,028 (2019 – $1,888).

Defined benefit plans

The Company has funded defined benefit pension plans. The Company also has an unfunded post-retirement medical benefits plan for certain employees and provides a monthly wine allowance to retired employees, which are collectively referred to as other post-employment benefits. On June 1, 2019, the Company ratified a new collective bargaining agreement with its unionized employees. Under this agreement, one of the post-retirement benefit agreements was cancelled with no further amounts payable to employees. As a result, the balance of this post-employment benefit obligation of $107 was recorded as a credit against current service cost and the accumulated actuarial gain of $75 was released to contributed surplus during the fiscal year ended March 31, 2020.

Nature

The Company's defined benefit pension plans pay benefits based on a percentage of final average salary. There are two defined benefit pension plans in British Columbia with members who continue to accrue benefits. New employees are no longer entitled to accrue benefits under these defined benefit pension plans. There is one defined benefit pension plan in Ontario and no further benefits accrue to the members of this plan. All members of the defined benefit pension plan in Ontario have retired. The Company is responsible for administering these pension plans and determining investment policies. A committee of the Company's Board of Directors is responsible for overseeing the Company's defined benefit pension plans.

Regulatory information

The defined benefit pension plans are governed by the Pension Benefits Standards Act in British Columbia and the Pension Benefits Act in Ontario. An appointed actuary prepares a valuation at least every three years for each of the plans. These valuations determine the Company's minimum contributions. The minimum contributions are primarily based on the normal going concern cost, the funding deficit amortized over 15 years, and the solvency deficit amortized over five years. The solvency deficit is calculated assuming the plan is wound up on the effective date of the valuation. Contributions could be reduced in certain instances via a funding holiday if requirements of the relevant regulations are met, which normally requires the plan to have a surplus above certain threshold levels.

Risks

The defined benefit plan's assets are invested in mutual funds. The investment mix for each plan is chosen with the objective that sufficient assets will be available to pay benefits as they come due and to achieve a reasonable return at an acceptable level of risk to stakeholders. The defined benefit plans subject the Company to market, interest rate, currency, price, credit, liquidity and longevity risks, which are typical of such plans. The most significant of these risks is that the expense and cash contributions related to these plans depend on the discount rate used to measure the liability to pay future benefits and the market performance of the plan's assets set aside to pay these benefits. A decline in long-term interest rates or in asset values could increase the Company's costs related to funding the deficit in these plans.

Amounts pertaining to defined benefit plans are as follows:

			2020
	Pension benefits $	Other post-employment benefits $	Total $
Plan assets			
Fair value – Beginning of year	23,953	-	23,953
Return on plan assets excluding amounts in interest income	(1,075)	-	(1,075)
Interest income	784	-	784
Company's contributions	776	95	871
Benefits paid	(1,164)	(95)	(1,259)
Fair value – End of year	23,274	-	23,274
Plan obligations			
Accrued benefit obligations – Beginning of year	25,900	2,710	28,610
Total current service cost	529	(37)	492
Interest cost	853	87	940
Benefits paid	(1,164)	(95)	(1,259)
Past service cost	-	37	37
Remeasurements			
Experience loss (gain)	123	(339)	(216)
Gain from change in financial assumptions	(1,555)	(126)	(1,681)
Accrued benefit obligations – End of year	24,686	2,237	26,923
Post-employment benefit obligations	1,412	2,237	3,649

			2020
	Pension benefits $	Other post-employment benefits $	Total $
Benefit plan expense			
Current service cost	529	(37)	492
Net interest cost on defined benefit liability	69	87	156
Past service cost	-	37	37
Net benefit plan expense	598	87	685
Amount recognized in other comprehensive income			
Net actuarial gain	357	465	822
Expected contributions for the year ending March 31, 2021	488	85	573
Weighted average duration of the defined benefit obligations in years	12.1	11.3	12.1

	2019		
	Pension benefits $	Other post-employment benefits $	Total $
Plan assets			
Fair value – Beginning of year	22,527	-	22,527
Return on plan assets excluding amounts in interest income	702	-	702
Interest income	787	-	787
Company's contributions	987	115	1,102
Benefits paid	(1,050)	(115)	(1,165)
Fair value – End of year	23,953	-	23,953
Plan obligations			
Accrued benefit obligations – Beginning of year	24,933	2,734	27,667
Total current service cost	494	74	568
Interest cost	872	96	968
Benefits paid	(1,050)	(115)	(1,165)
Remeasurements			
Experience gain	50	(139)	(89)
Loss from change in financial assumptions	601	60	661
Accrued benefit obligations – End of year	25,900	2,710	28,610
Post-employment benefit obligations	1,947	2,710	4,657

	2019		
	Pension benefits $	Other post-employment benefits $	Total $
Benefit plan expense			
Current service cost	494	74	568
Net interest cost on defined benefit liability	85	96	181
Net benefit plan expense	579	170	749
Amount recognized in other comprehensive income			
Net actuarial gain	51	79	130
Expected contributions for the year ending March 31, 2020	709	107	816
Weighted average duration of the defined benefit obligations in years	12.9	11.9	12.8

The significant actuarial assumptions adopted in measuring the Company's accrued benefit obligations and benefits costs are as follows:

	2020	2019
Discount rate for expenses	3.3%	3.5%
Discount rate for obligations	3.8%	3.3%
Rate of compensation increase	2.5%	2.5%
Rate of medical cost increases	5.0%	5.0%
Retirement age	60 – 65 years	60 – 65 years
Inflation rate	2.0%	2.0%
Mortality tables	MI-2017	MI-2017

The following table outlines the impact of a reasonable change in significant assumptions assuming all other assumptions are held constant. Changes in numerous assumptions may occur at the same time, which could increase or decrease the impact. With respect to a 1% increase or decrease in the inflation rate, the analysis excludes any impact this would have on the discount rate, medical cost trend rates and the rate of compensation increase.

	2020		2019	
	Pension benefits $	Other post-employment benefits $	Pension benefits $	Other post-employment benefits $
Increase (decrease) in the post-employment benefit obligations				
1% increase in the discount rate	(2,705)	(238)	(3,014)	(302)
1% decrease in the discount rate	3,279	269	3,688	341
1% increase in the rate of compensation increase	742	-	761	5
1% decrease in the rate of compensation increase	(671)	-	(687)	(5)
1% increase in the inflation rate	74	-	359	-
1% decrease in the inflation rate	(73)	-	(325)	-

At March 31, 2020, the accumulated actuarial losses, net of deferred taxes, recognized in other comprehensive income (loss) were $3,588 (2019 – $4,141).

Plan assets

The plan assets consist of the following:

	2020		2019	
	$		$	
Mutual funds				
Fixed income	17,107	74%	17,565	73%
Equity	6,167	26%	6,388	27%
	23,274	100%	23,953	100%

13 Income taxes

	2020 $	2019 $
Provision for current income taxes	7,456	10,778
Change in temporary differences	1,875	(2,445)
Impact of change in tax rate	(360)	200
Recovery of deferred income taxes	1,515	(2,245)
Total provision for income taxes	8,971	8,533

The Company's income tax expense consists of the following:

	2020 $	2019 $
Provision for income taxes at blended statutory rate of 25.81% (2019 – 26.18%)	8,378	7,983
Permanent differences and non-deductible items	648	485
Future income tax rate changes	(360)	200
Other	305	(135)
	8,971	8,533

The movement of the deferred income tax account is as follows:

	2020 $	2019 $
At beginning of year	20,329	22,540
Provision for (recovery of) deferred income taxes in net earnings	1,515	(2,245)
Provision for deferred income taxes in other comprehensive income	214	34
Deferred tax liability reversed for cancelled post retirement benefit arrangement	(20)	-
At end of year	22,038	20,329

The significant temporary differences giving rise to the deferred income tax liability are comprised of the following:

Deferred income tax liability

	Accelerated tax depreciation and deductions on property, plant and equipment $	Accelerated tax deductions on intangible assets $	Tax deductions on inventory $	Tax deductions on goodwill $	Total $
March 31, 2018	16,364	1,947	2,019	3,778	24,108
Provision (recovery) in net earnings	1,459	(1,481)	(1,503)	(66)	(1,591)
March 31, 2019	17,823	466	516	3,712	22,517
Provision (recovery) in net earnings	4,096	(45)	(436)	(2,854)	761
March 31, 2020	21,919	421	80	858	23,278

Deferred income tax asset

	Fair value change on derivatives $	Post-employment benefits $	Other $	Total $
March 31, 2018	87	(1,345)	(310)	(1,568)
Provision (recovery) in net earnings	(443)	81	(292)	(654)
Provision in other comprehensive income	-	34	-	34
March 31, 2019	(356)	(1,230)	(602)	(2,188)
Provision in net earnings	356	92	306	754
Provision in other comprehensive income	-	214	-	214
Deferred tax liability reversed for cancelled post retirement benefit arrangement	-	(20)	-	(20)
March 31, 2020	-	(944)	(296)	(1,240)
Net deferred income tax liability				22,038

The income tax effects relating to components of accumulated other comprehensive loss are as follows:

			2020			2019
	Before income tax amount $	Deferred tax expense $	Net of income tax expense $	Before income tax amount $	Deferred tax expense $	Net of income tax expense $
Accumulated actuarial losses	4,848	1,260	3,588	5,595	1,454	4,141

14 Capital stock

Authorized

Unlimited preference shares
Unlimited Class A shares, non-voting
Unlimited Class B shares, voting

Issued

	2020		2019	
	Number of shares $	Amount $	Number of shares $	Amount $
Class A shares, non-voting	35,403,767	25,650	35,988,148	25,966
Class B shares, voting	8,191,883	364	8,198,994	364
	43,595,650	26,014	44,187,142	26,330

All of the issued Class A and Class B shares are fully paid and have no par value.

Class A shares are non-voting and are entitled to a dividend in an amount equal to 115% of any dividend paid or declared on Class B shares. Class B shares are voting and convertible into Class A shares on a one-for-one basis. During the year ended March 31, 2020, 7,111 Class B shares were converted into Class A shares on a one-for-one basis.

On November 8, 2019, the Company announced its normal course issuer bid (NCIB) to repurchase for cancellation up to 1,799,733 Class A non-voting common shares, representing 5% of Class A non-voting common shares issued and outstanding as at the close of markets on November 7, 2019, during the 12-month period from November 12, 2019 to November 12, 2020. The total number of Class A non-voting common shares repurchased for cancellation under the NCIB during the fiscal year ended March 31, 2020 amounted to 597,900 common shares, at a weighted average price of $10.44 per Class A non-voting common share, for total cash consideration of $6,241. The Company's share capital was reduced by $431 and the remaining $5,810 was accounted for as a decrease to retained earnings.

The Company also issued 88 Class A shares on the exercise of deferred share units as described in note 15, Share-based compensation, as the holders of deferred share units earn dividends in the form of additional units.

Annual dividends of $0.215 (2019 – $0.205) per Class A share and $0.187 (2019 – $0.178) per Class B share were approved by the Board of Directors on June 12, 2019 and are formally declared in each quarter.

The authorized share capital of the Company also consists of an unlimited number of preference shares, issuable in one or more series, of which 33,315 are designated as preference shares, Series A. As at March 31, 2020 and 2019, there were no preference shares issued or outstanding.

Stock purchase plan

The Company's full-time salaried and certain hourly employees participate in a Company sponsored stock purchase plan. Under the terms of the plan, employees can purchase a certain number of Class A shares on an annual basis. Employees are required to pay 67% of the market price per Class A share. The Company is responsible for the remainder of the cost and, during 2020, expensed $258 (2019 – $325) related to the employee program.

15 Share based compensation

On September 13, 2017, the Company established a new share-based compensation plan comprised of stock options, PSUs and DSUs. The impact of the share-based compensation expense is summarized as follows:

	2020 $	2019 $
765,200 stock options (2019 – 436,467) (a)	1,028	742
219,876 performance share units (2019 – 137,546) (b)	848	484
72,459 deferred share units (2019 – 61,819) (c)	-	-
	1,876	1,226

The stock options, PSUs and DSUs are equity settled and, as such, the expense associated with these instruments is recorded as a share-based compensation expense through the consolidated statements of earnings and comprehensive income with a corresponding entry made to contributed surplus on the consolidated balance sheets.

The maximum number of shares that may be issued under all share based compensation arrangements implemented by the Company, including the stock option plan, the PSU plan and the DSU plan, may not exceed 10% of the total number of Class A non-voting common shares issued and outstanding from time to time. As at March 31, 2020, the Company had 3,338,023 Class A non-voting common shares reserved for issuance under the share-based compensation arrangements.

a) Stock options

The Company has a stock option plan under which options to purchase Class A non-voting common shares may be granted to officers and employees of the Company. Options granted under the plan have an exercise price of not less than the volume weighted average trading price of the Class A non-voting common shares where they are listed for the five trading days prior to the date of the grant. Options granted vest in tranches, equally over a three-year period on each anniversary of the grant date, commencing on the first anniversary of the grant date.

The Company's stock option transactions during the year were as follows:

	Number of options	Weighted average exercise price per share
Balance – March 31, 2019	436,467	14.25
Granted	354,800	14.14
Forfeited	(26,067)	(14.45)
	765,200	14.19
Exercisable	211,788	13.18

For options granted during the year, the fair value was estimated on the grant date using the Black-Scholes fair value option pricing model using the following weighted average assumptions:

	2020	2019
Weighted average fair value per share option	$3.97	$5.52
Expected volatility (1)	23.34%	28.61%
Dividend yield	1.34%	1.36%
Risk-free interest rate	2.25%	2.00%
Weighted average expected life in years	10	10

(1) Expected volatility was determined using historical volatility.

Information relating to stock options outstanding and exercisable as at March 31, 2020 is as follows:

	Share options outstanding			Share options exercisable		
Range of exercise prices	**Weighted average remaining life (in months)**	**Number of share options**	**Weighted average exercise price $**	**Weighted average remaining life (in months)**	**Number of share options**	**Weighted average exercise price $**
10.01 to 15.00	104	581,700	13.24	90	150,629	11.81
15.01 to 20.00	101	183,500	17.21	101	61,159	17.21
	104	765,200	14.19	93	211,788	13.18

b) PSU plan

The Company has established a PSU plan for employees and officers of the Company. PSUs represent the right to receive Class A non-voting common shares settled by the issuance of treasury shares or shares purchased on the open market. PSUs vest in full at the end of the third fiscal year after the grant date. The number of units that will vest is determined based on the achievement of certain performance conditions (i.e., financial targets) established by the Board of Directors and are adjusted by a factor, which ranges from 0.5 to 2.0, depending on the achievement of the targets established. Therefore, the number of units that will vest and are exchanged for Class A non-voting common shares may be higher or lower than the number of units originally granted to a participant.

The Company's PSU transactions during the year were as follows:

	Number of units	Grant date fair value per unit
Balance – March 31, 2019	137,546	14.29
Granted	87,980	14.14
Forfeited	(5,650)	(14.45)
	219,876	14.20
Exercisable	44,444	11.74

Awards granted September 21, 2017 and November 13, 2017 vested March 31, 2020 and, based on the achievement of the performance condition, 44,444 shares vested.

c) DSU plan

The Company has established a DSU plan for employees, officers and Directors of the Company. DSUs represent the right to receive Class A non-voting common shares settled by the issuance of treasury shares or shares purchased on the open market. DSUs vest immediately but are only exercisable when the participant's employment with the Company ceases, or when the participant is no longer a director of the Company.

The Company's DSU transactions during the year were as follows:

	Number of units	Grant date fair value per unit
Balance – March 31, 2019	61,819	18.26
Issued	16,960	13.75
Exercised	(6,320)	(18.22)
	72,459	17.19

16 Nature of expenses

The nature of expenses included in selling and administration and cost of goods sold, excluding amortization, are as follows:

	2020 $	2019 $
Raw materials and consumables	172,430	177,655
Employee compensation and benefits	77,379	75,642
Advertising, promotion and distribution	28,169	33,277
Occupancy	10,048	12,817
Repairs and maintenance	8,302	7,200
Other external charges	24,477	22,330
	320,805	328,921

Other (income) expenses are as follows:

	2020 $	2019 $
Ongoing maintenance costs related to Port Moody winery facility, net of income (a)	421	625
Restructuring (b)	1,703	727
Other	(355)	(289)
	1,769	1,063

a) During fiscal 2006, the Company closed its Port Moody winery facility and transferred production to its winery operations in Kelowna, British Columbia. The costs of maintaining this idle facility are recorded in other expenses (income).

b) Restructuring costs of $1,703 (2019 – $727) were recorded during the year ended March 31, 2020. These costs relate to restructuring of certain production facilities within the Company's personal winemaking product division and a one-time early retirement incentive program resulting from recent plant operations succession planning.

17 Net earnings per share

			2020
	Class A $	Class B $	Total $
Net earnings attributed for the year – basic and diluted	19,597	3,897	23,494
Weighted average number of shares outstanding – basic and diluted	35,835,372	8,195,401	
Net earnings per share – basic and diluted	0.55	0.48	

			2019
	Class A $	Class B $	Total $
Net earnings attributed for the year – basic and diluted	18,326	3,632	21,958
Weighted average number of shares outstanding – basic and diluted	35,979,473	8,200,864	
Net earnings per share – basic and diluted	0.51	0.44	

18 Commitments

The Company is subject to various claims by third parties arising out of the normal course and conduct of its business, including, but not limited to, labour and employment, regulatory and environmental claims. In addition, the Company is potentially subject to regular audits from federal and provincial tax authorities relating to income, commodity and capital taxes and as a result of these audits, may receive assessments and reassessments. Although such matters cannot be predicted with certainty, management currently considers the Company's exposure to such claims and litigation, to the extent not covered by the Company's insurance policies or otherwise provided for, not to be material to these consolidated financial statements.

19 Non-cash working capital items

The change in non-cash working capital items related to operations is comprised of the change in the following items:

	2020 $	2019 $
Accounts receivable	(4,015)	1,605
Inventories and current portion of biological assets	(10,457)	(218)
Prepaid expenses and other assets	628	(225)
Accounts payable and accrued liabilities	1,609	13,969
	(12,235)	15,131

20 Financial instruments

Classification of financial instruments

The classification and measurement of the financial assets and liabilities, as well as their carrying amounts and fair values, are as follows:

			2020	
Assets/liabilities	**Category**	**Measurement**	**Carrying amount $**	**Fair value $**
Accounts receivable	Financial assets	Amortized cost	34,096	34,096
Bank indebtedness	Financial liabilities	Amortized cost	58,114	58,114
Accounts payable and accrued liabilities	Financial liabilities	Amortized cost	53,821	53,821
Dividends payable	Financial liabilities	Amortized cost	2,288	2,288
Long-term debt	Financial liabilities	Amortized cost	107,130	107,697
Interest rate swap liability	Derivatives	Fair value through profit or loss	3,536	3,536
Foreign exchange forward contracts asset	Derivatives	Fair value through profit or loss	783	783

			2019	
Assets/liabilities	**Category**	**Measurement**	**Carrying amount $**	**Fair value $**
Accounts receivable	Loans and receivables	Amortized cost	29,801	29,801
Bank indebtedness	Financial liabilities	Amortized cost	38,175	38,175
Accounts payable and accrued liabilities	Financial liabilities	Amortized cost	47,451	47,451
Dividends payable	Financial liabilities	Amortized cost	2,212	2,212
Long-term debt	Financial liabilities	Amortized cost	116,620	117,438
Interest rate swap liability	Derivatives	Fair value through profit or loss	1,351	1,351
Foreign exchange forward contracts asset	Derivatives	Fair value through profit or loss	4	4

The Company’s interest rate swaps and foreign exchange contracts are derivatives and are recorded at fair value. As a result, unrealized gains and losses are included each period through earnings, which reflect changes in fair value.

Fair value

The fair value of accounts receivable, accounts payable and accrued liabilities and dividends payable approximates their carrying value because of the short-term maturity of these instruments.

The fair value of bank indebtedness and long-term debt is equivalent to its carrying value because the variable interest rate is comparable to market rates. The fair value of the interest rate swaps used to fix the interest rate on long-term debt is included in the current and long-term derivative financial instruments in the consolidated balance sheets.

The fair value of foreign exchange forward contracts is determined based on the difference between the contract rate and the forward rate at the date of the valuation.

The fair value of the interest rate swaps is determined based on the difference between the fixed interest rate in the contract that will be paid by the Company and the forward curve of the floating interest rates that are expected to be paid by the counterparty. The fair value of foreign exchange forward contracts and the interest rate swaps are adjusted to reflect any changes in the Company's or the counterparty's credit risk.

Fair value estimates are made at a specific point in time, using available information about the instrument. These estimates are subjective in nature and often cannot be determined with precision.

The net unrealized loss on derivative financial instruments is comprised of:

	2020 $	2019 $
Unrealized (gain) loss on foreign exchange forward contracts	(779)	148
Unrealized loss on interest rate swaps	2,185	1,531
	1,406	1,679

The fair value measurements of the Company's financial instruments are classified in the hierarchy below according to the significance of the inputs used in making the fair value measurements.

			2020
Asset/liability	**Quoted prices in active markets for identical assets (Level 1) $**	**Significant observable inputs other than quoted prices (Level 2) $**	**Significant unobservable inputs (Level 3) $**
Interest rate swap liability	-	3,536	-
Foreign exchange forward contracts asset	-	783	-

			2019
Asset/liability	**Quoted prices in active markets for identical assets (Level 1) $**	**Significant observable inputs other than quoted prices (Level 2) $**	**Significant unobservable inputs (Level 3) $**
Interest rate swap asset	-	1,351	-
Foreign exchange forward contracts asset	-	4	-

Objectives and policy relating to financial risk management

Interest rate risk

The Company is exposed to interest rate risk as a result of cash balances, floating rate debt, and interest rate swaps. Of these risks, the Company's principal exposure is that increases in the floating interest rates on its debt, if unmitigated, could lead to decreases in cash flow and earnings. The Company's objective in managing interest rate risk is to achieve a balance between minimizing borrowing costs over the long term, ensuring it meets borrowing covenants, and ensuring it meets other expectations and requirements of investors. To meet these objectives, the Company's policy is to effectively fix the rates on long-term debt to match the duration of investments in long-lived assets and to use floating rate funding for short-term borrowing.

The Company has effectively fixed its interest rate on its long-term debt until September 2022 by entering into interest rate swaps. The interest rate swaps are measured at fair value.

An unrealized loss of $2,185 (2019 –$1,531) was recognized on the interest rate swaps, which are classified as a component of the net unrealized loss on derivative financial instruments in the consolidated statements of earnings.

The Company's short-term borrowings are funded using a floating interest rate and as such are sensitive to interest rate movements. As at March 31, 2020, with other variables unchanged, a 100 basis point change in interest rates would impact the Company's net earnings by approximately $430 (2019 – $283), exclusive of the mark-to-market adjustments on the interest rate swaps.

Credit risk

Credit risk arises from cash, derivative financial instruments and accounts receivable. The Company places its cash and cash equivalents with major Canadian financial institutions. Counterparties to derivative contracts are also major financial institutions.

Credit risk for trade receivables is monitored through established credit monitoring activities. Over 65% of the Company's accounts receivable balance relates to amounts owing from Canadian provincial liquor boards. Excluding accounts receivable from Canadian provincial liquor boards, the Company does not have a significant concentration of credit risk with any single counterparty or group of counterparties. Amounts owing from Canadian provincial liquor boards represent $20,807 (2019 – $14,869) of the total accounts receivable for which no allowance has been provided. Of the remaining non-provincial liquor board balances, $1,512 (2019 – $1,618) was over thirty days past due as at March 31, 2020. An allowance for doubtful accounts of $875 (2019 – $128) has been provided against these accounts receivable amounts, which the Company has determined represents a reasonable estimate of amounts that may be uncollectible.

Sales to its largest customer, a provincial Crown corporation, were $69,181 (2019 – $64,155) during the year ended March 31, 2020. Sales to its second largest customer, a branch of a provincial government, were $41,553 (2019 – $45,091) during the year.

An analysis of accounts receivable is as follows:

	2020 **$**	**2019** **$**
Liquor boards	20,807	14,869
Non-liquor boards		
Current	10,872	10,991
Past due 0 – 30 days	1,798	2,451
Past due 31 – 60 days	206	609
Past due > 60 days	1,288	1,009
Allowance for doubtful accounts	(875)	(128)
	34,096	29,801

The change in the allowance for doubtful accounts was as follows:

	2020 **$**	**2019** **$**
Balance – Beginning of year	128	162
Provision for current year	795	132
Bad debts	(48)	(166)
Balance – End of year	875	128

Liquidity risk

The Company incurs obligations to deliver cash or other financial assets on future dates. Liquidity risk inherently arises from these obligations, which include requirements to repay debt, purchase grape inventory and make lease payments.

The Company manages liquidity risk by maintaining adequate cash and cash equivalent balances and by appropriately utilizing its operating line of credit. Company management continuously monitors and reviews both actual and forecasted cash flows and matches the maturity profile of financial assets and financial liabilities. Accounts payable and accrued liabilities are generally due within 30 days.

The following table outlines the Company's contractual undiscounted obligations. The Company analyzes contractual obligations for financial liabilities in conjunction with other commitments in managing liquidity risk. Contractual obligations include long-term debt, the expected payments under swap agreements that fix the Company's interest rate on long-term debt, leases, service agreements and commitments on short-term forward foreign exchange contracts used to mitigate the currency risk on purchases denominated in foreign currencies as at March 31, 2020.

	< 1 year $	**2 – 3 years $**	**4 – 5 years $**	**> 5 years $**	**Total $**
Long-term debt	11,615	96,082	-	-	107,697
Leases and royalties	4,957	8,737	5,645	16,961	36,300
Service agreements	483	3,958	1,496	-	5,937
Pension obligations	221	379	40	69	709
Grape and bulk wine purchase contracts	62,816	78,433	58,647	98,491	298,387
Packaging purchase contracts	31,299	21,472	2,271	-	55,042
	111,391	209,061	68,099	115,521	504,072
Interest rate swap	2,309	2,934	-	-	5,243
Foreign exchange forwards	10,070	-	-	-	10,070
	123,770	211,995	68,099	115,521	519,385

The Company's obligations under its interest rate swaps and foreign exchange forward contracts are stated above on a gross basis rather than net of the corresponding contractual benefits.

The Company has entered into grape purchase contracts with certain suppliers to purchase their crops at the time of harvest for prices set by the market. The amount of the commitment will change based on the total tonnes harvested or the prices set by the market for specific grapes, and the amount included in the table above represents management's best estimate of the Company's commitment over the periods noted.

Although the Company expects sales to return to pre-COVID 19 levels once the outbreak has been contained, there is uncertainty as to the length and extent of the current outbreak. Beyond that, as a result of the measures being taken that are designed to contain the spread of the virus, the Company's suppliers may not have the materials, capacity or capability to supply components according to its schedule and specifications if the outbreak continues. This could delay the release or delivery of the Company's products or require management to make unexpected changes to such products, which may materially affect the business, operating results and future compliance with the Company's financial covenants.

Foreign exchange risk

Certain of the Company's purchases are denominated in US dollars (US$), euro (EUR) or Australian dollars (AU$). Any increases or decreases to the foreign exchange rates could increase or decrease the Company's earnings. To mitigate the exposure to foreign exchange risk, the Company has entered into forward foreign currency contracts.

The Company's foreign exchange risk arises on the purchase of bulk wine and concentrate, which are priced in US dollars, euro and Australian dollars. The Company's strategy is to hedge approximately 50% to 80% of its annual foreign exchange requirements prior to or during the beginning of each fiscal quarter. As at March 31, 2020, the Company has forward foreign currency contracts to buy US$7,713 at rates ranging between $1.30 and $1.31. These contracts mature at various dates to September 2020. After considering the offsetting impact of these forward contracts, a 1% increase or decrease to the exchange rate of the US dollar, the euro or the Australian dollar would impact the Company's net earnings by approximately $234 (2019 – $240), $50 (2019 – $86) or $39 (2019 – $45), respectively. The Company has elected to not use hedge accounting and as a result, has recognized unrealized foreign exchange gains of $779 (2019 – unrealized foreign exchange losses of $148) in the consolidated statements of earnings as a component of the net unrealized loss (gain) on derivative financial instruments and has recorded the fair value of $783 (2019 – $4) in the current portion of derivative financial instruments in the consolidated balance sheets.

21 Capital disclosures

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, to provide an adequate return to shareholders and to meet external capital requirements on debt and credit facilities.

The Company's capital consists of cash, bank indebtedness, long-term debt and shareholders' equity. The primary uses of capital are to fund working capital, maintenance and growth-related capital expenditures, pay dividends and finance acquisitions. In order to meet the Company's objectives in managing capital, the Company prepares annual budgets of cash, earnings and capital expenditures that are updated during the year as necessary. The annual budget is approved by the Board of Directors.

As part of the existing debt agreement, the Company is subject to financial covenants, which consist of the following:

- funded debt to a rolling twelve-month EBITA, which is defined as consolidated earnings before interest, amortization and taxes excluding unusual and non-recurring items that are agreed to by the Company and the lender; and

- fixed charge coverage ratio.

Compliance with these covenants is monitored by management on a quarterly basis. As at March 31, 2020 and March 31, 2019, the Company was in compliance with these covenants.

Management projects future operations and compliance with the financial covenants included in the Company's credit agreement as disclosed in notes 9 and 11. Assumptions are necessary to project these cash flows and covenant calculations specifically related to EBITA, as well as anticipated debt levels. For example, a reduction in EBITA could result in the breach of a covenant relative to its impact on the trailing 12-month results used in calculating covenant compliance. The Company is actively managing its administrative costs, inventory, bank indebtedness and long-term debt balances accordingly in order to comply with lender's covenants.

22 Related parties and management compensation

The Company is controlled by Peller Family Enterprises Inc., which owns 61.0% (2019 – 60.9%) of the Company's Class B voting shares. No individual has sole voting power or control in respect of the shares of the Company owned by Peller Family Enterprises Inc.

Compensation of directors and executives

The compensation expense recorded for directors and members of the Executive Management Team of the Company is shown below:

	2020 $	2019 $
Compensation and short-term benefits	4,374	4,336
Post-employment benefits	266	295
Share based compensation expense	1,613	1,097
	6,253	5,728

The compensation and short-term benefits expense consist of amounts that will primarily be settled within twelve months.

23 Segmented information

During the year, export sales were $12,871 (2019 – $12,227), primarily in the United States. The remainder of sales occurred in Canada. All of the Company's assets are located in Canada.

24 Events after the reporting period

On June 10, 2020, the Company's Board of Directors approved the annual dividend for holders of its Class A and Class B shares in the amount of $0.215 per Class A share and $0.187 per Class B share to be paid quarterly to shareholders, subject to management's review of projected cash flows and compliance with financial covenants as a result of the duration and impact of COVID-19.

TEN-YEAR SUMMARY

(in thousands of Canadian dollars, except per share amounts)	2020	2019	2018	2017	2016
Sales and earnings					
Net sales	$ **382,306**	$ 381,796	$ 363,897	$ 342,606	$ 334,263
EBITA	**61,501**	52,875	52,860	45,137	40,916
Net earnings	**23,494**	21,958	30,117	26,350	19,199
Financial position					
Working capital	**83,654**	97,305	104,417	78,825	71,665
Total assets	**513,919**	467,019	457,780	327,478	308,309
Shareholders' equity	**245,523**	234,751	220,246	177,317	157,736
Per share (3)					
Net earnings (3)					
Basic & diluted Class A	**0.55**	0.51	0.71	0.64	0.46
Basic & diluted Class B	**0.48**	0.44	0.62	0.55	0.40
Dividends (3)					
Class A Shares, non-voting	**0.215**	0.205	0.180	0.163	0.150
Class B Shares, voting	**0.187**	0.178	0.156	0.142	0.130
Number of shares outstanding (in thousands of shares) (3)					
Class A Shares, non-voting	**35,404**	35,988	35,471	33,581	33,581
Class B Shares, voting	**8,192**	8,199	8,702	9,012	9,012
	43,596	44,187	44,173	42,593	42,593
Other information					
Return on average shareholders' equity (1)	**9.8%**	9.7%	15.2%	15.7%	12.6%
Return on average capital employed (2)	**10.7%**	11.5%	14.0%	14.1%	13.2%

(1) Return on average shareholders' equity is calculated as net earnings divided by average shareholders' equity.

(2) To determine return on average capital employed, return is calculated as EBITA less amortization. Capital employed is calculated as total assets less non-interest bearing liabilities.

(3) Restated to reflect the three-for-one stock split completed in October of 2016.

2015 Restated (6)	2014	2013 Restated (5)	2012	2011 Restated (4)
$ 315,697	$ 297,824	$ 289,143	$ 276,883	$ 265,420
35,184 (6)	33,729	33,489 (5)	32,651	31,544 (4)
15,224 (6)	14,021	14,519 (5)	13,001	11,223 (4)
68,982	44,564	41,670	34,869	27,643 (4)
301,519 (6)	301,015	296,519	285,552	267,996 (4)
147,375 (6)	138,003	129,701 (5)	120,552	114,297 (4)
0.36 (6)	0.34	0.35 (5)	0.31	0.26 (4)
0.32 (6)	0.29	0.30 (5)	0.27	0.22 (4)
0.140	0.133	0.120	0.120	0.110
0.122	0.116	0.105	0.105	0.096
33,882	33,882	33,882	33,882	33,882
9,012	9,012	9,012	9,012	9,012
42,894	42,894	42,894	42,894	42,894
10.6% (6)	10.5%	11.6% (5)	11.1%	9.8% (4)
11.0% (6)	10.8%	11.1% (5)	11.5%	11.6% (4)

(4) March 31, 2012 and subsequent periods have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The March 31, 2011 period was restated in accordance with IFRS.

(5) Restated to reflect the adoption of the amendments to IAS 19.

(6) Restated to reflect the adoption of the amendments to IAS 16 and IAS 41.

DIRECTORS & OFFICERS

Directors

JOHN E. PELLER
Burlington, Ontario
Executive Chairman, President & CEO
Andrew Peller Limited

SHAUNEEN BRUDER
Toronto, Ontario
Corporate Director

MARK W. COSENS
Burlington, Ontario
Managing Director
Kilbride Capital Partners

MICHELLE E. MALLETT DIEMANUELE
Toronto, Ontario
President & CEO
Trillium Health Partners

PERRY J. MIELE
Burlington, Ontario
Chairman and Partner
Beringer Capital

A. ANGUS PELLER M.D.
Toronto, Ontario
Senior Medical Consultant
RBC Insurance

FRANCOIS VIMARD
Mississauga, Ontario
Corporate Director

Honorary Directors

RICHARD D. HOSSACK
Toronto, Ontario

JOHN F. PETCH, O.C.
Toronto, Ontario

BRIAN J. SHORT
Hamilton, Ontario

Officers

JOHN E. PELLER
Executive Chairman, President & CEO

STEVE ATTRIDGE
CFO and Executive Vice-President, IT

SHAWN B. MACLEOD
Executive Vice-President, Marketing

PATRICK R. O'BRIEN
Executive Vice-President, Sales

SARA E. PRESUTTO
Executive Vice-President, People & Culture

BRENDAN P. WALL
Executive Vice-President, Operations

GREGORY J. BERTI
Vice-President, Global Markets, Industry Relations & Business Development

JAMES H. COLE
Vice-President, Estate Wineries and Retail Division

GAVIN J. HAWTHORNE
Vice-President, Sales & Marketing GVI

CRAIG D. MCDONALD
Vice-President, Winemaking

SHAREHOLDER INFORMATION

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Stock Exchange
TORONTO
Symbols: ADW.A/ADW.B

Registrar and Transfer Agent
COMPUTERSHARE INVESTOR SERVICES INC.

Auditors
PRICEWATERHOUSECOOPERS LLP

Bankers
BANK OF MONTREAL
NATIONAL BANK
RABOBANK
ROYAL BANK OF CANADA
TORONTO DOMINION BANK

Shareholder Inquiries
Computershare Investor Services Inc. operates services for inquiries regarding changes of address, stock transfers, registered shareholdings, dividends and lost certificates.

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Investor Relations
For additional information regarding the Company's activities, please contact:
Steve Attridge
Chief Financial Officer and Executive Vice President, Information Technology at the Head Office address or by email at: info@andrewpeller.com

2020 Annual Shareholders' Meeting
The 2020 Annual Meeting of Shareholders' will be held virtually on Tuesday, September 8, 2020 at 2:00 p.m.

AJAX
SOBEYS
WITHIN GROCERY AISLE
955 WESTNEY ROAD S.
(905) 683-1705

SOBEYS
260 KINGSTON ROAD W.
(905) 428-6500

REAL CANADIAN SUPERSTORE
30 KINGSTON ROAD W.
(905) 428-7829

ANCASTER
SOBEYS
WITHIN GROCERY AISLE
977 GOLF LINKS ROAD
(905) 648-1465

FORTINOS
54 WILSON STREET
(905) 304-0094

BARRIE
ZEHRS
11 BRYNE DRIVE
(705) 725-8121

BARRIE ESSA CENTRE
555 ESSA ROAD UNIT#5
(705) 797-1480

BOLTON
ZEHRS
487 QUEEN STREET S.
(905) 857-4166

BRAMALEA
METRO
25 PEEL CENTRE DRIVE
(905) 793-4246

BRAMPTON
FOOD BASICS
CENTENNIAL MALL
227 VODDEN STREET
(905) 459-2386

SOBEYS
WITHIN GROCERY AISLE
930 NORTH PARK DRIVE
(905) 793-9071

BROCKVILLE
REAL CANADIAN SUPERSTORE
1972 PARKEDALE AVE.
(613) 342-8477

BURLINGTON
FORTINOS
WITHIN GROCERY AISLE
2025 GUELPH LINE
(905) 336-3849

MARILU'S MARKET
4025 NEW STREET
(905) 632-8580

SOBEYS
WITHIN GROCERY AISLE
1250 BRANT STREET
(905) 319-8670

WALKERS PLACE
3505 UPPER MIDDLE ROAD
(905) 336-9101

LAKESIDE SHOPPING VILLAGE
5353 LAKESHORE ROAD
(905) 681-8282

CAMBRIDGE
ZEHRS
180 HOLIDAY INN DRIVE
(519) 651-1145

ZEHRS
400 CONESTOGA BLVD.
(519) 624-1103

NO FRILLS
980 FRANKLIN BLVD
(519) 622-2552

COLLINGWOOD
LOBLAWS
12 HURONTARIO STREET
(705) 446-2237

METRO
WITHIN GROCERY AISLE
640 FIRST STREET EXTENSION
(705) 444-1730

EAST YORK
SOBEYS
1015 BROADVIEW AVE.
(416) 467-7760

ETOBICOKE
LOBLAWS
WITHIN GROCERY AISLE
380 THE EAST MALL
(416) 695-9567

FERGUS
ZEHRS
800 TOWER STREET S.
(519) 787-7721

GEORGETOWN
REAL CANADIAN SUPERSTORE
WITHIN GROCERY AISLE
171 GUELPH STREET
(905) 877-1815

GRIMSBY
REAL CANADIAN SUPERSTORE
361 SOUTH SERVICE ROAD
(905) 945-9982

GUELPH
ZEHRS
297 ERAMOSA ROAD
(519) 824-7922

ZEHRS HARTSLAND PLAZA
WITHIN GROCERY AISLE
160 KORTRIGHT ROAD, W.
(519) 837-9293

NO FRILLS
167 SILVERCREEK PARKWAY
(519) 837-0540

HAMILTON
FORTINOS
50 DUNDURN STREET S.
(905) 528-4003

FORTINOS EASTGATE MALL
WITHIN GROCERY AISLE
75 CENTENNIAL PARKWAY N.
(905) 561-4504

FORTINOS
WITHIN GROCERY AISLE
1579 MAIN STREET W.
(905) 522-8882

KESWICK
ZEHRS
24018 WOODBINE AVE.
(905) 476-8544

KINGSTON
LOBLAWS
WITHIN GROCERY AISLE
1048 MIDLAND AVE.
(613) 389-6139

KITCHENER
ZEHRS
750 OTTAWA STREET S.
(519) 745-2183

LOBLAW SUPERSTORE
WITHIN GROCERY AISLE
39 - 875 HIGHLAND ROAD W.
(519) 742-5844

LONDON
METRO ADELAIDE CENTRE
WITHIN GROCERY AISLE
1030 ADELAIDE STREET N.
(519) 679-3717

METRO
WITHIN GROCERY AISLE
395 WELLINGTON STREET S.
(519) 649-7180

LOBLAWS
3040 WONDERLAND ROAD S.
(519) 668-2224

MILTON
LONGOS
1079 MAPLE AVE
(905) 693-8850

MISSISSAUGA
SQUARE ONE
100 CITY CENTRE DRIVE
(905) 896-7822

SOUTH COMMON CENTRE
2150 BURNHAMTHORPE ROAD W.
(905) 820-9958

NEWMARKET
METRO
1111 DAVIS DRIVE
(905) 853-0401

REAL CANADIAN SUPERSTORE
WITHIN GROCERY AISLE
18120 YONGE STREET N.
(905) 895-2412

METRO
16640 YONGE STREET
(905) 830-3448

UPPER CANADA MALL
17600 YONGE STREET
(905) 853-6246

NIAGARA ON THE LAKE
THE OUTLET COLLECTION
300 TAYLOR ROAD
(905) 704-0550

WINE COUNTRY VINTNERS
27 QUEEN STREET
(905) 468-1881

NORTH YORK
LOBLAW GREAT FOOD
3501 YONGE STREET
(416) 481-7699

OAKVILLE
SOBEYS
511 MAPLE GROVE DRIVE
(905) 338-3042

LONGOS
469 CORNWALL ROAD
(905) 338-0880

SOBEYS ABBEY PLAZA
1500 UPPER MIDDLE ROAD W.
(905) 847-2944

ORANGEVILLE
ZEHRS, HERITAGE MALL
50 - 4TH AVE.
(519) 942-8752

OSHAWA
METRO
285 TAUNTON ROAD E.
(905) 571-6167

REAL CANADIAN SUPERSTORE
1385 HARMONY ROAD N.
(905) 438-1800

NO FRILLS
1300 KING STREET E.
(905) 728-3767

OTTAWA
SOUTHGATE SHOPPING CENTRE
2515 BANK STREET
(613) 523-5837

FARM BOY
187 METCALFE STREET
(613) 565-5062

METRO
WITHIN GROCERY AISLE
50 BEECHWOOD AVENUE
(613) 746-4300

(Ottawa) GLOUCESTER
YOUR INDEPENDENT GROCER
671 RIVER ROAD
(613) 822-3080

(Ottawa) NEPEAN
LOBLAWS
59 ROBERTSON ROAD
(613) 820-7219

LOBLAWS
1460 MERIVALE ROAD
(613) 723-5507

(Ottawa) VANIER
LOBLAWS
WITHIN GROCERY AISLE
100 MCARTHUR ROAD
(613) 749-9618

OWEN SOUND
ZEHRS
1150 SIXTEENTH STREET E.
(519) 371-8664

PETERBOROUGH
LOBLAWS
769 BORDEN AVE.
(705) 740-2513

PICKERING
YOUR INDEPENDENT GROCER
1900 DIXIE ROAD
(905) 831-6705

SCARBOROUGH
METRO
WITHIN GROCERY AISLDE
3221 EGLINTON AVE. E.
(416) 267-2795

SIMCOE
SOBEYS
WITHIN GROCERY AISLE
470 NORFOLK STREET S.
(519) 426-1033

ST. CATHARINES
FRESCHO
318 ONTARIO STREET
(905) 685-8898

ZEHRS, PEN CENTRE
221 GLENDALE AVE.
(905) 688-4767

ZEHRS, FAIRVIEW MALL
WITHIN GROCERY AISLE
285 GENEVA STREET
(905) 646-7363

REAL CANADIAN SUPERSTORE
411 LOUTH STREET
(905) 685-9779

GRANTHAM PLAZA
400 SCOTT STREET
(905) 934-0981

LAKESHORE SQUARE PLAZA
33 LAKESHORE ROAD
(905) 937-5093

ST. THOMAS
REAL CANADIAN SUPERSTORE
1063 TALBOT STREET
(519) 633-6343

STITTSVILLE
YOUR INDEPENDENT
GROCER
WITHIN GROCERY AISLE
1251 MAIN STREET
(613) 831-3837

TORONTO
1002 BAY STREET S.
(416) 929-9706

METRO
656 EGLINTON AVE. E.
(416) 485-0093

LOBLAWS
WITHIN GROCERY AISLE
50 MUSGRAVE STREET
(416) 693-6336

LONGOS
93 LAIRD DRIVE
(416) 424-1362

LOBLAWS
WITHIN GROCERY AISLE
3671 DUNDAS STREET W.
(416) 762-8635

QUEENS QUAY
228 QUEENS QUAY W.
(416) 598-8880

SOBEYS
125 THE QUEENSWAY
(416) 201-8221

YORKVILLE VILLAGE
87 AVENUE ROAD
(416) 923-6336

ST. LAWRENCE MARKET
93 FRONT STREET E.
(416) 364-1811

SOBEYS URBAN FRESH
22 FORT YORK BLVD.
(416) 623-0793

LOBLAWS
650 DUPONT STREET
(416) 533-8484

METRO
1230 QUEEN STREET
WEST
(416) 533-9180

BLOOR WEST VILLAGE
2273 BLOOR STREET W.
(416) 766-8654

METRO
WITHIN GROCERY AISLE
100 LYNN WILLIAMS ST
(416) 543-5228

UXBRIDGE
ZEHRS
WITHIN GROCERY AISLE
323 TORONTO STREET S.
(905) 852-5008

WATERDOWN
WATERDOWN SHOPPING
CENTRE
255 DUNDAS STREET E.
(905) 689-3420

WATERLOO
ZEHRS, BEECHWOOD PLAZA
450 ERB STREET W.
(519) 747-5897

ZEHRS
315 LINCOLN ROAD
(519) 746-7226

WELLAND
ZEHRS
821 NIAGARA STREET
(905) 714-9521

WHITBY
SOBEYS
1615 DUNDAS STREET E.
(416) 728-4118

REAL CANADIAN
SUPERSTORE
WITHIN GROCERY AISLE
200 TAUNTON ROAD
(905)668-7568

WHITBY TOWN SQUARE
3050 GARDEN STREET
(905) 430-5314

WINDSOR
METRO
WITHIN GROCERY AISLE
3100 HOWARD AVENUE
(519) 972-8346

WOODBRIDGE
LONGOS
9200 WESTON ROAD
(905) 303-3055

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ANDREW PELLER
LIMITED

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We are pleased to offer exceptional VQA wines from our wineries in both the East & West. These exclusive collections are available at a **15% Savings**. As a Shareholder, we are also offering **complimentary delivery**.

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We are available Monday to Friday, 9am to 7pm and Saturday & Sundays 9am to 5pm. **Offer ends Wednesday, September 30th, 2020.**

Ontario VQA Wine Collections:

PELLER ESTATES Niagara-on-the-Lake	Signature Series Ice Cuvee Rose Family Vineyard Chardonnay Private Reserve Gamay Noir Signature Series Sauvignon Blanc Signature Series Merlot Late Harvest Vidal	6 bottle Collection $153.59 (Reg $180.50) ~ 12 bottle Collection $307.18 (Reg $361.00)
Trius WINERY	Trius Brut Trius Divine White Trius Pinot Grigio Trius Merlot Trius Red Showcase Late Harvest Vidal	6 bottle Collection $118.91 (Reg $139.70) ~ 12 bottle Collection $237.82 (Reg $279.40)
GRETZKY Nº 99 WAYNE ESTATES	Gretzky Riesling Gretzky Pinot Grigio Gretzky Chardonnay Gretzky Baco Noir Estate Series Cabernet Merlot Estate Series Shiraz Cabernet	6 bottle Collection $102.78 (Reg $120.70) ~ 12 bottle Collection $205.55 (Reg $241.40)
THIRTY BENCH WINE MAKERS	Winemakers Riesling Small Lot Gewurztraminer Small Lot Rose Winemakers Red Small Lot Cabernet Sauvignon Small Lot Merlot	6 bottle Collection $177.15 (Reg $208.20) ~ 12 bottle Collection $354.40 (Reg $416.40)

ANDREW PELLER LIMITED	Peller Family Vineyard Riesling Peller Private Reserve Pinot Noir Trius Sauvignon Blanc Trius Cabernet Franc Thirty Bench Winemakers Riesling Wayne Gretzky Estate Series Shiraz Cabernet	6 bottle Collection $108.73 (Reg $127.70) ~ 12 bottle Collection $217.45 (Reg $255.40)

British Columbia VQA Wine Collections:

RED ROOSTER WINERY	Red Rooster Riesling Red Rooster Rare Bird Series Viognier Red Rooster Rare Bird Series Rose Red Rooster Rare Bird Pinot Noir Red Rooster Rare Bird Meritage Red Rooster Golden Egg *Prices shown do not include applicable BC Taxes*	6 bottle Collection $163.77 (Reg $192.57) ~ 12 bottle Collection $327.55 (Reg $385.14)
SANDHILL	Sandhill Pinot Gris Sandhill Sauvignon Blanc Sandhill Syrah Sandhill Merlot Sandhill Small Lot Viognier Sandhill Small Lot One *Prices shown do not include applicable BC Taxes*	6 bottle Collection $123.85 (Reg $145.60) ~ 12 bottle Collection $247.70 (Reg $291.20)
GRAY MONK ESTATE WINERY	Gray Monk Odyssey Brut Rose Gray Monk Estate Pinot Gris Gray Monk Pinot Blanc Gray Monk Siegerrebe Gray Monk Cabernet Merlot Gray Monk Odyssey Meritage *Prices shown do not include applicable BC Taxes*	6 bottle Collection $111.49 (Reg $131.06) ~ 12 bottle Collection $222.98 (Reg $262.12)

BLACK HILLS ESTATE WINERY	Black Hills Nota Bene Black Hills Syrah Black Hills Addendum Black Hills Alibi Black Hills Chardonnay Black Hills Rose **Prices shown do not include applicable BC Taxes*	6 bottle Collection $195.59 (Reg $230.00) ~ 12 bottle Collection $391.18 (Reg $460.00)
TINHORN CREEK NATURALLY SOUTH OKANAGAN	Tinhorn Creek Vineyards Chardonnay Tinhorn Creek Vineyards Gewurztraminer Tinhorn Creek Vineyards Cabernet Franc Tinhorn Creek Vineyards Reserve Merlot Tinhorn Creek Vineyards Reserve Syrah Tinhorn Creek Vineyards The Creek **Prices shown do not include applicable BC Taxes*	6 bottle Collection $156.11 (Reg $183.55) ~ 12 bottle Collection $312.22 (Reg $367.10)

Call us at 1.866.440.4383 to Order

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https://www.thewineshops.com/shareholderON for our eastern collections or visit

https://www.thewineshops.com/shareholderBC for our western collections.

We're here Monday to Friday, 9am to 7pm

and Saturday & Sunday, 9am to 5pm EST

~

Offer Ends Wednesday, September 30th, 2020.

Delivery Information:

You can expect your order within 5-10 business days based on delivery location. Your wines will be delivered in a sturdy corrugated box. Please ensure someone of legal drinking age is available to sign at the time of delivery.


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extraordinary
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