

ANDREW PELLER

— LIMITED —

ANNUAL REPORT

OPERATIONAL HIGHLIGHTS

FOR THE YEARS ENDED MARCH 31

(in thousands of Canadian dollars, except per share amounts)

	2021	2020
Net sales	\$ 393,036	\$ 382,306
EBITA	63,046	61,501
Adjusted earnings *	26,986	27,575
FINANCIAL POSITION		
Working capital	170,684	83,654
Total assets	542,521	513,919
Shareholders' equity	265,574	245,523
PER SHARE		
Net earnings per Class A Share - basic and diluted	0.65	0.55
DIVIDENDS		
Class A Shares, non-voting	0.218	0.215
Class B Shares, voting	0.190	0.187
MARKET VALUE		
Class A - HIGH	11.68	14.84
Class A - LOW	7.02	6.00
Class B - HIGH	14.68	14.75
Class B - LOW	7.40	6.01
ANALYTICAL INFORMATION		
Return on average shareholders' equity	10.9%	9.8%
Return on average capital employed	10.1%	10.7%
Ratio of current assets to current liabilities	4.13:1	1.64:1

*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.

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Report to Shareholders

Despite operating under the COVID-19 pandemic for the full fiscal year, the extraordinary effort and contribution from our people, combined with the strength and resilience of our trade channels, we generated solid sales growth and an 18% increase in net earnings for the year. As our premium trade channels, hospitality and export markets re-open and all our businesses return to more normal conditions, we are confident our track record of growth in sales and net earnings will continue.

An Extraordinary Year

I am writing this letter to shareholders shortly after a meeting of our senior management team, the first in-person gathering we have held in over fifteen months. And while we have spent more time together than ever before due to the significant challenges presented by the COVID-19 pandemic, it was highly gratifying to move from our “virtual” meetings to celebrating together the accomplishments we achieved over the last year.

With the onset of the pandemic in March 2020, we immediately took steps to ensure the safety and well-being of all our employees. Approximately 80% of our more than 1,600 people across the country continued to work throughout this challenging year, and it is their extraordinary effort and commitment that delivered such positive results for the year, ensuring we will emerge from the pandemic stronger than ever before.

We were fortunate that the beverage alcohol category was deemed essential by the federal government during the pandemic, and as a result provincial liquor stores, our largest customers, remained open across the country. Our production facilities continued to operate, our stand-alone and grocery and estate winery retail outlets were open for business. However, our nine estate wineries, hospitality and export trade channels were closed, impacting our growth for the year.

The pandemic also affected our sales product mix as consumers gravitated toward more value-priced segments. The resulting significant increase in sales of our lower margin products, combined with the closure of trade channels focused on our higher-margin premium and ultra-premium products, negatively impacted our overall gross margin for the year. Additionally, we took steps to reduce our overhead costs to reflect the pandemic operating environment, including staff reductions and reduced sales and marketing expenses. Through the fourth quarter we began to return to more normal selling and administrative staffing and marketing costs in anticipation of a gradual return to more normal business conditions.

Fiscal 2021 was another year of significant investment in the Company. Over the last three years we have invested more in our operations, our vineyards, and our estate wine group than ever before. We have also invested in a new and highly scalable Enterprise Resource Planning (ERP) system and platform that will have a profound and positive impact on our logistics, production and delivery programs going forward. The new system went live in February 2021, and we are already seeing the benefits of its implementation. Our recent and successful entry into e-commerce sales was a specific beneficiary, and we look to grow our on-line presence and sales in the years to come.

Another Strong Year

Despite the significant challenges in our markets and operations due to the pandemic, sales rose almost 3% for the year to \$393 million as we performed well through our new e-commerce platform, at provincial liquor stores and other retail channels that remained open. Gross margin was impacted by higher imported wine costs, increased consumption of lower-margin products, and reduced sales of our premium and ultra-premium products. Selling and administrative expenses were lower due to planned efforts to conserve cash resources during the pandemic. However, despite these challenges, we generated an 18% increase in net earnings to \$27.8 million or \$0.65 per Class A share for the year ended March 31, 2021, up from \$23.5 million or \$0.55 per share in the prior year.

Our balance sheet and liquidity position remained strong and stable at year end. During the year we amended and restated our debt facilities, combining our prior credit lines into one facility, with an increased borrowing capacity of \$350 million.

With this change, we recorded a net gain on debt modification of \$2.3 million in fiscal 2021. Working capital was strong at \$170.7 million at year end, while shareholders' equity rose to \$265.6 million or \$6.08 per common share.

Increase in Common Share Dividends

In June 2021, the Company's Board of Directors approved a 10% increase in common share dividends, reflecting our positive performance during the pandemic, our outlook on our future, and our commitment to enhancing long-term value for our shareholders. The annual dividend on Class A Shares was increased to \$0.246 per share and the dividend on Class B Shares was increased to \$0.214. The Company has consistently paid common share dividends since 1979.

Acquisition of The Riverbend Inn and Vineyard

On February 26, 2021, we completed the acquisition of the assets and properties of The Riverbend Inn and Vineyard in Niagara-on-the-Lake, Ontario for \$10.0 million. This historic and well-located property, containing 17 acres of prime vineyards and a 21-room hotel and restaurant, is situated directly adjacent to our Peller Estates Winery. Opened in 2004, this Georgian-style inn has a successful and profitable track record as a destination of choice for visitors to the Niagara Region. The Inn is a natural extension of our success in delivering a premium wine tourism experience, and we look forward to welcoming you on your next visit to Niagara-on-the-Lake.

Looking Ahead

As the vaccine rollout accelerates in Canada, and all our markets and trade channels slowly return to more normal activity as the pandemic eases, we look forward to another strong year in fiscal 2022.

We are already seeing significant demand for visits to our estate wineries and anticipate growth in our premium and ultra-premium sales, as well as from the re-opening of our hospitality business, restaurants, tours and export sales, augmented by the recently acquired Riverside Inn and Vineyard. We also expect to see increased momentum through our new e-commerce portals as we enhance our on-line consumer experience and drive efficiencies in our delivery costs.

Our recent entry into new markets and product categories will make a positive contribution going forward. We have made significant progress in our recent entry into the ready-to-drink segment with strong brand recognition and growth in seltzers and our popular No Boats on Sunday ciders, while the introduction of new wine spritzers and cocktails holds real promise. Likewise, our entry into the spirits category is performing very well, including craft and cream whiskey under our Wayne Gretzky and Panama Jack brands.

In closing, on behalf of the Board of Directors and all shareholders, I want to thank everyone at the Company for their extraordinary contribution in what was an extraordinary year for the Company. It is our decades of experience and our proven culture of innovation and performance that enabled us to successfully work through the pandemic, and we are confident we will emerge stronger than ever before as we return to more normal business conditions. We also thank our customers and consumers for their patience and loyalty. We remain committed to what we do best – providing the best products at the best price. This commitment has driven our growth and success for over forty years and will continue to build value for our shareholders in the years ahead.



John E. Peller, O.C.

President and Chief Executive Officer

2020 TOP AWARDS

Peller Estates Winery

(Niagara-on-the-Lake, ON)

International East Meets West – Eastern Division

- Best of Show Red Wine – Best of Class – Gold Medal – 91 points – 2018 Family Vineyards VQA Cabernet Franc
- Double Gold Medal – 97 points – 2018 Family Vineyards VQA Cabernet Merlot
- Gold Medal – 93 points – 2018 Family Vineyards VQA Sauvignon Blanc
- Gold Medal – 90 points – 2018 Family Vineyards VQA Riesling
- Silver Medal – 2018 Family Vineyards VQA Chardonnay
- Silver Medal – 2018 Family Vineyards VQA Baco Noir
- Silver Medal – 2018 Family Vineyards VQA Merlot
- Silver Medal – 2018 Family Vineyards VQA Cabernet Sauvignon

Global Riesling Masters – UK

- Master – 2017 Andrew Peller Signature Series Riesling Icewine
- Silver Medal – 2018 Private Reserve Riesling
- Silver Medal – 2018 Andrew Peller Signature Series Riesling

The Global Riesling Masters – UK 2020

- Master – 95 points – 2018 Andrew Peller Signature Series Riesling Icewine

Experience Rosé, California USA

- Gold Medal – 91 points – 2019 Peller Private Reserve Rose

Finger Lakes International Wine Competition

- Silver Medal – 2018 Family Vineyards VQA Sauvignon Blanc
- Silver Medal – 2018 Family Vineyards VQA Baco Noir
- Bronze Medal – 2018 Family Vineyards VQA Chardonnay
- Bronze Medal – 2018 Family Vineyards VQA Cabernet Franc
- Bronze Medal – 2018 Family Vineyards VQA Cabernet Sauvignon
- Bronze Medal – 2018 Family Vineyards VQA Cabernet Merlot

International Wine & Spirit Competition – UK

- Trophy – Sweet Wine Producer of the Year
- Gold Medal – 95 points – 2018 AP Signature Series Vidal Blanc Icewine
- Gold Medal – 95 points – 2018 AP Signature Series Riesling Icewine
- Silver Medal – 94 points – 2018 AP Signature Series Oak Aged Vidal Blanc Icewine
- Silver Medal – 90 points – 2017 AP Signature Series Cabernet Franc Icewine
- Bronze Medal – 87 points – 2017 AP Signature Series Cabernet Franc
- Bronze Medal – 86 points – 2018 AP Signature Series Riesling

Decanter World Wine Awards – UK

- Platinum – 97 points – 2018 Andrew Peller Signature Series Oak Aged Vidal Blanc Icewine
- Silver Medal – 94 points – 2018 Andrew Peller Signature Series Vidal Blanc Icewine
- Silver Medal – 94 points – 2018 Andrew Peller Signature Series Riesling Icewine

- Silver Medal – 91 points – 2017 Andrew Peller Signature Series Cabernet Franc
- Silver Medal – 91 points – 2017 Andrew Peller Signature Series Cabernet Franc Icewine
- Bronze Medal – 89 points – 2018 Andrew Peller Signature Series Riesling
- Bronze Medal – 89 points – 2017 Andrew Peller Signature Series Cabernet Sauvignon

Women's Wine & Spirits Awards, UK (2021)

- Double Gold Medal – Ice Cuvee Classic
- Double Gold Medal – Ice Cuvee Rose
- Gold Medal – 2017 Andrew Peller Signature Series Cabernet Franc Icewine
- Silver Medal – 2018 Andrew Peller Signature Series Vidal Blanc Icewine
- Bronze Medal – 2018 Andrew Peller Signature Series Riesling Icewine

International Wine Challenge – UK

- Silver Medal – 93 points – 2018 Andrew Peller Signature Series Vidal Blanc Icewine
- Silver Medal – 92 points – 2018 Andrew Peller Signature Series Oak Aged Vidal Blanc Icewine
- Bronze Medal – 89 points – 2018 Andrew Peller Signature Series Riesling Icewine
- Bronze Medal – 87 points – 2018 Andrew Peller Signature Series Riesling
- Bronze Medal – 85 points – 2017 Andrew Peller Signature Series Cabernet Franc Icewine

WineAlign – Guide to Canada's Best Wines

- 93 points – 2018 Peller Estates Andrew Peller Signature Series Oak Aged Vidal Blanc Icewine TOP 10
- 90 points – 2018 Peller Estates Andrew Peller Signature Series Riesling Icewine
- 88 points – 2019 Peller Private Reserve Rose
- 90 points – 2017 Peller Estates Andrew Peller Signature Series Cabernet Sauvignon
- 88 points – 2018 Peller Estates Private Reserve Gamay Noir
- 91 points – 2018 Peller Estates Andrew Peller Signature Series Sauvignon Blanc TOP 10
- 89 points – 2019 Peller Estates Private Reserve Sauvignon Blanc
- 92 points – 2017 Peller Estates Andrew Peller Signature Series Cabernet Franc TOP 10
- 90 points – 2018 Peller Estates Private Reserve Cabernet Franc
- 90 points – 2018 Peller Estates Andrew Peller Signature Series Chardonnay Sur Lie
- 89 points – 2018 Peller Estates Andrew Peller Signature Series Riesling
- 89 points – Peller Estates Ice Cuvee Classic
- 89 points – Peller Estates Ice Cuvee Rose

Selections Mondiales des Vin Canada, Quebec City

- Silver Medal – 2019 Family Vineyards VQA Riesling

Thirty Bench Wine Makers

(Niagara-on-the-Lake, ON)

Global Riesling Masters – UK

- Silver Medal – 2017 Small Lot Riesling Wild Cask
- Silver Medal – 2017 Small Lot Riesling Triangle Vineyard
- Bronze Medal – 2018 Winemakers Blend Riesling

The Global Riesling Masters – UK 2020

- Gold Medal – 93 points – Sparkling Riesling
- Silver Medal – 91 points – 2017 Small Lot Riesling Wild Cask
- Silver Medal – 89 points – 2017 Small Lot Riesling Triangle Vineyard

Experience Rosé, California USA

- Silver Medal – 2019 Thirty Bench Rose

International Wine & Spirit Competition – UK

- Silver Medal – 90 points – 2017 Small Lot Riesling Wild Cask
- Silver Medal – 91 points – 2017 Small Lot Cabernet Sauvignon
- Bronze Medal – 89 points – 2018 Winemakers Blend Riesling
- Bronze Medal – 89 points – Sparkling Riesling
- Bronze Medal – 87 points – 2017 Small Lot Riesling Triangle Vineyard

Decanter World Wine Awards – UK

- Silver Medal – 93 points – 2017 Small Lot Riesling Wild Cask
- Silver Medal – 92 points – 2018 Winemakers Blend Riesling
- Silver Medal – 92 points – 2017 Small Lot Riesling Steel Post Vineyard
- Silver Medal – 92 points – 2017 Small Lot Cabernet Sauvignon
- Silver Medal – 91 points – 2016 Small Lot Cabernet Franc
- Silver Medal – 91 points – 2017 Small Lot Riesling Triangle Vineyard
- Bronze Medal – 89 points – Sparkling Riesling

International Wine Challenge – UK

- Silver Medal – 90 points – 2017 Small Lot Riesling Wild Cask
- Bronze Medal – 88 points – 2017 Small Lot Riesling Steel Post Vineyard
- Bronze Medal – 85 points – 2017 Small Lot Riesling Triangle Vineyard

WineAlign – Guide to Canada's Best Wines

- 90 points – 2018 Thirty Bench Winemaker's Blend Red
- 91 points – 2017 Thirty Bench Small Lot Pinot Noir
- 91 points – 2019 Thirty Bench Rose TOP 10 and #1 Top Scoring Rose
- 92 points – 2019 Thirty Bench Small Lot Gewurztraminer TOP 10
- 91 points – 2017 Thirty Bench Small Lot Cabernet Sauvignon TOP 10
- 94 points – 2017 Thirty Bench Small Lot Cabernet Franc TOP 10 and #1 Top Scoring Cabernet Franc
- 91 points – 2018 Thirty Bench Small Lot Chardonnay
- 92 points – 2017 Thirty Bench Small Lot Riesling Wild Cask TOP 10
- 92 points – 2017 Thirty Bench Small Lot Riesling Triangle Vineyard TOP 10
- 91 points – Thirty Bench Sparkling Riesling TOP 10



ONTARIO & N.S.

Trius Winery

(Niagara-on-the-Lake, ON)

Global Riesling Masters – UK

- Silver Medal – 2018 Showcase Riesling Ghost Creek Vineyard
- Bronze Medal – 2018 Dry Riesling
- Bronze Medal – 2018 Late Autumn Off Dry Riesling

Experience Rosé, California USA

- Silver Medal – 2019 Trius Rose

International Wine & Spirit Competition – UK

- Silver Medal – 90 points – Brut Rose
- Bronze Medal – 89 points – 2018 Showcase Vidal Icewine
- Bronze Medal – 86 points – Trius Brut

Decanter World Wine Awards – UK

- Gold Medal – 95 points – 2018 Showcase Vidal Icewine
- Silver Medal – 90 points – 2017 Showcase Red Shale Cabernet Franc
- Silver Medal – 90 points – 2017 Showcase East Block Cabernet Sauvignon
- Bronze Medal – 89 points – Trius Brut
- Bronze Medal – 88 points – Trius Brut Rose
- Bronze Medal – 88 points – 2017 Red The Icon

International Wine Challenge – UK

- Silver Medal – 92 points – 2018 Showcase Riesling Ghost Creek Vineyard
- Silver Medal – 92 points – 2018 Showcase Vidal Icewine

WineAlign – Guide to Canada's Best Wines

- 91 points – 2018 Trius Red The Icon
- 91 points – 2018 Trius Showcase Pinot Noir Clark Farm
- 89 points – 2018 Trius Showcase Outlier Gewurztraminer
- 91 points – 2017 Trius Showcase East Block Cabernet Sauvignon TOP 10
- 90 points – 2018 Trius Showcase Clean State Sauvignon Blanc Wild Ferment TOP 10
- 92 points – 2017 Trius Showcase Red Shale Cabernet Franc TOP 10
- 91 points – 2018 Trius Showcase Chardonnay Wild Ferment Watching Tree Vineyard
- 93 points – 2018 Trius Showcase Riesling Ghost Creek Vineyard TOP 10
- 90 points – Trius Brut Rose
- 89 points – Trius Brut

Wayne Gretzky Estates & Distillery

(Niagara-on-the-Lake, ON)

Canadian Whisky Awards – Victoria, BC

- Best Mixed Mash Whisky – Wayne Gretzky No. 99 Ninety Nine Proof Small Batch
- Gold Medal – Wayne Gretzky No.99 Ninety Nine Proof Small Batch
- Silver Medal – Wayne Gretzky No. 99 Red Cask Whisky
- Silver Medal – Wayne Gretzky No. 99 Ice Cask Whisky
- Silver Medal – Wayne Gretzky No. 99 Cream Whisky

International East Meets West – Eastern Division

- Best of Class – Double Gold Medal – 98 points – 2018 Whisky Oak Aged Red
- Gold Medal – 90 points – 2018 Whisky Oak Aged Chardonnay
- Silver Medal – 2018 Merlot

San Francisco World Spirits Competition

- Best Cream / Dairy Liqueur – Double Gold – No.99 Canadian Cream
- Silver Medal – No.99 Ninety Nine Proof Whisky
- Silver Medal – No.99 Red Cask Whisky
- Silver Medal – No.99 Ice Cask Whisky

Experience Rosé, California USA

- Silver Medal – 2019 Wayne Gretzky Rose

Alberta Beverage Awards

- Best in Class – Wayne Gretzky No.99 Red Cask Whisky

International Wine & Spirit Competition – UK

- Silver Medal – 90 points – 2018 No.99 Vidal Icewine

Decanter World Wine Awards – UK

- Silver Medal – 91 points – 2018 No.99 Vidal Icewine

Women's Wine & Spirits Awards, UK (2021)

- Double Gold Medal – 2018 No.99 Vidal Icewine

International Wine Challenge – UK

- Gold Medal – 95 points – 2018 Vidal Icewine

WineAlign – Guide to Canada's Best Wines

- 89 points – 2017 Wayne Gretzky Shiraz Cabernet
- 88 points – 2017 Wayne Gretzky Cabernet Merlot
- 92 points – 2017 Wayne Gretzky Cabernet Franc Icewine TOP 10
- 91 points – 2018 Wayne Gretzky Vidal Icewine

Selections Mondiales des Vin Canada, Quebec City

- Silver Medal – 2019 Founders Series Riesling

Decanter World Wine Awards

**PLATINUM
97 POINTS**

Peller Estates Winery
2019 Signature Series Riesling



+290
AWARDS NATIONALLY

2020 TOP AWARDS

Black Hills Estate Winery

(Okanagan Valley, BC)

Chardonnay du Monde, France

- Silver Medal – 2018 Black Hills Chardonnay

International Wine & Spirit Competition UK

- Gold Medal – 95 points – 2018 Carmenere
- Silver Medal – 92 points – 2017 Syrah
- Silver Medal – 91 points – 2017 Ipso Facto
- Silver Medal – 90 points – 2018 Chardonnay

Decanter World Wine Awards, UK

- Silver Medal – 91 points – 2017 Syrah
- Bronze Medal – 89 points – 2017 Ipso Facto
- Bronze Medal – 88 points – 2018 Viognier
- Bronze Medal – 88 points – 2018 Chardonnay

British Columbia Lieutenant Governor's Wine Awards

- Gold Medal – 2018 Roussanne
- Silver Medal – 2017 Ipso Facto
- Bronze Medal – 2019 Viognier
- Bronze Medal – 2018 Chardonnay
- Bronze Medal – 2018 Addendum
- Bronze Medal – 2018 Syrah
- Bronze Medal – 2018 Carmenere

WineAlign – Guide to Canada's Best Wines

- 90 points – 2018 Black Hills Carmenere TOP 10
- 90 points – 2018 Black Hills Tempranillo TOP 10
- 93 points – 2018 Black Hills Addendum TOP 10
- 93 points – 2018 Black Hills Per Se TOP 10
- 91 points – 2018 Black Hills Syrah TOP 10
- 91 points – 2018 Black Hills Roussanne TOP 10
- 91 points – 2019 Black Hills Chardonnay

Gray Monk Estate Winery

(Okanagan Valley, BC)

International East Meets West – Western Division

- Best of Show White Wine – Best of Class – Double Gold – 97 points – 2018 Pinot Gris
- Gold Medal – 93 points – 2018 Pinot Auxerrois
- Gold Medal – 92 points – 2018 Gewurztraminer
- Silver Medal – 2018 Riesling
- Silver Medal – 2018 Pinot Noir
- Silver Medal – 2018 Latitude 50 Red

Experience Rosé, California USA

- Silver Medal – 2019 Gray Monk Rose
- Silver Medal – 2019 Gray Monk Latitude 50 Rose

Finger Lakes International Wine Competition

- Silver Medal – 2018 Chardonnay Unwooded
- Silver Medal – 2018 Latitude 50 Red
- Bronze Medal – 2018 Pinot Auxerrois

International Wine & Spirit Competition UK

- Bronze Medal – 88 points – 2018 Odyssey Pinot Gris
- Bronze Medal – 87 points – 2017 Odyssey White Brut

Decanter World Wine Awards, UK

- Silver Medal – 90 points – 2018 Odyssey Pinot Gris
- Bronze Medal – 89 points – 2017 Odyssey White Brut
- Bronze Medal – 88 points – 2016 Odyssey Cabernet Franc
- Bronze Medal – 88 points – 2017 Odyssey Rose Brut

British Columbia Lieutenant Governor's Wine Awards

- Silver Medal – 2017 Odyssey Merlot
- Silver Medal – 2017 Odyssey Rose Brut
- Bronze Medal – 2019 Seigerrebe
- Bronze Medal – 2019 Rose
- Bronze Medal – 2017 Odyssey Cabernet Sauvignon

Women's Wine & Spirits Awards, UK (2021)

- Trophy – Greatest Sparkling Wine – Double Gold Medal – 2017 Odyssey White Brut
- Gold Medal – 2016 Odyssey Merlot
- Silver Medal – 2016 Odyssey Cabernet Franc

WineAlign – Guide to Canada's Best Wines

- 90 points – 2017 Gray Monk Odyssey Meritage
- 89 points – 2017 Gray Monk Odyssey Merlot
- 91 points – 2017 Gray Monk Odyssey Cabernet Sauvignon TOP 10
- 90 points – 2019 Gray Monk Odyssey Pinot Gris TOP 10
- 90 points – 2016 Gray Monk Odyssey Cabernet Franc
- 89 points – 2017 Gray Monk Odyssey Rose Brut
- 88 points – 2018 Gray Monk Odyssey White Brut

Peller Estates Winery

(Okanagan Valley, BC)

International East Meets West – Western Division

- Gold Medal – 92 points – 2018 Family Vineyards Select VQA Chardonnay
- Gold Medal – 92 points – 2018 Family Vineyards Select VQA Sauvignon Blanc
- Silver Medal – 2017 Family Select Cabernet Merlot

Finger Lakes International Wine Competition

- Silver Medal – 2019 Family Vineyards VQA Select Sauvignon Blanc
- Silver Medal – 2018 Family Vineyards VQA Select Cabernet Merlot
- Bronze Medal – 2018 Family Vineyards VQA Select Merlot
- Bronze Medal – 2018 Family Vineyards VQA Select Chardonnay

British Columbia Lieutenant Governor's Wine Awards

- Silver Medal – 2019 Family Reserve VQA Winemaker's Red
- Bronze Medal – 2019 Family Reserve VQA Chardonnay

Raven Conspiracy

(Okanagan Valley, BC)

International East Meets West – Western Division

- Silver Medal – 2017 Deep Dark Red

Red Rooster Winery

(Okanagan Valley, BC)

Alberta Beverage Awards – Culinaire magazine

- Judge's Selection – 2017 Red Rooster Golden Egg

International Wine & Spirit Competition UK

- Silver Medal – 92 points – 2018 Riesling
- Silver Medal – 91 points – 2017 Rare Bird Series Merlot
- Bronze Medal – 87 points – 2018 Riesling Icewine
- Bronze Medal – 87 points – 2017 Rare Bird Series Syrah
- Bronze Medal – 86 points – 2017 Rare Bird Series Meritage

Decanter World Wine Awards, UK

- Gold Medal – 95 points – 2018 Riesling Icewine
- Silver Medal – 90 points – 2018 Riesling
- Bronze Medal – 89 points – 2017 Rare Bird Series Malbec
- Bronze Medal – 89 points – 2016 Rare Bird Series Meritage

British Columbia Lieutenant Governor's Wine Awards

- Gold Medal – 2019 Rare Bird Series Pinot Gris
- Silver Medal – 2018 Rare Bird Series Syrah
- Silver Medal – Brut
- Bronze Medal – 2018 Rare Bird Series Malbec
- Bronze Medal – 2018 Rare Bird Series Merlot

Women's Wine & Spirits Awards, UK (2021)

- Gold Medal – 2018 Riesling Icewine
- Gold Medal – 2018 Riesling

WineAlign – Guide to Canada's Best Wines

- 91 points – 2017 Red Rooster Golden Egg
- 88 points – 2018 Red Rooster Rare Bird Series Syrah
- 88 points – 2019 Red Rooster Rare Bird Series Viognier

Sandhill Winery

(Okanagan Valley, BC)

Experience Rosé, California USA

- Double Gold Medal – 95 points – 2019 Sandhill Rose Terroir Driven Wine

Alberta Beverage Awards – Culinaire magazine

- Judge's Selection – 2017 Sandhill Cabernet Franc Terroir Driven Wine

International Wine & Spirit Competition UK

- Silver Medal – 92 points – 2017 Single Vineyard Malbec Osprey Ridge Vineyard
- Silver Medal – 91 points – 2017 Single Vineyard Syrah Sandhill Estate Vineyard



BRITISH COLUMBIA

- Silver Medal – 90 points – 2017 Single Vineyard THREE Sandhill Estate Vineyard
- Bronze Medal – 87 points – 2016 Harvest Series Co Ferment Red
- Bronze Medal – 86 points – 2017 Single Vineyard ONE Vanessa Vineyard
- Bronze Medal – 86 points – 2017 Single Vineyard TWO Sandhill Estate Vineyard

Decanter World Wine Awards, UK

- Silver Medal – 94 points – 2018 Riesling Icewine
- Silver Medal – 91 points – 2017 Single Vineyard TWO Sandhill Estate Vineyard
- Silver Medal – 90 points – 2017 Single Vineyard ONE Vanessa Vineyard
- Bronze Medal – 89 points – 2018 Harvest Series Chardonnay
- Bronze Medal – 89 points – 2017 Single Vineyard Syrah Sandhill Estate Vineyard
- Bronze Medal – 88 points – 2017 Single Vineyard THREE Sandhill Estate Vineyard

British Columbia Lieutenant Governor's Wine Awards

- Gold Medal – 2019 Pinot Blanc Terroir Driven Wine
- Silver Medal – 2019 Chardonnay Terroir Driven Wine
- Silver Medal – 2017 Single Vineyard TWO Sandhill Estate Vineyard
- Silver Medal – 2018 Single Vineyard Syrah Hidden Terrace Vineyard
- Bronze Medal – 2019 Pinot Gris Terroir Driven Wine
- Bronze Medal – 2019 Sovereign Opal Terroir Driven Wine
- Bronze Medal – 2019 Rose Terroir Driven Wine
- Bronze Medal – 2019 Single Vineyard Viognier Osprey Ridge Vineyard
- Bronze Medal – 2017 Single Vineyard Petit Verdot Osprey Ridge Vineyard
- Bronze Medal – 2019 Riesling Icewine

WineAlign – Guide to Canada's Best Wines

- 88 points – 2017 Sandhill Single Vineyard Barbera Sandhill Estate Vineyard
- 91 points – 2017 Sandhill Single Vineyard THREE Sandhill Estate Vineyard
- 89 points – 2017 Sandhill Single Vineyard ONE Vanessa Vineyard
- 89 points – 2018 Sandhill Single Vineyard Syrah Hidden Terrace Vineyard
- 88 points – 2019 Sandhill Pinot Gris Terroir Driven Wine
- 90 points – 2018 Sandhill Harvest Series Chardonnay Sandhill Estate Vineyard Harvest Twenty Two
- 88 points – 2019 Sandhill Chardonnay Terroir Driven Wine

Stone Road Vineyard

International East Meets West – Western Division

- Silver Medal – 2018 Smooth Red

Finger Lakes International Wine Competition

- Silver Medal – 2018 Smooth Red
- Bronze Medal – 2018 Smooth White

Tinhorn Creek Vineyards

(Okanagan Valley, BC)

Chardonnay du Monde, France

- Silver Medal – 2018 Tinhorn Creek Vineyards Chardonnay

International Wine & Spirit Competition UK

- Silver Medal – 90 points – 2017 Merlot
- Silver Medal – 90 points – 2016 Oldfield Reserve Cabernet Franc
- Bronze Medal – 87 points – 2018 Chardonnay
- Bronze Medal – 86 points – 2018 Pinot Gris
- Bronze Medal – 86 points – 2017 Cabernet Franc

Decanter World Wine Awards, UK

- Silver Medal – 93 points – 2016 Oldfield Reserve Cabernet Franc
- Silver Medal – 93 points – 2015 The Creek
- Silver Medal – 92 points – 2016 Oldfield Reserve Syrah
- Silver Medal – 92 points – 2016 Oldfield Reserve Merlot
- Bronze Medal – 88 points – 2018 Chardonnay
- Bronze Medal – 88 points – 2017 Cabernet Franc
- Bronze Medal – 87 points – 2017 Merlot

British Columbia Lieutenant Governor's Wine Awards

- Silver Medal – 2018 Cabernet Franc
- Silver Medal – 2016 The Creek
- Bronze Medal – 2018 Chardonnay
- Bronze Medal – 2019 Pinot Gris
- Bronze Medal – 2018 Oldfield Reserve Cabernet Franc

WineAlign – Guide to Canada's Best Wines

- 93 points – 2015 Tinhorn Creek The Creek TOP 10
- 92 points – 2016 Tinhorn Creek The Creek
- 92 points – 2017 Tinhorn Creek Oldfield Reserve Syrah TOP 10
- 91 points – 2017 Tinhorn Creek Oldfield Reserve Merlot TOP 10
- 90 points – 2019 Tinhorn Creek Oldfield Reserve Sauvignon Blanc TOP 10
- 89 points – 2018 Tinhorn Oldfield Reserve Cabernet Franc

Wayne Gretzky Estates Okanagan

(Okanagan Valley, BC)

International East Meets West – Western Division

- Silver Medal – 2018 Whisky Oak Aged Cask Red

Experience Rosé, California USA

- Gold Medal – 90 points – 2019 Wayne Gretzky Rose

Alberta Beverage Awards – Culinaire magazine

- Best in Class – Wayne Gretzky No.99 Red Cask Whisky

British Columbia Lieutenant Governor's Wine Awards

- Silver Medal – 2019 Pinot Grigio
- Silver Medal – 2019 Rose
- Silver Medal – 2019 Cabernet Franc Syrah
- Bronze Medal – 2019 Chardonnay
- Bronze Medal – 2019 Whisky Oak Aged Chardonnay
- Bronze Medal – 2019 The Great Red

All Canadian Wine Championships

**BEST
SPARKLING WINE
DOUBLE GOLD**

Gray Monk Estate Winery

2018 Odyssey Rose Brut



MANAGEMENT'S DISCUSSION & ANALYSIS FOR THE THREE MONTHS AND YEAR ENDED MARCH 31, 2021

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, 2021 in comparison with those for the three months and year ended March 31, 2020 for Andrew Peller Limited (the "Company" or "APL"). This discussion is prepared as of June 16, 2021 and should be read in conjunction with the audited annual consolidated financial statements and accompanying notes contained therein for the years ended March 31, 2021 and 2020. Additional information relating to the Company, including the audited annual consolidated financial statements and Annual Information Form for the years ended March 31, 2021 and March 31, 2020, is available on www.sedar.com. The financial years ending March 31, 2021 and March 31, 2020 are referred to as "fiscal 2021" 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; 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* ciders and seltzers, and various beer, spirits and cream whisky products under the *Wayne Gretzky No. 99* brand. 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, grocery outlets and e-commerce platform 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 June 16, 2021, the Company's Board of Directors approved a 10% increase in common share dividends. The annual dividend on Class A Shares was increased to \$0.246 per share and the dividend on Class B Shares was increased to \$0.214. 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 March 4, 2021, the Company announced its notice of intention to make a normal course issuer bid had been approved by the Toronto Stock Exchange. Under the issuer bid the Company can purchase for cancellation up to 1,773,896 of its outstanding Class A non-voting shares, representing 5% of the Class A shares outstanding at the time, over the ensuing twelve months. As of June 16, 2021, the Company had not purchased any shares under the approved issuer bid.

On February 26, 2021, the Company announced it had acquired The Riverbend Inn and Vineyard in Niagara-on-the-Lake, Ontario. This historic and well-located property, containing 17 acres of prime vineyards and a 21-room hotel and restaurant, is situated directly adjacent to the Company's Peller Estates Winery. Located at the corner of John Street and Niagara River Parkway, the Georgian-style inn was opened in 2004 and has a successful and profitable track record as a destination of choice for visitors to the Niagara Region. The Company paid \$10.0 million for 100% ownership of the assets and the property. Due to the COVID-19 pandemic, the Inn has been closed since 2020, and management expects it will reopen once the current lockdown in Ontario has been lifted.

On February 10, 2021, the Company's Board of Directors approved a 5% increase to the fourth quarter common share dividend. The quarterly dividend on Class A Shares of \$0.0564 per share and the dividend on Class B Shares of \$0.0491 will be payable to shareholders of record on March 31, 2021 and were paid on April 9, 2021. 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 27, 2020, it was announced that the Government of Canada has agreed to repeal the federal excise duty exemption of 100% Canadian wine by June 30, 2022. This agreement was reached due to a World Trade Organization challenge put forward by Australia against Canadian wine measures. The federal Finance Minister has committed that the Canadian government is prepared to support the wine industry in managing the impacts of this agreement and are actively investigating options that align with Canada's international trade obligations, with a view to ensuring the long-term success of the industry. Should a permanent replacement program not be implemented, the loss of the federal excise duty exemption would have a material adverse impact on the Company's financial condition and results of operations. The Company, along with its industry partners, will continue to work with the federal government to mitigate the economic impacts of the negotiated settlement.

On June 24, 2020, Randy Powell resigned as President of the Company to pursue other interests. John Peller, Chief Executive Officer has assumed his responsibilities.

Results of Operations

For the years ended March 31, (in \$000, except per share amounts)	2021	2020	2019
Sales	\$ 393,036	\$ 382,306	\$ 381,796
Gross margin	156,518	166,250	159,008
Gross margin (% of sales)	39.8%	43.5%	41.6%
Selling and administrative expenses	93,472	104,749	106,133
EBITA	63,046	61,501	52,875
Interest	8,108	8,107	6,872
Gain on debt modification and financing fees	(2,312)	-	-
Net unrealized (gain) loss on derivative financial instruments	(135)	1,406	1,679
Other expenses	1,770	1,769	1,063
Adjusted earnings	26,986	27,575	29,408
Net earnings	27,786	23,494	21,958
Earnings per share – basic and diluted - Class A	\$0.65	\$0.55	\$0.51
Earnings per share – basic and diluted - Class B	\$0.57	\$0.48	\$0.44
Dividend per share – Class A (annual)	\$0.218	\$ 0.215	\$0.205
Dividend per share – Class B (annual)	\$0.190	\$ 0.187	\$0.178

Sales for the year ended March 31, 2021 were \$393.0 million, up 2.8% from the prior year. Due to the COVID-19 pandemic, consumer purchasing patterns changed resulting in an increase in sales from the Company's new e-commerce platform, at provincial liquor stores and other retail channels. Partially offsetting the increase was the reduction in hospitality and licensee sales due to COVID-19 closures and lower duty-free export sales due to restricted travel. Management believes the highly diversified nature of its well-established network of trade channels will continue to mitigate the impact on sales from the COVID-19 pandemic.

The Company defines gross margin as gross profit excluding amortization. Gross margin as a percentage of sales was 39.8% for the year ended March 31, 2021 compared to 43.5% in the prior year. Gross margin in fiscal 2021 has declined as a result of higher imported wine costs, an increase in consumption of lower margin products, revenue declines in high margin trade channels, increased distribution costs resulting from the new e-commerce platform, and increased co-packing costs related to the Company's new and growing refreshment beverage categories.

Selling and administrative expenses were lower in fiscal 2021 compared to the prior year due to a deliberate effort to conserve cash resources by temporarily reducing advertising and promotional spending and staffing levels during the COVID-19 pandemic. As a result, as a percentage of sales, selling and administrative expenses were reduced to 23.8% compared to 27.4% in the prior year. Going forward, as the pandemic eases and activity in the hospitality and licensee channels increases, and the Company invests in growth opportunities, selling and administrative expenses will increase as a percentage of sales compared to fiscal 2021.

Earnings before interest, amortization, net unrealized gains and losses on derivative financial instruments, gain on debt modification and deferred financing fees, other (income) expenses, and income taxes ("EBITA") were \$63.0 million for the year ended March 31, 2021, up from \$61.5 million in the prior year. EBITA strengthened due primarily to the lower selling and administrative costs.

Interest expense in fiscal 2021 was consistent compared to the prior year due to lower interest rates partially offset by higher debt levels resulting primarily from the acquisition of the Riverbend Inn and Vineyard discussed above.

The Company amended and restated its debt facilities on December 8, 2020 (discussed below). Management has assessed the above amendments and has determined that these amendments constitute a modification of long term debt, in accordance with IFRS 9, which resulted in a gain on modification of \$2.9 million for the year ended March 31, 2021, offset by financing costs of \$0.6 million.

The Company recorded a net unrealized non-cash gain in fiscal 2021 of \$0.1 million related to mark-to-market adjustments on interest rate swaps and foreign exchange contracts compared to an unrealized net loss of \$1.4 million in the prior year. The change in fiscal 2021 is primarily due to gains on interest rate swaps, partially offset by losses on foreign exchange contracts. 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 are expected to mitigate the short-term volatility of changing foreign exchange and interest rates.

Net earnings for the year ended March 31, 2021 were \$27.8 million or \$0.65 per Class A Share compared to \$23.5 million or \$0.55 per Class A Share in the prior year. Adjusted earnings, defined as net earnings not including gain on debt modification and financing fees, net unrealized gains and losses on derivative financial instruments, other (income) expenses, and the related income tax effect were \$27.0 million for the year ended March 31, 2021 compared to \$27.6 million in the prior year.

COVID-19 Pandemic

After the announcement of the COVID-19 pandemic, Canadian businesses selling beer, wine and other alcohol products were deemed essential services, as well as those businesses that supply them. Under this provision, all of the Company's production facilities, retail locations and retail estate locations remained open throughout fiscal 2021 with enhanced protocols relating to cleanliness and physical distancing. As a result, the pandemic has not negatively impacted the Company's operations or demand for its products and as a result, has also not negatively impacted the Company's liquidity position. However, uncertainty resulting from the on-going pandemic could result in an unforeseen disruption to the supply chain or continued government-mandated closures of restaurant and hospitality businesses that could impact the Company's operations and results.

Quarterly Performance

The following table outlines key quarterly highlights.

(in \$000, except per share amounts)	Q4 21	Q3 21	Q2 21	Q1 21	Q4 20	Q3 20	Q2 20	Q1 20
Sales	79,126	111,060	104,410	98,440	82,118	101,597	103,375	95,216
Gross margin	28,089	41,537	44,165	42,727	35,550	41,968	46,311	42,421
Gross margin (% of sales)	35.5%	37.4%	42.3%	43.4%	43.3%	41.3%	44.8%	44.6%
EBITA	1,815	16,223	22,438	22,570	9,668	16,148	17,335	18,350
Interest	2,619	1,637	1,813	2,039	1,839	1,818	2,222	2,228
Gain on debt modification and financing fees	-	(2,312)	-	-	-	-	-	-
Net unrealized (gain) loss on financial instruments	(495)	170	(540)	730	1,984	(646)	(497)	565
Other expenses (income)	742	148	195	685	634	(57)	1,106	86
Adjusted earnings (loss)	(6,145)	8,159	12,419	12,553	1,196	7,815	8,716	9,848
Net earnings (loss)	(6,328)	10,236	12,674	11,204	(996)	8,056	7,643	8,791
E.P.S. – Class A basic & diluted	\$(0.15)	\$0.24	\$0.30	\$0.26	\$(0.02)	\$0.19	\$0.18	\$0.20
E.P.S. – Class B basic & diluted	\$(0.13)	\$0.21	\$0.26	\$0.23	\$(0.02)	\$0.16	\$0.15	\$0.18

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. However, the COVID-19 pandemic has, and may continue to cause unusual fluctuations in the Company's results and consequently, quarterly results may not follow historical trends.

Sales in the fourth quarter of fiscal 2021 declined to \$79.1 million from \$82.1 million in the prior year's fourth quarter. When the pandemic was announced in March 2020, the Company saw an increase in sales as a result of higher consumer purchases due to uncertainty around trade channels for alcoholic beverages remaining open. Furthermore, given the pandemic was not announced until March 2020, it had minimal impact on the Company's sales channels during fiscal 2020. In the fourth quarter of fiscal 2021, sales in hospitality and licensee channels decreased, due to COVID-19 closures and duty-free export sales decreased due to restricted travel when compared to the fourth quarter of fiscal 2020. These decreases

were partially offset by an increase in sales from the Company's new e-commerce platform, at provincial liquor stores and other retail channels.

Gross margin for the three months ended March 31, 2021 reduced to 35.5% of sales compared to 43.3% in the fourth quarter of fiscal 2020 largely due to a change in product and channel mix due to COVID-19 as described above. Furthermore, gross margin in the fourth quarter of fiscal 2021 has declined as a result of increased distribution costs resulting from the new e-commerce platform and increased co-packing costs related to the Company's new and growing refreshment beverage categories. The Company expects margin to improve in post COVID-19 periods.

Selling and administrative expenses were higher in the fourth quarter of fiscal 2021 compared to the prior year as the Company began to increase staffing and marketing expenses in preparation for more normal markets returning as the impact of the COVID-19 pandemic eases. As these expenses were incurred before the majority of government-mandated closures were lifted, the Company is expecting selling and administrative expenses as a percentage of sales to decrease in future quarters when compared to the fourth quarter of 2021.

EBITA was \$1.8 million for the three months ended March 31, 2021 compared to \$9.7 million in the same quarter in fiscal 2020. EBITA was impacted in the fourth quarter of fiscal 2021 by the reduced gross margin and increased selling and administrative expenses in the period.

The Company incurred a net loss of \$6.3 million or a loss of \$0.15 per Class A share for the three months ended March 31, 2021 compared to a net loss of \$1.0 million or \$0.02 per Class A share in the prior year.

Liquidity and Capital Resources

As at (in \$000)	March 31, 2021	March 31, 2020	March 31, 2019
Current assets	\$ 225,302	\$ 214,114	\$ 196,700
Property, plant, and equipment	223,931	221,100	199,749
Intangible assets	39,650	25,067	16,932
Goodwill	53,638	53,638	53,638
Total assets	\$ 542,521	\$ 513,919	\$ 467,019
Current liabilities	\$ 54,618	\$ 130,460	\$ 99,395
Long-term debt	174,544	95,515	106,879
Long-term derivative financial instruments	717	1,932	1,008
Lease obligations	13,987	14,802	-
Post-employment benefit obligations	3,316	3,649	4,657
Deferred income taxes	29,765	22,038	20,329
Shareholders' equity	265,574	245,523	234,751
Total liabilities and shareholders' equity	\$ 542,521	\$ 513,919	\$ 467,019

The change in current assets as at March 31, 2021 compared to March 31, 2020 reflects an increase in cash of \$2.7 million, an increase in inventory due to a change in sales mix and an increase in income taxes receivable, partially offset by a decrease in trade receivables due to reduced sales in the fourth quarter. 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 as at March 31, 2021 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 \$16.0 million of accounts receivable with provincial liquor boards at March 31, 2021, 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 \$0.7 million at March 31, 2021. Against these amounts an expected credit loss of \$0.3 million has been provided which the Company has determined based on a reasonable estimate of lifetime expected credit losses for trade receivable.

Property, plant and equipment increased during the year due to additions of \$20.7 million, which includes additions to land, vineyards and building as a result of the acquisition of the Riverbend Inn & Vineyard assets, partially offset by amortization.

Intangible assets increased at March 31, 2021 compared to the prior year-end due primarily to the investment in the Company's new Enterprise Resource Planning (ERP) solution. The new ERP system successfully went live on February 2, 2021 and management expects further investments in the new system to reduce going forward.

The change in current liabilities as at March 31, 2021 compared to March 31, 2020 is due primarily to a refinancing of the Company's long-term debt, discussed below, and a reduction in accounts payable.

On December 8, 2020 the Company amended and restated its debt facilities. Amendments include a revised maturity date of December 8, 2024, revised financial covenants and additional tiers to the applicable margins based on the Company's leverage. Additionally, the total borrowing limit was increased to \$350 million and combined into one revolving, interest only facility to be used for acquisitions, day-to-day operations, distributions, and capital expenditures. The bank indebtedness was transferred to this facility and repayment of the facility is due on maturity. As at March 31, 2021, the applicable margin was 1.90% (2020 - 1.90%). Management assessed the above amendments and determined these amendments constitute a modification of long term debt, which has resulted in the debt being valued at present values of future cash flows. As a result, the Company has recorded a gain on debt modification of \$2.9 million offset by financing costs of \$0.6 million during the third quarter of fiscal 2021. Overall bank debt increased to \$174.5 million at March 31, 2021 from \$165.2 million at March 31, 2020, due primarily to the acquisition of the assets and properties of The Riverbend Inn and Vineyard as discussed above. The Company's debt to equity ratio was 0.66:1 at March 31, 2021 compared to 0.67:1 at March 31, 2020. At March 31, 2021, the Company had unutilized debt capacity in the amount of \$175.5 million on its operating facility.

Management expects to generate sufficient cash flow from operations to meet its debt servicing 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 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, 2021, the Company generated cash from operating activities, after changes in non-cash working capital items, of \$41.1 million compared to \$31.5 million in the prior year. Investing activities include the acquisition of The Riverbend Inn and Vineyard for \$10.0 million and \$18.9 million related to capital expenditures to implement the new ERP system that successfully went live on February 2, 2021.

Financing activities for the year ended March 31, 2021 primarily reflect the refinancing of the Company's long-term debt as discussed above, the payment of dividends, and principal repayment of lease obligations.

Working capital at March 31, 2021 was \$170.7 million compared to \$83.7 million at March 31, 2020. The increase is primarily attributed to the refinancing of the Company's long-term debt as discussed above. Shareholders' equity at March 31, 2021 was \$265.6 million or \$6.08 per common share compared to \$245.5 million or \$5.63 per common share at March 31, 2020. The increase in shareholders' equity was due to the increased net earnings in the period partially offset by the payment of dividends.

The following table outlines the Company's contractual obligations as at March 31, 2021:

(in \$000)	< 1 Year	2 – 3 Years	4 – 5 Years	> 5 Years	Total
Long-term debt	-	-	174,640	-	174,640
Leases and royalties	5,893	9,285	4,904	15,880	35,962
Service agreements	2,448	4,063	763	-	7,274
Grape and bulk wine purchase contracts	93,344	91,611	58,668	95,347	338,970
Packaging purchase contracts	39,702	45,472	-	-	85,174
	141,387	150,431	238,975	111,227	642,020
Interest rate swap	2,030	904	-	-	2,934
Foreign exchange forwards	37,038	-	-	-	37,038
Total contractual obligations	180,455	151,335	238,975	111,227	681,992

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, 2021	March 31, 2020	March 31, 2019
Class A Shares	35,525,639	35,403,767	35,988,148
Class B Shares	8,144,183	8,191,883	8,198,994
Total	43,669,822	43,595,650	44,187,142

As discussed above, on March 4, 2021 the Company announced its notice of intention to make a normal course issuer bid had been approved by the Toronto Stock Exchange. Under the bid the Company can purchase for cancellation up to 1,773,896 of its outstanding Class A non-voting shares, representing 5% of the Class A shares outstanding, over the ensuing twelve months. As of June 16, 2021 the Company had not purchased any shares under the approved issuer bid.

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 ciders and seltzers 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.

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

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 new product categories, as well as overall growth in the Canadian beverage alcohol market. The Company expects to continue to invest in capital expenditures to improve efficiencies, increase capacity, support its ongoing commitment to producing the highest-quality wines and spirits, and improve productivity.

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. During the year ended March 31, 2021, the COVID-19 pandemic has not materially impacted the Company's operations or demand for its products, and as a result, has also not negatively impacted the Company's liquidity position. The impact of the outbreak on the financial results of the Company will continue to 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. Such general economic conditions have, and may continue to, impact the Company's sales through duty-free export, restaurant and estate property channels.

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, 2021, the Company has forward foreign currency contracts to buy \$24.0 million US at rates ranging between \$1.24 and \$1.29; \$1.5 million Euro at rates ranging between \$1.52 and \$1.53 and \$4.5 million AUD at a rate of \$1.00. These contracts mature at various dates to February 2022. Based on the Company's forecasts for foreign currency purchases and the amount of foreign exchange forward contracts outstanding at March 31, 2021, each one percent change in the respective foreign currency 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, gain on debt modification and deferred financing fees, other (income) expenses, and income taxes) to measure its financial performance. EBITA is not recognized measures under IFRS; however, management believes that EBITA is a useful supplemental measure to net earnings as it provides readers with an indication of earnings available for investment prior to debt service, capital expenditures, and income taxes, as well as providing an indication of recurring earnings compared to prior periods.

The Company calculates EBITA as follows.

For the three months and year ended March 31, (in \$000)	Three Months		Year	
	2021	2020	2021	2020
Net earnings (loss)	\$ (6,328)	\$ (996)	\$ 27,786	\$ 23,494
Add: Interest	2,619	1,839	8,108	8,107
Income taxes	153	621	9,667	8,971
Gain on debt modification and financing fees	-	-	(2,312)	-
Amortization of plant and equipment used in production	2,265	2,882	10,138	10,057
Amortization of equipment and intangibles used in selling and administration	2,859	2,704	8,024	7,697
Net unrealized (gain) loss on derivative financial instruments	(495)	1,984	(135)	1,406
Other expenses	742	634	1,770	1,769
EBITA	\$ 1,815	\$ 9,668	\$ 63,046	\$ 61,501

Readers are cautioned that 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 utilizes gross margin (defined as sales less cost of goods sold, excluding amortization) as calculated below.

For the three months and year ended March 31, (in \$000)	Three Months		Year	
	2021	2020	2021	2020
Sales	\$ 79,126	\$ 82,118	\$ 393,036	\$ 382,306
Less: Cost of goods sold, excluding amortization	51,037	46,568	236,518	216,056
Gross margin	\$ 28,089	\$ 35,550	\$ 156,518	\$ 166,250
Gross margin (% of sales)	35.5%	43.3%	39.8%	43.5%

The Company calculates adjusted earnings (loss) as follows:

For the three months and year ended March 31, (in \$000)	Three Months		Year	
	2021	2020	2021	2020
Net earnings (loss)	\$ (6,328)	\$ (996)	\$ 27,786	\$ 23,494
Net unrealized (gain) loss on derivative financial instruments	(495)	1,984	(135)	1,406
Other expenses	742	634	1,770	1,769
Fair value adjustment for acquired inventory sold during the period	-	256	302	1,732
Income tax effect of the above	(64)	(682)	(425)	(826)
Gain on debt modification and financing fees	-	-	(2,312)	-
Adjusted earnings (loss)	\$ (6,145)	\$ 1,196	\$ 26,986	\$ 27,575

The Company's method of calculating EBITA, gross margin, and Adjusted earnings (loss) 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 61.3% 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	2021	2020
(in \$000)		
Compensation and short-term benefits	\$ 4,421	\$ 4,374
Post-employment benefits	265	266
Stock based compensation expense	823	1,613
	\$ 5,509	\$ 6,253

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 International Financial Reporting Standards, as issued by the International Accounting Standards Board ("IFRS").

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 revenue 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.

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 Company's 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

IAS 1, Presentation of Financial Statements; 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 adoption of these amendments did not have a significant impact 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 contribute to the ability to create outputs. The amendments are effective for annual periods beginning on or after January 1, 2020. The adoption of these amendments did not have a significant impact on the consolidated financial statements.

Recently issued accounting pronouncements

IFRS 16, Leases

This standard has been amended to provide lessees with an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification. This amendment is effective for annual periods beginning on or after June 1, 2020. At this time, the Company has not received rent concessions related to COVID-19 and therefore, this amendment is not expected to have a significant impact on the consolidated financial statements.

London Inter-bank Offered Rate (LIBOR) Reform with Amendments to IFRS 9, Financial Instruments, IFRS 7, Financial Instruments: Disclosures and IFRS 16

In August 2020, the IASB issued Interest Rate Benchmark Reform Phase 2 (the “Reform Phase 2”), which complemented the Reform Phase 1 and amended various standards requiring interest rates or interest rate calculations. The Reform Phase 2 provides guidance on the impacts on the financial statements after the LIBOR reform and its replacement with alternative benchmark rates. The amendments are effective for annual periods beginning on or after January 1, 2021. The Company has not yet assessed the impact of the amendments on the consolidated financial statements.

IAS 16, Property, Plant and Equipment

This standard has been amended to prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use, clarify that an entity is “testing whether the asset is functioning properly” when it assesses the technical and physical performance of the asset and require certain related disclosures. The amendments are effective for annual periods beginning on or after January 1, 2022. The Company has not yet assessed the impact of the amendments on the consolidated financial statements.

IAS 37, Provisions

This standard has been amended to clarify that, before a separate provision for an onerous contract is established, an entity recognizes an impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract and to clarify the meaning of costs to fulfill a contract. The amendments are effective for annual periods beginning on or after January 1, 2022. The Company has not yet assessed the impact of the amendments on the consolidated financial statements.

IFRS 9, Financial Instruments

This standard has been amended to address which fees should be included in the 10% test for derecognition of financial liabilities. This amendment is 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.

IAS 1, Presentation of Financial Statements

This standard has been amended to clarify that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies the meaning of settlement of a liability. This amendment is effective for annual periods beginning on or after January 1, 2023. 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's 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 16, 2021, 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 preparation. Designing, establishing and maintaining 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, 2021, 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 16, 2021, 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, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated balance sheets as at March 31, 2021 and 2020;
 - 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 significant accounting policies and other explanatory information.
-

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.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
<p>Costing of bulk wine and spirits inventory <i>Refer to Note 2 – Summary of significant accounting policies and Note 4 – Inventories to the consolidated financial statements.</i></p> <p>The total value of bulk wine and spirits amounted to \$81.7 million as at March 31, 2021. The Company carries bulk wine and spirits inventory on an average cost basis. The weighted average costs are determined separately for import wine, domestic wine and spirits for each varietal and vintage year.</p> <p>We considered this a key audit matter due to the magnitude of the bulk wine and spirits inventory balance and the high degree of audit effort in performing procedures related to evaluating management’s calculation of average costs.</p>	<p>Our approach to addressing the matter involved the following procedures, amongst others:</p> <ul style="list-style-type: none"> • Tested the operating effectiveness of controls relating to management’s bulk wine and spirits inventory costing process, including controls over the review of the inputs in the calculation of average costing and approval of bulk wine and spirit inventory costs. • On a sample basis of bulk wine and spirits inventory items, tested the underlying inputs in the calculation of weighted average cost against supporting third party support, evidence of payment and the allocation of internal overhead costs. • Performed a reconciliation of total domestic bulk wine purchases made during the year to the carrying value of domestic bulk wine inventory and performed testing over any significant reconciling items. • Tested the mathematical accuracy of the weighted average cost calculation. • Attended and observed inventory counts or obtained third party confirmations for significant locations to test the existence and accuracy of the quantity of bulk wine and spirits inventory as an input to the weighted average costs calculations.

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.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 16, 2021

Consolidated Balance Sheets
As at March 31, 2021 and 2020
(in thousands of Canadian dollars)

	2021 \$	2020 \$
Assets		
Current assets		
Cash	2,737	-
Accounts receivable (note 20)	28,896	34,096
Inventories (note 4)	178,727	170,779
Biological assets (note 6)	2,815	1,951
Prepaid expenses and other assets	4,879	3,998
Income taxes receivable	5,973	1,232
Derivative financial instruments (note 20)	-	783
Assets held for sale (note 5)	1,275	1,275
	<u>225,302</u>	<u>214,114</u>
Property, plant and equipment (notes 5 and 10)	223,931	221,100
Intangible assets (note 7)	39,650	25,067
Goodwill (note 8)	53,638	53,638
	<u>542,521</u>	<u>513,919</u>
Liabilities		
Current liabilities		
Bank indebtedness (note 11)	-	58,114
Accounts payable and accrued liabilities (note 9)	46,487	53,821
Dividends payable	2,404	2,288
Lease obligations (note 10)	3,826	3,018
Derivative financial instruments (note 20)	1,901	1,604
Long-term debt (note 11)	-	11,615
	<u>54,618</u>	<u>130,460</u>
Long-term debt (note 11)	174,544	95,515
Long-term derivative financial instruments (note 20)	717	1,932
Lease obligations (note 10)	13,987	14,802
Post-employment benefit obligations (note 12)	3,316	3,649
Deferred income taxes (note 13)	29,765	22,038
	<u>276,947</u>	<u>268,396</u>
Shareholders' Equity		
Capital stock (note 14)	27,020	26,014
Contributed surplus (note 15)	4,950	4,834
Retained earnings	236,773	218,263
Accumulated other comprehensive loss	(3,169)	(3,588)
	<u>265,574</u>	<u>245,523</u>
	<u>542,521</u>	<u>513,919</u>
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, 2021 and March 31, 2020
(in thousands of Canadian dollars, except per share amounts)

	2021	2020
	\$	\$
Sales	393,036	382,306
Cost of goods sold, excluding amortization (note 16)	236,518	216,056
Amortization of plant and equipment used in production	10,138	10,057
	<hr/>	<hr/>
Gross profit	146,380	156,193
	<hr/>	<hr/>
Selling and administration (note 16)	93,472	104,749
Amortization of equipment and intangible assets used in selling and administration	8,024	7,697
Interest	8,108	8,107
Gain on debt modification and financing fees (note 11)	(2,312)	-
Net unrealized (gain) loss on derivative financial instruments (note 20)	(135)	1,406
Other expense (note 16)	1,770	1,769
	<hr/>	<hr/>
	108,927	123,728
	<hr/>	<hr/>
Earnings before income taxes	37,453	32,465
	<hr/>	<hr/>
Income taxes (note 13)		
Current	2,091	7,456
Deferred	7,576	1,515
	<hr/>	<hr/>
	9,667	8,971
	<hr/>	<hr/>
Net earnings for the year	27,786	23,494
	<hr/>	<hr/>
Net earnings per share (note 17)		
Basic and diluted		
Class A shares	0.65	0.55
	<hr/>	<hr/>
Class B shares	0.57	0.48
	<hr/>	<hr/>

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

Consolidated Statements of Comprehensive Income
For the years ended March 31, 2021 and March 2020
(in thousands of Canadian dollars)

	2021	2020
	\$	\$
Net earnings for the year	27,786	23,494
Items that are never reclassified to net earnings		
Net actuarial gains on post-employment benefit plans (note 12)	570	822
Deferred income taxes (note 13)	(151)	(214)
Other comprehensive income for the year	419	608
Net comprehensive income for the year	28,205	24,102

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

Consolidated Statements of Changes in Equity
For the years ended March 31, 2021 and March 31, 2020
(in thousands of Canadian dollars)

	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive loss	Total shareholders' equity
	\$	\$	\$	\$	\$
Balance at April 1, 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
Net comprehensive income for the year	-	-	27,786	419	28,205
Exercise of share awards and issuance of Class A non-voting shares (notes 14 and 15)	1,006	(1,006)	-	-	-
Share-based compensation (note 15)	-	1,122	-	-	1,122
Dividends (Class A \$0.218 per share, Class B \$0.190 per share)	-	-	(9,276)	-	(9,276)
Balance at March 31, 2021	27,020	4,950	236,773	(3,169)	265,574

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

Consolidated Statements of Cash Flows
For the years ended March 31, 2021 and March 31, 2020
(in thousands of Canadian dollars)

	2021 \$	2020 \$
Cash provided by (used in)		
Operating activities		
Net earnings for the year	27,786	23,494
Adjustments for non-cash items		
Loss on disposal of property, plant and equipment and intangible assets	677	729
Amortization of plant, equipment and intangible assets	18,162	17,754
Amortization of deferred financing fees	10	251
Interest expense	8,098	7,856
Income taxes	9,667	8,971
Net unrealized (gain) loss on derivative financial instruments	(135)	1,406
Gain on debt modification	(2,861)	-
Share-based compensation expense	937	1,876
Post-employment benefits	237	(186)
Interest paid	(7,076)	(8,208)
Income taxes paid	(6,832)	(10,165)
	<u>48,670</u>	<u>43,778</u>
Change in non-cash working capital items related to operations (note 19)	(7,551)	(12,235)
	<u>41,119</u>	<u>31,543</u>
Investing activities		
Purchase of property, plant and equipment	(17,651)	(17,699)
Purchase of intangible assets	(18,888)	(5,609)
	<u>(36,539)</u>	<u>(23,308)</u>
Financing activities		
Increase in bank indebtedness (note 11)	-	19,939
Repayment of lease obligations	(3,812)	(3,022)
Drawings on long-term debt (note 11)	76,620	-
Repayment of long-term debt (note 11)	(64,836)	(9,741)
Deferred financing fees paid (note 11)	(655)	-
Repurchase of Class A shares	-	(6,241)
Dividends paid	(9,160)	(9,170)
	<u>(1,843)</u>	<u>(8,235)</u>
Increase in cash during the year	2,737	-
Cash – Beginning of year	-	-
Cash – End of year	<u>2,737</u>	<u>-</u>
Supplementary information		
Property, plant and equipment acquired that were unpaid in cash and included in accounts payable and accrued liabilities	61	1,360
Intangible assets acquired that were unpaid in cash and included in accounts payable and accrued liabilities	1,478	4,270

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021 and March 31, 2020

(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.

During the year ended March 31, 2021, the COVID-19 pandemic has not materially impacted the Company's operations or demand for its products, and as a result, has also not negatively impacted the Company's liquidity position. The Company continues to generate operating cash flows to meet short-term liquidity needs. However, uncertainty resulting from the ongoing pandemic could result in an unforeseen disruption to the supply chain or continued government-mandated closures of restaurant and hospitality businesses that could impact the Company's operations and results.

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 issuance on June 16, 2021.

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, including Canrim Packaging Limited, Global Vintners Inc., Riverbend Inn & Winery Inc., Sandhill Vineyards Ltd. and Small Winemakers Collections Inc., all of which are wholly-owned by Andrew Peller Limited. 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 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 spirits and finished goods). Average cost is determined separately for import wine, domestic wine and spirits 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 and spirit 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 fair value, which approximates cost 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 – 15 years	3 – 15 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, 2021 and 2020.

Certain of the Company’s brands 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.

Where the Company incurs costs to configure and customize cloud computing software, the costs incurred are capitalized and amortized over the useful life only if the expenditures meet the recognition criteria of IAS 38, Intangible Assets.

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, 2021 and 2020.

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 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, Financial Instruments (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 dates.

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 judgment 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

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 principal portion of lease liability and the interest portion. The interest expense is charged to the

consolidated statements 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 statements of earnings.

Right-of-use assets are included in property, plant and equipment in the consolidated balance sheets and 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 recoverable amount. The recoverable amount is the greater of the CGU's fair value less costs to dispose and its value in use, determined by discounting expected cash flows. An impairment loss is reversed if there is a reversal in circumstances that led to the impairment and 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, spirits, craft beer and wine related 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 records 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

IAS 1, Presentation of Financial Statements (IAS 1), 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 adoption of these amendments did not have a significant impact 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 contribute to the ability to create outputs. The amendments are effective for annual periods beginning on or after January 1, 2020. The adoption of these amendments did not have a significant impact on the consolidated financial statements.

Recently issued accounting pronouncements

IFRS 16, Leases (IFRS 16)

This standard has been amended to provide lessees with an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification. This amendment is effective for annual periods beginning on or after June 1, 2020. At this time, the Company has not received rent concessions related to COVID-19 and therefore, this amendment is not expected to have a significant impact on the consolidated financial statements.

London Inter-bank Offered Rate (LIBOR) reform with amendments to IFRS 9, IFRS 7, Financial Instruments: Disclosures and IFRS 16

In August 2020, the IASB issued Interest Rate Benchmark Reform Phase 2 (the Reform Phase 2), which complemented the Reform Phase 1 and amended various standards requiring interest rates or interest rate calculations. The Reform Phase 2 provides guidance on the impacts on the financial statements after the LIBOR reform and its replacement with alternative benchmark rates. The amendments are effective for annual periods beginning on or after January 1, 2021. The Company has not yet assessed the impact of the amendments on the consolidated financial statements.

IAS 16, Property, Plant and Equipment

This standard has been amended to prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use, clarify that an entity is “testing whether the asset is functioning properly” when it assesses the technical and physical performance of the asset and require certain related disclosures. The amendments are effective for annual

periods beginning on or after January 1, 2022. The Company has not yet assessed the impact of the amendments on the consolidated financial statements.

IAS 37, Provisions

This standard has been amended to clarify that, before a separate provision for an onerous contract is established, an entity recognizes an impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract and to clarify the meaning of costs to fulfill a contract.

The amendments are effective for annual periods beginning on or after January 1, 2022. The Company has not yet assessed the impact of the amendments on the consolidated financial statements.

IFRS 9, Financial Instruments

This standard has been amended to address which fees should be included in the 10% test for derecognition of financial liabilities. This amendment is 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.

IAS 1, Presentation of Financial Statements

This standard has been amended to clarify that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies the meaning of settlement of a liability. This amendment is effective for annual periods beginning on or after January 1, 2023. 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 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.

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 Company's specific risk portfolio, the security, term and value of the underlying leased asset and the economic environment in which the leased asset operates. The incremental borrowing rates are subject to change mainly due to macroeconomic changes in the environment.

4 Inventories

	2021 \$	2020 \$
Packaging materials and supplies	12,791	11,513
Bulk wine and spirits	81,718	88,921
Finished goods	84,218	70,345
	<u>178,727</u>	<u>170,779</u>
Interest included in the cost of inventories	<u>1,203</u>	<u>1,697</u>

Inventory writedowns recognized as an expense amounted to \$3,523 (2020 – \$2,033).

The cost of inventories recognized as an expense and included in cost of goods sold, excluding amortization, was \$232,995 (2020 – \$214,023).

5 Property, plant and equipment

	Land \$	Vines, vineyard land and infrastructure \$	Buildings \$	Machinery and equipment \$	Total \$
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	-	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

	Land \$	Vines, vineyard land and infrastructure \$	Buildings \$	Machinery and equipment \$	Total \$
Year ended March 2021					
Additions	4,430	1,301	6,027	8,921	20,679
Disposals	-	(86)	(692)	(421)	(1,199)
Amortization	-	(3,100)	(5,239)	(8,310)	(16,649)
Closing net carrying amount	39,956	37,484	79,894	66,597	223,931
At March 31, 2021					
Cost	39,956	57,293	112,189	164,710	374,148
Accumulated amortization	-	(19,809)	(32,295)	(98,113)	(150,217)
Net carrying amount	39,956	37,484	79,894	66,597	223,931

Included in buildings and machinery and equipment are assets amounting to \$1,831 (2020 – \$8,678) that are under development and are not being amortized.

Contractual commitments to purchase property, plant and equipment were \$3,871 as at March 31, 2021 (2020 – \$1,235).

During 2020, the Company 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, 2022.

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, 2021, the Company harvested grapes valued at \$8,419 (2020 – \$9,402).

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

	2021 \$	2020 \$
Carrying amount – Beginning of year	1,951	1,736
Net increase in fair value less costs to sell due to biological transformation	9,283	9,617
Transferred to inventory on harvest	(8,419)	(9,402)
Biological assets	2,815	1,951

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, 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
Year ended March 31, 2021							
Additions	-	-	-	-	16,096	-	16,096
Amortization	-	-	(611)	-	(902)	-	(1,513)
Closing net carrying amount	10,039	-	3,360	-	26,150	101	39,650
At March 31, 2021							
Cost	10,239	375	12,827	1,100	29,928	1,917	56,386
Accumulated amortization and impairment	(200)	(375)	(9,467)	(1,100)	(3,778)	(1,816)	(16,736)
Net carrying amount	10,039	-	3,360	-	26,150	101	39,650

Contractual commitments to purchase software were \$1,269 as at March 31, 2021 (2020 – \$3,805).

Included in software are assets amounting to \$404 (2020 – \$9,351) that are under development and are not being amortized.

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:

	2021	2020
	\$	\$
Ontario and Eastern Canadian wine	3,134	3,134
Western Canadian wine	26,695	26,695
Personal winemaking products	23,809	23,809
	<u>53,638</u>	<u>53,638</u>

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

	2021	2020
Discount rate	10.4%	9.1%
Period of projected cash flows	5 years	5 years
Gross profit percentage, excluding amortization	42.8%	44.0%
Growth rate beyond period of projected cash flows	3.6%	3.3%

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. Each key assumption was changed independently while holding all other assumptions constant and does not contemplate management's ability to mitigate against any adverse effects that may arise in the future. Changing the key assumptions for the projected cash flows by 100 basis points would not result in an impairment of the Company's CGUs.

9 Accounts payable and accrued liabilities

	2021	2020
	\$	\$
Trade payables	24,796	34,250
Accrued liabilities	20,444	18,608
Deferred revenue	1,247	963
	<u>46,487</u>	<u>53,821</u>

10 Right-of-use assets and lease obligations

Leases are included as part of property, plant and equipment in the consolidated balance sheets as follows:

	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
Terminations	-	(116)	-	(116)
Amortization	(517)	(2,327)	(448)	(3,292)
Closing net carrying amount as at March 31, 2020	<u>6,659</u>	<u>9,669</u>	<u>1,223</u>	<u>17,551</u>
Year ended March 31, 2021				
Additions	522	1,435	2,370	4,327
Terminations	(86)	(195)	(247)	(528)
Amortization	(517)	(2,713)	(1,109)	(4,339)
Closing net carrying amount as at March 31, 2021	<u>6,578</u>	<u>8,196</u>	<u>2,237</u>	<u>17,011</u>

The lease obligations transactions during the year were as follows:

Lease obligations	2021	2020
	\$	\$
Balance – Beginning of year	17,820	17,658
Additions	4,327	3,301
Terminations	(522)	(117)
Repayments	(4,674)	(3,859)
Interest	862	837
	<hr/>	<hr/>
Balance – End of year	17,813	17,820
Less: Current portion of lease obligations	3,826	3,018
	<hr/>	<hr/>
Lease obligations	13,987	14,802

Expenses related to leases with variable consideration amounting to \$1,981 (2020 – \$1,759) and short-term leases and low value leases amounting to \$501 (2020 – \$595) were recorded within selling and administration expenses. The total cash outflows relating to leases during the year were \$7,156 (2020 – \$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 statements 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.

11 Bank indebtedness and long-term debt

	2021	2020
	\$	\$
Bank indebtedness	-	58,114
	<hr/>	<hr/>
Significant terms		
Committed until	-	September 29, 2022
Borrowing limit	-	\$90,000
Interest rate	-	CDOR + 1.90%
Unused amount	-	\$31,886

	2021	2020
	\$	\$
Revolving, amortizing loan – investment facility	174,640	107,591
Other	-	106
	<hr/>	<hr/>
	174,640	107,697
Less: Financing costs	96	567
	<hr/>	<hr/>
	174,544	107,130
Less: Current portion of revolving, amortizing loan	-	11,509
Less: Current portion of other loan	-	106
	<hr/>	<hr/>
	174,544	95,515
	<hr/>	<hr/>

On December 8, 2020, the Company amended and restated its debt facilities. Amendments include a revised maturity date of December 8, 2024, revised financial covenants and additional tiers to the applicable margins based on the Company's leverage. Additionally, the total borrowing limit was increased to \$350,000 and combined into one revolver, interest only facility to be used for acquisitions and day-to-day operations, distributions and capital expenditures. Repayment of the facility is due on maturity. As at March 31, 2021, the applicable margin was 1.90% (2020 – 1.90%). Management has assessed and determined that these amendments constitute a modification of long-term debt, which has resulted in the debt being valued at present values of future cash flows. As a result, the Company has recorded a gain on debt modification of \$2,861 offset by financing costs of \$549. Financing costs of \$106 are being amortized over the new term of the loan.

The Company has entered into interest rate swap agreements to fix the interest rate on a portion of the balance outstanding on the investment facility. Until September 29, 2022, the interest rate is fixed at 2.25%, plus the applicable margin. Interest expense on long-term debt during the year was \$5,925 (2020 – \$4,695).

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

The following table summarizes the change in the Company's bank indebtedness and long-term debt arising from financing activities for the year ended March 31, 2021.

	Bank indebtedness	Long-term debt
	\$	\$
Balance – Beginning of year	58,114	107,130
Cash previously held net of bank indebtedness, reclassified to cash	7,620	-
Drawings	43,000	26,000
Repayments	(51,771)	(13,065)
Deferred financing fees paid	-	(106)
Amortization of deferred financing fees	-	258
Gain on modification of debt	-	(2,861)
Amortization of gain on modification of debt	-	257
Other	37	(69)
Transfer to long-term debt on December 8, 2020	(57,000)	57,000
	<hr/>	<hr/>
Balance – End of year	-	174,544
	<hr/>	<hr/>

12 Post-employment benefits

Defined contribution plans

The total expenses for the defined contribution savings plans were \$2,099 (2020 – \$2,028).

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, under the Company's new collective bargaining agreement with its unionized employees, 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:

	2021		
	Pension benefits	Other post- employment benefits	Total
	\$	\$	\$
Plan assets			
Fair value – Beginning of year	23,274	-	23,274
Return on plan assets excluding amounts in interest income	2,137	-	2,137
Interest income	863	-	863
Company’s contributions	419	63	482
Benefits paid	(1,535)	(63)	(1,598)
Fair value – End of year	25,158	-	25,158
Plan obligations			
Accrued benefit obligations – Beginning of year	24,686	2,237	26,923
Total current service cost	505	63	568
Interest cost	928	86	1,014
Benefits paid	(1,535)	(63)	(1,598)
Remeasurements			
Experience gain	(667)	-	(667)
Loss from change in financial assumptions	2,152	82	2,234
Accrued benefit obligations – End of year	26,069	2,405	28,474
Post-employment benefit obligations	911	2,405	3,316
			2021
	Pension benefits	Other post- employment benefits	Total
	\$	\$	\$
Benefit plan expense			
Current service cost	505	63	568
Net interest cost on defined benefit liability	65	86	151
Net benefit plan expense	570	149	719
Amount recognized in other comprehensive income			
Net actuarial gain (loss)	652	(82)	570
Expected contributions for the year ending March 31, 2022	192	65	257
Weighted average duration of the defined benefit obligations in years	12.9	11.9	12.8

	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)
Loss 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

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

	2021	2020
Discount rate for expenses	3.8%	3.3%
Discount rate for obligations	3.1%	3.8%
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.

	2021		2020	
	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	(3,020)	(267)	(2,705)	(238)
1% decrease in the discount rate	3,682	304	3,279	269
1% increase in the rate of compensation increase	655	-	742	-
1% decrease in the rate of compensation increase	(594)	-	(671)	-
1% increase in the inflation rate	51	-	74	-
1% decrease in the inflation rate	(51)	-	(73)	-

At March 31, 2021, the accumulated actuarial losses, net of deferred taxes, recognized in other comprehensive income were \$3,169 (2020 – \$3,588).

Plan assets

The plan assets consist of the following:

	2021		2020	
	\$		\$	
Mutual funds				
Fixed income	18,036	72%	17,107	74%
Equity	7,122	28%	6,167	26%
	25,158	100%	23,274	100%

13 Income taxes

	2021	2020
	\$	\$
Current income tax expense	2,091	7,456
Change in temporary differences	7,198	1,875
Impact of change in tax rate	378	(360)
Deferred income tax expense	7,576	1,515
Total income tax expense	9,667	8,971

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

	2021	2020
	\$	\$
Income taxes at blended statutory rate of 26.46% (2020 – 25.81%)	9,910	8,378
Permanent differences and non-deductible items	321	648
Future income tax rate changes	378	(360)
Other	(942)	305
	9,667	8,971

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

	2021	2020
	\$	\$
Beginning of year	22,038	20,329
Deferred income taxes in net earnings	7,576	1,515
Deferred income taxes in other comprehensive income	151	214
Deferred tax liability reversed for cancelled post-retirement benefit arrangement	-	(20)
End of year	29,765	22,038

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, 2019	17,823	466	516	3,712	22,517
Expense (income) in net earnings	4,096	(45)	(436)	(2,854)	761
March 31, 2020	21,919	421	80	858	23,278
Expense (income) in net earnings	(5,433)	12,870	(80)	(138)	7,219
March 31, 2021	16,486	13,291	-	720	30,497

Deferred income tax asset

	Fair value change on derivatives \$	Post-employment benefits \$	Other \$	Total \$
March 31, 2019	(356)	(1,230)	(602)	(2,188)
Expense (income) in net earnings	356	92	306	754
Expense (income) 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)
Expense (income) in net earnings	-	(83)	440	357
Expense (income) in other comprehensive income	-	151	-	151
March 31, 2021	-	(876)	144	(732)

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

	2021			2020		
	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	4,278	1,109	3,169	4,848	1,260	3,588

14 Capital stock

Authorized

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

Issued

	2021		2020	
	Number of shares	Amount \$	Number of shares	Amount \$
Class A shares, non-voting	35,525,639	26,656	35,403,767	25,650
Class B shares, voting	8,144,183	364	8,191,883	364
	<u>43,669,822</u>	<u>27,020</u>	<u>43,595,650</u>	<u>26,014</u>

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, 2021, 47,700 Class B shares were converted into Class A shares on a one-for-one basis.

As described in note 15, 71,049 Class A shares were issued as a result of the exercise of share-based awards during the year ended March 31, 2021. In addition to the shares issued due to the exercise, the holders of DSUs and PSUs earn dividends in the form of additional units and as a result, the Company issued an additional 3,123 Class A shares.

On March 4, 2021, the Company announced a normal course issuer bid (NCIB) to repurchase for cancellation up to 1,773,896 Class A non-voting shares, representing 5% of Class A non-voting shares issued and outstanding as at the close of markets on February 25, 2021, during the 12-month period from March 8, 2021 to March 7, 2022. There were no Class A non-voting shares repurchased for cancellation under the NCIB during the fiscal year ended March 31, 2021.

On November 8, 2019, the Company announced an 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 market 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 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 \$413 and the remaining \$5,810 was accounted for as a decrease to retained earnings.

Annual dividends of \$0.215 (2020 – \$0.215) per Class A share and \$0.187 (2020 – \$0.187) per Class B share were approved by the Board of Directors on June 10, 2020 and are formally declared in each quarter. On February 10, 2021, the Board of Directors approved a 5% increase to the fourth quarter dividend for shareholders of record on March 31, 2021. The quarterly dividend was increased from \$0.054 to \$0.056 per Class A share and \$0.047 to \$0.049 per Class B share.

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, 2021 and 2020, 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 2021, expensed \$264 (2020 – \$258) related to the employee program.

15 Share based compensation

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

	2021 \$	2020 \$
1,041,800 stock options (2020 – 765,200) (a)	655	1,028
218,562 performance share units (2020 – 219,876) (b)	282	848
65,669 deferred share units (2020 – 72,459) (c)	-	-
	937	1,876

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, 2021, the Company had 3,266,974 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:

	2021		2020	
	Number of options	Weighted average exercise price per share \$	Number of options	Weighted average exercise price per share \$
Balance – Beginning of year	765,200	14.19	436,467	14.25
Granted	500,600	9.31	354,800	14.14
Forfeited	(224,000)	(14.26)	(26,067)	(14.45)
	1,041,800	11.89	765,200	14.19
Balance – End of year				
Exercisable	338,254	13.85	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:

	2021	2020
Weighted average fair value per share option	\$1.99	\$3.97
Expected volatility ⁽¹⁾	24.41%	23.34%
Dividend yield	1.82%	1.34%
Risk-free interest rate	0.54%	2.25%
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, 2021 is as follows:

Range of exercise prices	Share options outstanding			Share options exercisable		
	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 \$
5.01 to 10.00	113	489,200	9.29	-	-	-
10.01 to 15.00	92	414,600	13.18	86	246,258	12.59
15.01 to 20.00	89	138,000	17.21	89	91,996	17.21
	102	1,041,800	11.89	87	338,254	13.85

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:

	2021		2020	
	Number of units	Grant date fair value per unit \$	Number of units	Grant date fair value per unit \$
Balance – Beginning of year	219,876	14.20	137,546	14.29
Granted	107,050	9.31	87,980	14.14
Exercised	(44,419)	(11.74)	-	-
Forfeited	(63,945)	(14.25)	(5,650)	14.45
Balance – End of year	218,562	12.44	219,876	14.20
Exercisable	30,219	17.14	44,444	11.74

Awards granted September 12, 2018 and November 7, 2018 vested March 31, 2021 and, based on the achievement of the performance condition, 30,219 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. DSUs may be offered to directors of the Company subsequent to the year in which fees are earned. As a result, the issuance of DSUs is reflected as an increase to contributed surplus in the year the offer is made, which may not correspond to when the expense is recognized.

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

	2021		2020	
	Number of units	Grant date fair value per unit \$	Number of units	Grant date fair value per unit \$
Balance – Beginning of year	72,459	17.19	61,819	18.26
Issued	19,840	9.48	16,960	13.75
Exercised	(26,630)	(18.22)	(6,320)	(18.22)
Balance – End of year	65,669	14.40	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:

	2021 \$	2020 \$
Raw materials and consumables	181,134	172,430
Employee compensation and benefits	78,084	77,379
Advertising, promotion and distribution	31,053	28,169
Occupancy	8,408	10,048
Repairs and maintenance	6,939	8,302
Other external charges	24,372	24,477
	<u>329,990</u>	<u>320,805</u>

Other expenses are as follows:

	2021 \$	2020 \$
Ongoing maintenance costs related to Port Moody winery facility, net of income (a)	278	421
Restructuring (b)	1,897	1,703
Other	(405)	(355)
	<u>1,770</u>	<u>1,769</u>

- 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 \$1,897 (2020 – \$1,703) were recorded during the year ended March 31, 2021. These costs relate to restructuring of certain production facilities within the Company's personal winemaking product division and restructuring due to the implementation of a new enterprise resource planning system.

17 Net earnings per share

	<u>2021</u>		
	Class A \$	Class B \$	Total \$
Net earnings attributed for the year – basic and diluted	<u>23,145</u>	<u>4,641</u>	<u>27,786</u>
Weighted average number of shares outstanding – basic and diluted	<u>35,471,394</u>	<u>8,180,089</u>	
Net earnings per share – basic and diluted	<u>0.65</u>	<u>0.57</u>	

	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	

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 and 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:

	2021	2020
	\$	\$
Accounts receivable	5,200	(4,015)
Inventories and current portion of biological assets	(8,812)	(10,457)
Prepaid expenses and other assets	(881)	628
Accounts payable and accrued liabilities	(3,058)	1,609
	<u>(7,551)</u>	<u>(12,235)</u>

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:

Assets/liabilities	Category	Measurement	2021	
			Carrying amount \$	Fair value \$
Accounts receivable	Financial assets	Amortized cost	28,896	28,896
Accounts payable and accrued liabilities	Financial liabilities	Amortized cost	46,487	46,487
Dividends payable	Financial liabilities	Amortized cost	2,404	2,404
Long-term debt	Financial liabilities	Amortized cost	174,544	174,640
Interest rate swap liability	Derivatives	Fair value through profit or loss	2,314	2,314
Foreign exchange forward contracts liability	Derivatives	Fair value through profit or loss	304	304
			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

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 values 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 (gain) loss on derivative financial instruments is comprised of:

	2021 \$	2020 \$
Unrealized loss (gain) on foreign exchange forward contracts	1,087	(779)
Unrealized (gain) loss on interest rate swaps	(1,222)	2,185
	<u>(135)</u>	<u>1,406</u>

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.

	<u>2021</u>		
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	-	2,314	-
Foreign exchange forward contracts liability	-	304	-
			<u>2020</u>
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	-

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 \$97,421 of its long-term debt until September 2022 by entering into interest rate swaps. The interest rate swaps are measured at fair value.

An unrealized gain of \$1,222 (2020 – unrealized loss of \$2,185) was recognized on the interest rate swaps, which are classified as a component of the net unrealized gain on derivative financial instruments in the consolidated statements of earnings.

The remaining portion of the Company's borrowings are funded using a floating interest rate and as such are sensitive to interest rate movements. As at March 31, 2021, with other variables unchanged, a 100 basis point change in interest rates would impact the Company's net earnings by approximately \$571 (2020 – \$430), 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 60% 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 \$15,990 (2020 – \$20,807) of the total accounts receivable for which no allowance has been provided. Of the remaining non-provincial liquor board balances, \$719 (2020 – \$1,512) was over thirty days past due as at March 31, 2021. An expected credit loss of \$257 (2020 – \$875) has been provided against these accounts receivable amounts, which the Company has determined represents a reasonable estimate of the lifetime expected credit losses for trade receivables.

Sales to its largest customer, a provincial Crown corporation, were \$69,578 (2020 – \$69,181) during the year ended March 31, 2021. Sales to its second largest customer, a branch of a provincial government, were \$30,561 (2020 – \$41,553) during the year. No other customers accounted for over 10% of sales during the years ended March 31, 2021 and March 31, 2020.

An analysis of accounts receivable is as follows:

	2021	2020
	\$	\$
Liquor boards	15,990	20,807
Non-liquor boards		
Current	11,938	10,872
Past due 0 – 30 days	506	1,798
Past due 31 – 60 days	204	206
Past due > 60 days	515	1,288
Expected credit loss	(257)	(875)
	28,896	34,096

The change in the expected credit loss was as follows:

	2021	2020
	\$	\$
Balance – Beginning of year	875	128
Provision for (recovery of) expected credit losses	(217)	795
Write-offs	(401)	(48)
	<hr/>	<hr/>
Balance – End of year	257	875
	<hr/>	<hr/>

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, 2021.

	< 1 year \$	2 – 3 years \$	4 – 5 years \$	> 5 years \$	Total \$
Long-term debt	-	-	174,640	-	174,640
Leases and royalties	5,893	9,285	4,904	15,880	35,962
Service agreements	2,448	4,063	763	-	7,274
Grape and bulk wine purchase contracts	93,344	91,611	58,668	95,347	338,970
Packaging purchase contracts	39,702	45,472	-	-	85,174
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	141,387	150,431	238,975	111,227	642,020
Interest rate swap	2,030	904	-	-	2,934
Foreign exchange forwards	37,038	-	-	-	37,038
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total contractual obligations	180,455	151,335	238,975	111,227	681,992

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.

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, 2021, the Company has forward foreign currency contracts to buy US\$24,000 at rates ranging between \$1.24 and \$1.29; EUR1,500 at rates ranging between \$1.52 and \$1.53 and AU\$4,500 at a rate of \$1.00. These contracts mature at various dates to February 2022. 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 \$129 (2020 – \$234), \$31 (2020 – \$50) or \$20 (2020 – \$39), respectively. The Company has elected to not use hedge accounting and as a result, has recognized unrealized foreign exchange losses of \$1,087 (2020 – unrealized foreign exchange gains of \$779) 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 \$304 (2020 – \$783) 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, 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
- Interest charge coverage ratio.

Compliance with these covenants is monitored by management on a quarterly basis. As at March 31, 2021 and 2020, the Company was in compliance with these covenants.

22 Related parties and management compensation

The Company is controlled by Peller Family Enterprises Inc., which owns 61.3% (2020 – 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.

Compensation of directors and executives

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

	2021	2020
	\$	\$
Compensation and short-term benefits	4,421	4,374
Post-employment benefits	265	266
Share-based compensation expense	823	1,613
	<hr/>	<hr/>
	5,509	6,253
	<hr/>	<hr/>

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

23 Entity wide disclosures

During the year, export sales were \$15,550 (2020 – \$12,871), 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 16, 2021, the Company’s Board of Directors approved the annual dividend for holders of its Class A and Class B shares in the amount of \$0.246 per Class A share and \$0.214 per Class B share to be paid quarterly to shareholders, subject to management’s review of projected cash flows and compliance with financial covenants.

TEN-YEAR SUMMARY

(in thousands of Canadian dollars,
except per share amounts)

	2021	2020	2019	2018	2017
Sales and earnings					
Net sales	\$ 393,036	\$ 382,306	\$ 381,796	\$ 363,897	\$ 342,606
EBITA	63,046	61,501	52,875	52,860	45,137
Net earnings	27,786	23,494	21,958	30,117	26,350
Financial position					
Working capital	170,684	83,654	97,305	104,417	78,825
Total assets	542,521	513,919	467,019	457,780	327,478
Shareholders' equity	265,574	245,523	234,751	220,246	177,317
Per share ⁽³⁾					
Net earnings ⁽³⁾					
Basic & diluted Class A	0.65	0.55	0.51	0.71	0.64
Basic & diluted Class B	0.57	0.48	0.44	0.62	0.55
Dividends ⁽³⁾					
Class A Shares, non-voting	0.218	0.215	0.205	0.180	0.163
Class B Shares, voting	0.190	0.187	0.178	0.156	0.142
Number of shares outstanding (in thousands of shares) ⁽³⁾					
Class A Shares, non-voting	35,526	35,404	35,988	35,471	33,581
Class B Shares, voting	8,144	8,192	8,199	8,702	9,012
	43,670	43,596	44,187	44,173	42,593
Other information					
Return on average shareholders' equity ⁽¹⁾	10.9%	9.8%	9.7%	15.2%	15.7%
Return on average capital employed ⁽²⁾	10.1%	10.7%	11.5%	14.0%	14.1%

⁽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.

	2016	2015 Restated ⁽⁵⁾	2014	2013 Restated ⁽⁴⁾	2012
	\$ 334,263	\$ 315,697	\$ 297,824	\$ 289,143	\$ 276,883
	40,916	35,184 ⁽⁵⁾	33,729	33,489 ⁽⁴⁾	32,651
	19,199	15,224 ⁽⁵⁾	14,021	14,519 ⁽⁴⁾	13,001
	71,665	68,982	44,564	41,670	34,869
	308,309	301,519 ⁽⁵⁾	301,015	296,519	285,552
	157,736	147,375 ⁽⁵⁾	138,003	129,701 ⁽⁴⁾	120,552
	0.46	0.36 ⁽⁵⁾	0.34	0.35 ⁽⁴⁾	0.31
	0.40	0.32 ⁽⁵⁾	0.29	0.30 ⁽⁴⁾	0.27
	0.150	0.140	0.133	0.120	0.120
	0.130	0.122	0.116	0.105	0.105
	33,581	33,882	33,882	33,882	33,882
	9,012	9,012	9,012	9,012	9,012
	42,593	42,894	42,894	42,894	42,894
	12.6%	10.6% ⁽⁵⁾	10.5%	11.6% ⁽⁴⁾	11.1%
	13.2%	11.0% ⁽⁵⁾	10.8%	11.1% ⁽⁴⁾	11.5%

⁽⁴⁾ Restated to reflect the adoption of the amendments to IAS 19.

⁽⁵⁾ Restated to reflect the adoption of the amendments to IAS 16 and IAS 41.

DIRECTORS & OFFICERS

Directors

JOHN E. PELLER, O.C.
Burlington, Ontario
President & Chief Executive Officer
Andrew Peller Limited

SHAUNEEN BRUDER
Toronto, Ontario
Corporate Director

MARK W. COSENS
Burlington, Ontario
Managing Director
Kilbride Capital 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, O.C.
President & Chief Executive Officer

STEVE ATTRIDGE
Chief Financial Officer and Executive Vice-President, IT

PATRICK R. O'BRIEN
Chief Commercial Officer

JAMES H. COLE
Executive Vice-President, Business to Consumer

SHAWN B. MACLEOD
Executive Vice-President, Marketing

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

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

CRAIG D. MCDONALD
Vice-President, Winemaking

SHAREHOLDER INFORMATION

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ANDREW PELLER LIMITED
697 South Service Road
Grimsby, Ontario L3M 4E8
Tel: (905) 643-4131
Fax: (905) 643-4944

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.

Phone: 1-800-564-6253 toll free North America
(International 514-982-7555)

Fax: 1-866-249-7775 toll free North America
(International 416-263-9524)

Internet: www.computershare.com

The Investors section offers enrolment for self-service account management for registered shareholders through Investor Centre.

Mail: Computershare Investor Services
100 University Avenue, 9th Floor
Toronto, Ontario M5J 2Y1

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

2021 Annual Shareholders' Meeting

The 2021 Annual Meeting of Shareholders' will be held virtually on Wednesday, September 8, 2021 at 3:00 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) 797-0844

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
1265 RITSON ROAD N.
(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 AISLE
3221 EGLINTON AVE. E.
(416) 267-2795

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

ST. CATHARINES
FRESCO
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

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

WOODBRIIDGE
LONGOS
9200 WESTON ROAD
(905) 303-3055



ANDREW PELLER

— LIMITED —

Exclusive 2021 Wine Offer for Shareholders

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** and **complimentary delivery**.

Delivered right to your door, these collections give you the opportunity to enjoy a variety of wines from Andrew Peller Limited's award-winning wineries. Stock up for get-togethers and surprise the wine lovers in your life with a delicious bottle (or two).

To place an order for the 2021 Shareholder Collections, see instructions on the pages to follow.

This special offer ends Wednesday, September 30th, 2021.

Don't forget, our **Wine Club memberships** are also available for Peller Estates, Trius, Thirty Bench Winery and Wayne Gretzky Winery & Distillery in the East *and* Sandhill Wines, Red Rooster Winery, Black Hills Estate Winery, Gray Monk Estate Winery & Tinhorn Creek in the West. For more information on our programs, give us a call!




Ontario VQA Wine Collections:

To place an online order for our [Ontario Collections](#) please visit

www.thewineshops.com/shareholders or contact the Ontario Direct to Consumer Team at

1.866.440.4383 or by email at wineorders@peller.com

 <p>PELLER ESTATES <i>Niagara-on-the-Lake</i></p>	<p>Signature Series Ice Cuvee Rose Family Vineyard Chardonnay Private Reserve Gamay Noir Signature Series Sauvignon Blanc Signature Series Merlot Late Harvest Vidal</p>	<p>6 bottle Collection \$154.61 (Reg \$181.70) ~ 12 bottle Collection \$309.22 (Reg \$363.40)</p>
	<p>Trius Brut Trius Divine White Trius Pinot Grigio Trius Merlot Trius Red Showcase Late Harvest Vidal</p>	<p>6 bottle Collection \$118.91 (Reg \$139.70) ~ 12 bottle Collection \$237.82 (Reg \$279.40)</p>
	<p>Gretzky Riesling Gretzky Pinot Grigio Gretzky Chardonnay Gretzky Baco Noir Signature Series Cabernet Merlot Estates Series Shiraz Cabernet</p>	<p>6 bottle Collection \$102.78 (Reg \$120.70) ~ 12 bottle Collection \$205.55 (Reg \$241.40)</p>
 <p>THIRTY BENCH WINE MAKERS</p>	<p>Winemakers Riesling Small Lot Gewurztraminer Small Lot Rose Winemakers Red Small Lot Cabernet Sauvignon Small Lot Merlot</p>	<p>6 bottle Collection \$177.15 (Reg \$208.20) ~ 12 bottle Collection \$354.40 (Reg \$416.40)</p>



 <p>ANDREW PELLER — LIMITED —</p>	<p>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</p>	<p>6 bottle Collection \$109.58 (Reg \$128.70) ~ 12 bottle Collection \$219.15 (Reg \$257.40)</p>
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British Columbia VQA Wine Collections:

To place an online order for our Red Rooster, Sandhill & Grey Monk Collections please visit www.thewineshops.com/can/shareholders or contact the BC Direct to Consumer Team at 1.866.440.4383

Order the Black Hills Collection by contacting us at 1.250.498.0666 or info@blackhillswinery.com

Order the Tinhorn Creek Vineyards Collection by contacting us at 1.888.484.6467

 <p>REDROOSTER WINERY</p>	<p>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</p> <p><i>*Prices shown do not include applicable BC Taxes</i></p>	<p>6 bottle Collection \$163.77 (Reg \$192.57) ~ 12 bottle Collection \$327.55 (Reg \$385.14)</p>
 <p>SANDHILL</p>	<p>Sandhill Sovereign Opal Sandhill Estate Chardonnay Sandhill Estate Rose Sandhill Small Lot Sangiovese Sandhill Small Lot Barbera Sandhill Small Lot Syrah</p> <p><i>*Prices shown do not include applicable BC Taxes</i></p>	<p>6 bottle Collection \$142.11 (Reg \$167.08) ~ 12 bottle Collection \$284.22 (Reg \$334.16)</p>

	<p>Gray Monk Odyssey Brut Rose Gray Monk Pinot Aux Gray Monk Chardonnay Gray Monk Odyssey Merlot Gray Monk Cabernet Merlot Gray Monk Odyssey Meritage</p> <p><i>*Prices shown do not include applicable BC Taxes</i></p>	<p>6 bottle Collection \$122.97 (Reg \$144.57) ~ 12 bottle Collection \$245.95 (Reg \$289.14)</p>
	<p>Black Hills Nota Bene Black Hills Carmenere Black Hills Syrah Black Hills Addendum Black Hills Rose Black Hills Ipso Facto</p> <p><i>*Prices shown do not include applicable BC Taxes</i></p>	<p>6 bottle Collection \$254.64 (Reg \$299.58) ~ 12 bottle Collection \$509.29 (Reg \$599.16)</p>
	<p>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 Reserve Roussanne</p> <p><i>*Prices shown do not include applicable BC Taxes</i></p>	<p>6 bottle Collection \$139.95 (Reg \$164.54) ~ 12 bottle Collection \$279.88 (Reg \$329.08)</p>

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Offer Ends Thursday, September 30th, 2021.

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.



POUR
extraordinary
INTO EVERYDAY LIFE

