

2022

ANDREW PELLER
— LIMITED —

OPERATIONAL HIGHLIGHTS

FOR THE YEARS ENDED MARCH 31

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

	2022	2021
Net sales	373,944	393,036
EBITA	39,188	63,046
Adjusted earnings *	5,143	26,986
FINANCIAL POSITION		
Working capital	181,832	170,684
Total assets	558,071	542,521
Shareholders' equity	265,401	265,574
PER SHARE		
Net earnings per Class A Share - basic and diluted	0.29	0.65
DIVIDENDS		
Class A Shares, non-voting	0.246	0.218
Class B Shares, voting	0.214	0.190
MARKET VALUE		
Class A - HIGH	11.09	11.68
Class A - LOW	6.97	7.02
Class B - HIGH	13.96	14.68
Class B - LOW	8.75	7.40
ANALYTICAL INFORMATION		
Return on average shareholders' equity	4.7%	10.9%
Return on average capital employed	3.8%	10.1%
Ratio of current assets to current liabilities	4.34:1	4.13:1

*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

We performed relatively well in fiscal 2022 despite the many challenges created by the COVID-19 pandemic. Certain trade channels were closed for parts of the year while supply chain disruptions and inflationary cost increases temporarily impacted our profitability. Despite these issues we generated solid growth in our open trade channels and continued to invest in our facilities, our technologies, and our people. As our markets gradually stabilize and we capitalize on the investments and operating efficiencies implemented over the last year, we are confident we will emerge stronger and more resilient than ever before and return to our track record of growth.

A Challenging Year

Sales for the year ended March 31, 2022 were impacted by the temporary closure of certain high margin trade channels, including restaurant, estate winery and export markets. And while we performed well in our markets that remained open during the pandemic, consolidated sales for the year were down 4.9% compared to fiscal 2021. It is important to highlight that fiscal 2021 was buoyed by consumers increased purchases of our products over concern and uncertainty about whether alcohol beverage trade channels would remain open during the early months of the pandemic and that LCBO stores in Ontario were closed on Mondays through much of fiscal 2021, driving consumers to our higher margin retail outlets. These factors resulted in higher sales in fiscal 2021 that were not repeated in fiscal 2022.

Profitability in fiscal 2022 was negatively affected by a number of factors, the majority of which we believe are short term in nature. Inflationary increases in the cost of labour and most production inputs, including imported wine, glass bottles, packaging and other materials, reduced our gross margin for the year. In addition, supply chain disruptions caused by the pandemic caused international freight and associated shipping costs to increase significantly while also creating challenges in sourcing product, packaging and raw materials. Overhead costs also increased as our staffing and marketing expenses returned to more normal levels after significant pandemic-related overhead reductions in fiscal 2021 implemented to conserve cash.

Despite these factors, our balance sheet and financial position remained strong at year end. Long-term debt increased due to reduced cash from operations and increased investment in our facilities and operations. During fiscal 2022 we also invested in repurchasing and cancelling outstanding common shares under our Normal Course Issuer Bid, buying 598,600 Class A shares for \$5.2 million. At year end we had capacity on our revolving credit facility of approximately \$158 million.

High Value Assets

Since the founding of the Company more than sixty-two years ago, the Company has acquired and developed a high-value and strategic portfolio of assets including production facilities, estate wineries, and vineyards well-located in key wine producing regions across Canada.

In keeping with our focus to capitalize on the highest and best use for our high-value asset base, in September 2021 we completed the sale of our Port Coquitlam, British Columbia property for net cash proceeds of \$8.8 million, generating a realized gain of \$7.5 million or \$0.21 per Class A share. The property became available for sale in fiscal 2020 as a result of the consolidation of production facilities related to our personal winemaking business.

In a similar strategy, in 2006, our Port Moody British Columbia facility, established in 1961, was closed and production was consolidated in our Kelowna British Columbia operation. We continue to evaluate the best strategy to unlock the value of this site in Port Moody.

Looking Ahead

Despite the challenges and issues faced over the last two fiscal years, we look ahead more confident than ever before in our future.

To mitigate inflationary pressures on operating costs, imported wine, raw material and packaging expenses, during the first quarter of fiscal 2023, we implemented certain price increases across our product lines. In addition, we have been executing numerous production efficiency and cost savings programs aimed at enhancing our operating margins. These programs include consolidating certain warehouses and distribution to increase efficiency, rationalizing stock keeping units (SKUs) and evaluating alternate sourcing for glass bottles, while also capitalizing on our recently implemented Enterprise Resource Planning (ERP) system to improve inventory utilization, production scheduling, and logistics. Importantly, over the last five years we have invested more than \$100 million in our facilities, technologies, and people, investments that have built a much stronger, scalable, and more resilient business platform for the future.

To build sales and market share, we continue to plan and launch new products and product categories through our well-established trade channels. Our value-priced wine portfolio is being strengthened with the introduction of new imported products from Australia, Italy and Chile, all packaged in the highly popular four-liter box. Four new Gretzky Cream liqueurs have been introduced, as well as a craft vodka and new premium whiskeys. The Company's direct-to-consumer wine clubs are leveraging the increase in visits to the Company's estate wineries as the pandemic eases, generating strong sales growth for the Company's higher-margin premium and ultra-premium brands.

Our results in the first quarter of the new fiscal year indicate that we are on the right track. Sales increased 5.7% in the quarter as we generated solid growth across the majority of our trade channels, including in markets that were partially closed in last year's first quarter due to the pandemic - our ten estate wineries, sales to restaurants and the hospitality sector, and through our export business now that international travel has resumed. If we had been able to source product and materials restricted by the supply chain issues created by the pandemic, based on open orders in the quarter we believe our sales growth would have been even higher. We were also pleased to see our margins stabilize in the period and expect them to gradually improve going forward.

In closing, the last two years operating under the COVID-19 pandemic have presented many unexpected and unique challenges to both our industry and the Company. The fact that we generated relatively strong performance in both years is a testament to our decades of experience and our proven culture of innovation and performance. As the pandemic eases we are confident we will emerge stronger than ever before as we return to more normal business conditions.

On behalf of the Board of Directors and all shareholders, I want to thank everyone at the Company for their extraordinary efforts and hard work over the last two years, contributions that enabled us to successfully work through the pandemic. 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 six decades and will continue to build value for our shareholders in the years ahead.



John E. Peller, O.C.

President and Chief Executive Officer

2021 TOP AWARDS

Black Cellar

Beverage Testing Institute – World Value Wine Challenge

- Silver Medal – 89 points – Highly Recommended, 'Best Buy', Top 5 in Category – Shiraz Cabernet Blend No. 5 Whisky Oak Aged
- Bronze Medal – 84 points – Recommended – Shiraz Cabernet Blend No. 19
- Bronze Medal – 84 points – Recommended – Malbec Blend No. 3
- Bronze Medal – 81 points – Recommended – Malbec Merlot Blend No. 13

Good Natured

Beverage Testing Institute – World Value Wine Challenge

- Silver Medal – 87 points – Highly Recommended, 'Best Buy', Top 5 in Category – 2020 Crisp Chardonnay
- Silver Medal – 85 points – Highly Recommended – 2020 Merlot Gamay Noir
- Bronze Medal – 84 points – Recommended – 2020 Fresh White

No Boats On Sunday

Beverage Testing Institute (BTI) – Chicago, USA

- Silver Medal – 89 points – Highly Recommended – Best Buy – 100% Ontario Hopped Cider
- Silver Medal – 87 points – Highly Recommended – Best Buy – 100% NS Cider

All Canadian Wine Championships

- Gold Medal – 100% Ontario Hopped Cider

Peller Estates Winery

International Wine Challenge – UK

- Shortlisted – Sweet Wine Producer of the Year (results announced June 30)
- Trophy – Canadian Icewine – 2019 AP Signature Series Riesling Icewine
- Gold Medal – 96 points – 2019 AP Signature Series Riesling Icewine
- Silver Medal – 93 points – 2019 AP Signature Series Riesling
- Bronze Medal – 87 points – 2018 AP Signature Series Cabernet Franc Icewine

Experience Rosé, California USA

- Gold Medal – 91 points – 2020 Peller Private Reserve Rose
- Gold Medal – 90 points – 2020 Peller Family Reserve Rose

International Wine & Spirit Competition – UK

- Gold Medal – 97 points – 2019 AP Signature Series Riesling Icewine
- Silver Medal – 91 points – 2018 AP Signature Series Cabernet Franc Icewine
- Bronze Medal – 87 points – 2019 AP Signature Series Riesling

Sunset International Wine Competition, California USA

- Best of Class – Double Gold Medal – 97 points – 2019 Family Vineyards VQA Riesling
- Silver Medal – 2019 Family Reserve VQA Chardonnay
- Silver Medal – 2019 Family Reserve VQA Baco Noir
- Silver Medal – 2019 Family Reserve VQA Merlot
- Silver Medal – 2019 Family Reserve VQA Cabernet Franc
- Silver Medal – 2019 Family Reserve VQA Cabernet Merlot
- Silver Medal – 2019 Family Reserve VQA Winemaker's Red

Decanter World Wine Awards – UK

- Platinum Medal – 97 points – 2019 Andrew Peller Signature Series Riesling
- Gold Medal – 95 points – 2019 Andrew Peller Signature Series Riesling Icewine
- Bronze Medal – 89 points – 2018 Andrew Peller Signature Series Cabernet Franc Icewine

All Canadian Wine Championships

- Trophy – Best Dessert Wine – Double Gold Medal – 2019 Andrew Peller Signature Series Riesling Icewine
- Double Gold Medal – 2018 Private Reserve Cabernet Franc
- Gold Medal – 2020 Private Reserve Sauvignon Blanc
- Bronze Medal – 2019 Andrew Peller Signature Series Sauvignon Blanc

Beverage Testing Institute – World Value Wine Challenge

- Silver Medal – 89 points – Highly Recommended, 'Best Buy', Top 5 in Category – 2020 Family Reserve Sauvignon Blanc VQA
- Silver Medal – 89 points – Highly Recommended, 'Best Buy' – 2020 Family Reserve Rose Light VQA
- Silver Medal – 87 points – Highly Recommended, 'Best Buy', Top 5 in Category – 2020 Family Reserve Chardonnay VQA
- Silver Medal – 87 points – Highly Recommended, 'Best Buy' – 2020 Family Reserve Riesling VQA
- Silver Medal – 86 points – Highly Recommended, 'Best Buy' – 2020 Family Reserve Winemaker's White VQA
- Silver Medal – 86 points – Highly Recommended, 'Best Buy' – 2020 Family Reserve Baco Noir VQA
- Silver Medal – 85 points – Highly Recommended – 2020 Family Reserve Cabernet Sauvignon VQA
- Bronze Medal – 84 points – Recommended – 2020 Family Reserve Rose VQA

WineAlign – National Wine Awards of Canada

- #3 – Top 10 Ontario Wineries
- #5 – Top 25 Canadian Wineries
- Platinum Medal – 94 points – 2019 Private Reserve Cabernet Franc
- Platinum Medal – 94 points – 2019 Signature Series Riesling
- Gold Medal – 92 points – 2019 Signature Series Sauvignon Blanc
- Gold Medal – 92 points – 2018 Cabernet Franc Icewine
- Silver Medal – 90 points – 2019 Private Reserve Gamay Noir
- Silver Medal – 90 points – 2019 Signature Series Cabernet Franc
- Silver Medal – 90 points – 2019 Riesling Icewine
- Silver Medal – 90 points – 2018 Signature Series Vidal Blanc Icewine
- Bronze Medal – 88 points – Ice Cuvee Rose
- Bronze Medal – 88 points – 2020 Private Reserve Sauvignon Blanc
- Bronze Medal – 88 points – 2020 Private Reserve Rose

Effervescents du Monde – Best Sparkling

Wines in the World, France

- Silver Medal – Ice Cuvee Rose

The Global Riesling Masters – UK

- Master – 2019 Riesling Icewine
- Silver Medal – 2019 Andrew Peller Signature Series Riesling

Small Mercy

Beverage Testing Institute – World Value Wine Challenge

- Silver Medal – 89 points – Highly Recommended, 'Best Buy', Top 10 in Category – Upbeat White
- Bronze Medal – 83 points – Recommended – Easy Going Red

Thirty Bench Wine Makers

International Wine Challenge – UK

- Silver Medal – 91 points – 2018 Small Lot Riesling Wild Cask
- Silver Medal – 90 points – 2018 Small Lot Riesling Wood Post Vineyard
- Bronze Medal – 89 points – 2018 Small Lot Riesling Triangle Vineyard
- Bronze Medal – 88 points – 2019 Winemakers Blend Riesling

Experience Rosé, California USA

- Silver Medal – 2020 Thirty Bench Rose

International Wine & Spirit Competition – UK

- Bronze Medal – 88 points – 2017 Small Lot Cabernet Franc
- Bronze Medal – 88 points – 2018 Small Lot Riesling Wild Cask
- Bronze Medal – 86 points – 2018 Small Lot Riesling Wood Post Vineyard
- Bronze Medal – 85 points – 2019 Winemakers Blend Riesling

Decanter World Wine Awards – UK

- Silver Medal – 92 points – 2018 Small Lot Riesling Triangle Vineyard
- Silver Medal – 91 points – 2018 Winemaker's Blend Riesling
- Silver Medal – 91 points – 2018 Small Lot Riesling Wood Post Vineyard
- Silver Medal – 90 points – 2017 Small Lot Cabernet Franc
- Bronze Medal – 88 points – 2018 Small Lot Riesling Wild Cask

All Canadian Wine Championships

- Gold Medal – 2019 Winemakers Blend Riesling
- Gold Medal – 2018 Small Lot Riesling Triangle Vineyard
- Gold Medal – 2019 Small Lot Pinot Noir
- Bronze Medal – 2018 Small Lot Riesling Wood Post Vineyard

WineAlign – National Wine Awards of Canada

- #4 – Top 10 Ontario Wineries
- #9 – Top 25 Canadian Wineries
- Gold Medal – 92 points – 2019 Small Lot Gewurztraminer
- Gold Medal – 92 points – 2019 Small Lot Riesling Steel Post Vineyard
- Gold Medal – 92 points – 2018 Small Lot Riesling Wild Cask
- Gold Medal – 92 points – 2018 Small Lot Riesling Wood Post Vineyard
- Gold Medal – 92 points – 2017 Small Lot Cabernet Franc
- Silver Medal – 90 points – 2019 Winemakers Blend Riesling
- Silver Medal – 90 points – 2018 Small Lot Riesling Triangle Vineyard
- Silver Medal – 90 points – 2019 Small Lot Riesling Wild Cask
- Silver Medal – 90 points – 2019 Small Lot Riesling Wood Post Vineyard
- Silver Medal – 90 points – 2019 Small Lot Pinot Noir
- Silver Medal – 90 points – 2017 Small Lot Cabernet Sauvignon
- Bronze Medal – 88 points – 2019 Small Lot Riesling Triangle Vineyard
- Bronze Medal – 88 points – 2019 Winemakers Blend Red
- Bronze Medal – 88 points – 2018 Effervescent Riesling

ONTARIO & N.S.

The Global Riesling Masters – UK

- Gold Medal – 2019 Small Lot Riesling Wild Cask
- Silver Medal – 2019 Small Lot Riesling Wood Post Vineyard
- Silver Medal – 2019 Small Lot Riesling Triangle Vineyard
- Bronze Medal – 2019 Small Lot Riesling Steel Post Vineyard

Global Fine Wine Challenge (formerly Six Nations Wine Challenge) – Australia

- Gold Medal – 2019 Thirty Bench Winemaker's Blend Riesling

Trius Winery

International Wine Challenge – UK

- Bronze Medal – 88 points – 2019 Showcase Riesling Ghost Creek Vineyard
- Bronze Medal – 86 points – 2019 Showcase Cabernet Franc Icewine
- Bronze Medal – 85 points – 2018 Showcase Riesling Icewine

Experience Rosé, California USA

- Silver Medal – 2020 Trius Rose

International Wine & Spirit Competition – UK

- Gold Medal – 95 points – 2018 Showcase Riesling Icewine
- Silver Medal – 90 points – Trius Brut
- Bronze Medal – 88 points – Showcase Brut Nature
- Bronze Medal – 88 points – 2019 Showcase Cabernet Franc Icewine
- Bronze Medal – 86 points – 2018 Red The Icon
- Bronze Medal – 85 points – 2019 Showcase Riesling Ghost Creek Vineyard

Decanter World Wine Awards – UK

- Gold Medal – 95 points – 2019 Showcase Riesling Ghost Creek Vineyard
- Silver Medal – 92 points – 2018 Showcase Riesling Icewine
- Silver Medal – 91 points – 2019 Showcase Cabernet Franc Icewine
- Bronze Medal – 89 points – Brut Rose
- Bronze Medal – 89 points – Showcase Brut Nature
- Bronze Medal – 87 points – 2018 Red The Icon

All Canadian Wine Championships

- Gold Medal – 2019 Showcase Late Harvest Vidal
- Silver Medal – 2019 Distinction Chardonnay Barrel Fermented
- Silver Medal – Brut
- Bronze Medal – Showcase Brut Nature
- Bronze Medal – 2019 Showcase Riesling Ghost Creek

Beverage Testing Institute – World Value Wine Challenge

- Silver Medal – 89 points – Highly Recommended, 'Best Buy' – 2020 Rose
- Silver Medal – 88 points – Highly Recommended, 'Best Buy', Top 5 in Category – 2020 Late Autumn Off Dry Riesling
- Silver Medal – 87 points – Highly Recommended, 'Best Buy' – 2020 Pinot Grigio
- Silver Medal – 87 points – Highly Recommended, 'Best Buy' – 2020 Riesling
- Silver Medal – 85 points – Highly Recommended – 2020 Sauvignon Blanc
- Silver Medal – 85 points – Highly Recommended – 2020 Cabernet Franc

WineAlign – National Wine Awards of Canada

- #2 – Top 10 Ontario Wineries
- #4 – Top 25 Canadian Wineries
- Platinum Medal – 94 points – 2019 Showcase Late Harvest Vidal
- Platinum Medal – 94 points – Trius Brut Rose
- Gold Medal – 92 points – 2019 Showcase Riesling Ghost Creek Vineyard
- Silver Medal – 90 points – Trius Brut
- Silver Medal – 90 points – Showcase Brut Nature
- Silver Medal – 90 points – 2020 Distinction Sauvignon Blanc
- Silver Medal – 90 points – 2019 Distinction Gamay Noir
- Silver Medal – 90 points – 2019 Red The Icon
- Silver Medal – 90 points – 2019 Reserve Syrah
- Silver Medal – 90 points – 2019 Showcase Cabernet Franc Red Shale
- Bronze Medal – 88 points – 2020 Rose
- Bronze Medal – 88 points – 2019 Distinction Divine White
- Bronze Medal – 88 points – 2020 Distinction Cabernet Sauvignon
- Bronze Medal – 88 points – 2019 Reserve Viognier
- Bronze Medal – 88 points – 2019 Showcase Pinot Noir Clark Farm

Effervescents du Monde – Best Sparkling Wines in the World, France

- Gold Medal – Top 10 – Brut Rose

The Global Riesling Masters – UK

- Silver Medal – 2019 Showcase Riesling Ghost Creek Vineyard

Wayne Gretzky Brewery

Beverage Testing Institute (BTI) – Chicago, USA

- Gold Medal – 94 points – Exceptional – Hazy IPA
- Gold Medal – 90 points – Exceptional – Premium Lager, Ontario
- Silver Medal – 89 points – Highly Recommended – Hazy Pilsner
- Silver Medal – 87 points – Highly Recommended – Pale Ale, Ontario
- Silver Medal – 86 points – Highly Recommended – Session Ale

Wayne Gretzky Distillery

Canadian Whisky Awards – Victoria, BC

- Best Cream Whisky – Gold Medal – No. 99 Salted Caramel Canadian Cream Whisky
- Silver Medal – No. 99 Red Cask Whisky
- Silver Medal – No. 99 Ice Cask Whisky
- Silver Medal – No. 99 Maple Whisky
- Silver Medal – No. 99 Ninety Nine Proof Whisky
- Bronze Medal – No. 99 Canadian Cream Whisky

San Francisco World Spirits Competition

- Double Gold Medal – Wayne Gretzky No. 99 Red Cask Whisky
- Gold Medal – Wayne Gretzky No. 99 Ice Cask Whisky
- Gold Medal – Wayne Gretzky No. 99 Canadian Cream Whisky
- Gold Medal – Wayne Gretzky No. 99 Canadian Cream Salted Caramel Whisky
- Silver Medal – Wayne Gretzky No. 99 Maple Cask Whisky
- Bronze Medal – Wayne Gretzky Ninety Nine Proof Small Batch Canadian Whisky

Alberta Beverage Awards

- Judges Selection – Red Cask Whisky

Wayne Gretzky Estates Niagara

International Wine Challenge – UK

- Gold Medal – 95 points – 2019 No. 99 Vidal Icewine
- Gold Medal – 95 points – 2019 No. 99 Cabernet Franc Icewine

Experience Rosé, California USA

- Bronze Medal – 2020 Wayne Gretzky Estate Rose

International Wine & Spirit Competition – UK

- Gold Medal – 96 points – 2019 No. 99 Vidal Icewine
- Silver Medal – 90 points – 2019 No. 99 Cabernet Franc Icewine

Sunset International Wine Competition, California USA

- Silver Medal – 2019 Founders Series Sauvignon Blanc

Decanter World Wine Awards – UK

- Platinum Medal – 97 points – 2019 Vidal Icewine
- Silver Medal – 90 points – 2019 Cabernet Franc Icewine

All Canadian Wine Championships

- Silver Medal – 2020 Rose
- Bronze Medal – 2019 Cabernet Franc Icewine

Beverage Testing Institute – World Value Wine Challenge

- Silver Medal – 89 points – Highly Recommended, 'Best Buy', Top 5 in Category – 2020 Founders Series Riesling
- Silver Medal – 88 points – Highly Recommended, 'Best Buy' – 2020 Founders Series Baco Noir
- Silver Medal – 87 points – Highly Recommended, 'Best Buy' – 2020 Founders Series Cabernet Merlot
- Silver Medal – 86 points – Highly Recommended, 'Best Buy' – 2020 Founders Series Pinot Grigio
- Silver Medal – 86 points – Highly Recommended, 'Best Buy' – 2020 Rose
- Bronze Medal – 84 points – Recommended – 2020 Founders Series Chardonnay
- Bronze Medal – 84 points – Recommended – 2020 Founders Series Sauvignon Blanc

WineAlign – National Wine Awards of Canada

- Gold Medal – 92 points – 2019 Cabernet Franc Icewine
- Silver Medal – 90 points – 2019 Vidal Icewine
- Silver Medal – 90 points – 2017 Signature Series Shiraz Cabernet
- Bronze Medal – 88 points – 2020 Signature Series White
- Bronze Medal – 88 points – 2020 Signature Series Baco Noir

XOXO

Beverage Testing Institute (BTI) – Chicago, USA

- Silver Medal – 86 points – XOXO Botanical Raspberry Rhubarb
- Silver Medal – 85 points – XOXO Botanical Peach Orange Blossom
- Silver Medal – 85 points – XOXO Botanical Strawberry Hibiscus

+370

AWARDS NATIONALLY

▲ 27% OVER LAST YEAR

2021 TOP AWARDS

Black Cellar

Beverage Testing Institute – World Value Wine Challenge

- Silver Medal – 89 points – Highly Recommended, 'Best Buy', Top 5 in Category – Shiraz Cabernet Blend No.5 Whisky Oak Aged
- Bronze Medal – 84 points – Recommended – Shiraz Cabernet Blend No.19
- Bronze Medal – 84 points – Recommended – Malbec Blend No.3
- Bronze Medal – 81 points – Recommended – Malbec Merlot Blend No.13

Black Hills Estate Winery

International Wine & Spirit Competition UK

- Silver Medal – 91 points – 2019 Chardonnay
- Bronze Medal – 87 points – 2018 Per Se
- Bronze Medal – 86 points – 2018 Addendum

Decanter World Wine Awards, UK

- Gold Medal – 95 points – 2018 Carmenere
- Silver Medal – 93 points – 2018 Addendum
- Silver Medal – 92 points – 2018 Syrah
- Bronze Medal – 89 points – 2018 Per Se
- Bronze Medal – 87 points – 2019 Chardonnay

Alberta Beverage Awards – Culinare magazine

- Judges Selection – 2018 Syrah
- Judges Selection – 2019 Chardonnay

British Columbia Lieutenant Governor's Wine Awards

- Gold Medal – 2020 Alibi
- Silver Medal – 2019 Per Se

WineAlign National Wine Awards of Canada

- #24 – Top 25 Canadian Wineries
- Gold Medal – 92 points – 2018 Ipso Facto
- Gold Medal – 92 points – 2019 Syrah
- Gold Medal – 92 points – 2019 Carmenere
- Silver Medal – 90 points – 2019 Per Se
- Silver Medal – 90 points – 2019 Chardonnay
- Bronze Medal – 88 points – 2020 Alibi
- Bronze Medal – 88 points – 2020 Roussanne
- Bronze Medal – 88 points – 2020 Rose

Good Natured Okanagan

Sip Magazine, Best of the Northwest

- Double Gold Medal – 2020 Crisp Chardonnay

WineAlign National Wine Awards of Canada

- Gold Medal – 92 points – 2020 Petit Verdot Merlot
- Silver Medal – 90 points – 2020 Balanced Red
- Bronze Medal – 88 points – 2020 Crisp Chardonnay

Gray Monk Estate Winery

Experience Rosé, California USA

- Gold Medal – 92 points – Gray Monk Rose
- Gold Medal – 91 points – Gray Monk Latitude 50 Rose

International Wine & Spirit Competition UK

- Silver Medal – 91 points – 2018 Odyssey White Brut
- Bronze Medal – 88 points – 2018 Odyssey Pinot Noir
- Bronze Medal – 88 points – 2018 Odyssey Cabernet Franc
- Bronze Medal – 88 points – 2017 Odyssey Cabernet Sauvignon
- Bronze Medal – 87 points – 2019 Odyssey Pinot Gris
- Bronze Medal – 87 points – 2019 Chardonnay Unwooded
- Bronze Medal – 87 points – 2018 Odyssey Merlot
- Bronze Medal – 86 points – 2018 Odyssey Rose Brut

Sunset International Wine Competition, California USA

- Double Gold Medal – 96 points – 2019 Chardonnay Unwooded
- Gold Medal – 93 points – 2019 Siegerrebe
- Silver Medal – 2019 Monk's Blend
- Silver Medal – 2019 Kerner
- Silver Medal – 2019 Pinot Blanc
- Silver Medal – 2019 Pinot Auxerrois
- Silver Medal – 2019 Riesling
- Silver Medal – 2019 Gewurztraminer
- Silver Medal – 2019 Cabernet Merlot
- Silver Medal – 2019 Latitude 50 White

Decanter World Wine Awards, UK

- Bronze Medal – 89 points – 2018 Odyssey Meritage
- Bronze Medal – 88 points – 2018 Odyssey Cabernet Sauvignon
- Bronze Medal – 88 points – 2018 Odyssey Cabernet Franc
- Bronze Medal – 88 points – 2018 Odyssey Merlot
- Bronze Medal – 88 points – 2018 Odyssey Pinot Noir
- Bronze Medal – 88 points – 2018 Odyssey Rose Brut
- Bronze Medal – 87 points – 2018 Odyssey White Brut
- Bronze Medal – 87 points – 2019 Odyssey Pinot Gris
- Bronze Medal – 86 points – 2019 Chardonnay Unwooded

All Canadian Wine Championships

- Trophy – Best Sparkling Wine – Double Gold Medal – 2018 Odyssey Rose Brut
- Gold Medal – 2019 Merlot
- Gold Medal – 2018 Odyssey Meritage
- Silver Medal – 2020 Ehrenfelser
- Silver Medal – 2019 Odyssey Pinot Gris
- Silver Medal – 2020 Rose
- Bronze Medal – 2020 Gewurztraminer

Alberta Beverage Awards – Culinare magazine

- Judges Selection – 2020 Chardonnay Unwooded
- Judges Selection – 2020 Pinot Auxerrois
- Judges Selection – 2018 Merlot
- Judges Selection – 2019 Monk's Blend

British Columbia Lieutenant Governor's Wine Awards

- Gold Medal – 2018 Odyssey Cabernet Sauvignon
- Silver Medal – 2018 Odyssey Merlot
- Silver Medal – 2018 Odyssey Rose Brut

Sip Magazine, Best of the Northwest

- Platinum Medal – 2019 Monk's Blend
- Platinum Medal – 2020 Chardonnay Unwooded
- Silver Medal – 2020 Pinot Gris

WineAlign National Wine Awards of Canada

- Silver Medal – 90 points – 2018 Odyssey White Brut
- Silver Medal – 90 points – 2018 Odyssey Rose Brut
- Silver Medal – 90 points – 2018 Odyssey Traditional Brut
- Silver Medal – 90 points – 2018 Odyssey Merlot
- Silver Medal – 90 points – 2018 Odyssey Cabernet Franc
- Bronze Medal – 88 points – 2018 Odyssey Cabernet Sauvignon
- Bronze Medal – 88 points – 2020 Chardonnay Unwooded
- Bronze Medal – 88 points – 2020 Rose
- Bronze Medal – 88 points – 2020 Odyssey Pinot Gris
- Bronze Medal – 2020 Ehrenfelser

No Boats On Sunday

Beverage Testing Institute (BTI) – Chicago, USA

- Gold Medal – 90 points – Exceptional – Best Buy – 100% BC Cider

Alberta Beverage Awards – Culinare magazine

- Judges Selection – 100% BC Original Cider

Peller Estates Winery Okanagan

Sunset International Wine Competition, California USA

- Gold Medal – 91 points – 2019 Family Reserve VQA Sauvignon Blanc
- Silver Medal – 2019 Family Reserve VQA Cabernet Merlot
- Silver Medal – 2019 Family Reserve VQA Winemaker's Red
- Silver Medal – 2019 Family Reserve VQA Chardonnay

All Canadian Wine Championships

- Double Gold Medal – 2019 Family Reserve VQA Chardonnay
- Gold Medal – 2020 Family Reserve VQA Winemakers White

Alberta Beverage Awards – Culinare magazine

- Top Value – 2018 Family Vineyards VQA Cabernet Merlot

British Columbia Lieutenant Governor's Wine Awards

- Silver Medal – 2020 Family Reserve Sauvignon Blanc

Sip Magazine, Best of the Northwest

- Gold Medal – 2019 Family Reserve Winemaker's Red

WineAlign National Wine Awards of Canada

- Silver Medal – 90 points – 2020 Family Reserve Winemaker's Red
- Bronze Medal – 88 points – 2020 Family Reserve Winemaker's White
- Bronze Medal – 88 points – 2020 Family Reserve Cabernet Merlot

Red Rooster

Experience Rosé, California USA

- Silver Medal – 2020 Red Rooster Rose
- Silver Medal – Red Rooster Rose (sparkling)

Decanter World Wine Awards, UK

- Gold Medal – 95 points – 2018 Rare Bird Series Syrah
- Silver Medal – 92 points – 2017 Golden Egg
- Silver Medal – 91 points – 2018 Rare Bird Series Malbec
- Bronze Medal – 87 points – Brut Rose

BRITISH COLUMBIA

British Columbia Lieutenant Governor's Wine Awards

- Silver Medal – 2020 Viognier
- Sip Magazine, Best of the Northwest
- Gold Medal – 2020 Sauvignon Blanc
- Gold Medal – 2020 Pinot Gris

WineAlign National Wine Awards of Canada

- Gold Medal – 92 points – 2018 Golden Egg
- Silver Medal – 90 points – Sparkling Brut
- Silver Medal – 90 points – 2020 Sauvignon Blanc
- Silver Medal – 90 points – 2020 Viognier
- Silver Medal – 90 points – 2020 Sur Lie Chardonnay
- Silver Medal – 90 points – 2020 Carbonic Merlot Malbec
- Bronze Medal – 88 points – 2020 Pinot Gris
- Bronze Medal – 88 points – 2020 Rose
- Bronze Medal – 88 points – 2018 Rare Bird Series Pinot Noir
- Bronze Medal – 88 points – 2019 Malbec
- Bronze Medal – 88 points – 2020 Pinot 3

Sandhill

Experience Rosé, California USA

- Silver Medal – 2020 Sandhill Rose Terroir Driven Wine

Decanter World Wine Awards, UK

- Silver Medal – 91 points – 2018 Single Vineyard Petit Verdot
- Silver Medal – 91 points – 2018 Single Vineyard TWO
- Bronze Medal – 89 points – 2018 Single Vineyard Syrah
- Bronze Medal – 88 points – 2018 Single Vineyard THREE
- Bronze Medal – 88 points – 2018 Single Vineyard Sangiovese
- Bronze Medal – 88 points – Sauvignon Blanc Terroir Driven Wine

All Canadian Wine Championships

- Silver Medal – 2020 Sangiovese Rose Single Block
- Bronze Medal – 2020 Sovereign Opal
- Bronze Medal – 2020 Pinot Gris
- Bronze Medal – 2020 Rose
- Bronze Medal – 2018 Single Vineyard Sangiovese

Alberta Beverage Awards – Culinaire magazine

- Judges Selection – 2020 Rose Terroir Driven Wine
- Judges Selection – 2018 Cabernet Merlot Terroir Driven Wine
- Judges Selection – 2019 Chardonnay Terroir Driven Wine

British Columbia Lieutenant Governor's Wine Awards

- Silver Medal – 2020 Pinot Gris Terroir Driven Wine
- Silver Medal – 2020 Sovereign Opal Terroir Driven Wine
- Silver Medal – 2019 Syrah Terroir Driven Wine
- Silver Medal – 2019 Cabernet Merlot Terroir Driven Wine
- Silver Medal – 2020 Sangiovese Rose Single Block C9

Sip Magazine, Best of the Northwest

- Silver Medal – 2020 Rose Terroir Driven Wine

WineAlign National Wine Awards of Canada

- Silver Medal – 90 points – 2019 Cabernet Merlot Terroir Driven Wine
- Bronze Medal – 88 points – 2020 Pinot Gris Terroir Driven Wine
- Bronze Medal – 88 points – 2020 Sovereign Opal Terroir Driven Wine
- Bronze Medal – 88 points – 2020 Sauvignon Blanc Terroir Driven Wine

- Bronze Medal – 88 points – 2019 Cabernet Franc Terroir Driven Wine
- Bronze Medal – 88 points – 2019 Harvest Series Chardonnay
- Bronze Medal – 88 points – 2020 Single Vineyard Sangiovese Rose
- Bronze Medal – 88 points – 2018 Single Vineyard Sangiovese
- Bronze Medal – 88 points – 2018 Single Vineyard TWO
- Bronze Medal – 88 points – 2018 Single Vineyard Petit Verdot
- Bronze Medal – 88 points – 2018 Single Vineyard Malbec

Small Mercy

Beverage Testing Institute – World Value Wine Challenge

- Silver Medal – 89 points – Highly Recommended, 'Best Buy', Top 10 in Category – Upbeat White
- Bronze Medal – 83 points – Recommended – Easy Going Red

Stone Road Vineyards

Sunset International Wine Competition, California USA

- Silver Medal – 2019 Cabernet Merlot

Tinhorn Creek Vineyards

International Wine & Spirit Competition UK

- Silver Medal – 91 points – 2019 Oldfield Reserve Sauvignon Blanc
- Bronze Medal – 88 points – 2017 Oldfield Reserve Merlot

Decanter World Wine Awards, UK

- Silver Medal – 92 points – 2019 Oldfield Reserve Viognier
- Silver Medal – 90 points – 2019 Oldfield Reserve Sauvignon Blanc
- Silver Medal – 90 points – 2017 Oldfield Reserve Merlot
- Silver Medal – 90 points – 2018 Oldfield Reserve Cabernet Franc
- Bronze Medal – 88 points – 2018 Oldfield Reserve Syrah

Alberta Beverage Awards – Culinaire magazine

- Best in Class – 2019 Merlot
- Judges Selection – 2019 Gewurztraminer

British Columbia Lieutenant Governor's Wine Awards

- Silver Medal – 2020 Pinot Gris
- Silver Medal – 2020 Oldfield Reserve Sauvignon Blanc
- Silver Medal – 2018 Oldfield Reserve Merlot
- Sip Magazine, Best of the Northwest
- Double Gold Medal – 2020 Pinot Gris
- Silver Medal – 2018 Oldfield Reserve Cabernet Franc

WineAlign National Wine Awards of Canada

- Gold Medal – 92 points – 2019 Oldfield Reserve Chardonnay
- Gold Medal – 92 points – 2018 Oldfield Reserve Merlot
- Silver Medal – 90 points – 2018 Oldfield Reserve Syrah
- Silver Medal – 90 points – 2019 Chardonnay
- Bronze Medal – 88 points – 2020 Pinot Gris
- Bronze Medal – 88 points – 2020 Gewurztraminer
- Bronze Medal – 88 points – 2019 Merlot
- Bronze Medal – 88 points – 2018 Oldfield Reserve Cabernet Franc

Wayne Gretzky Brewery

Beverage Testing Institute (BTI) – Chicago, USA

- Gold Medal – 92 points – Exceptional – Pale Ale, British Columbia
- Silver Medal – 89 points – Highly Recommended – Premium Lager, British Columbia

Wayne Gretzky Estates Okanagan

Experience Rosé, California USA

- Double Gold – Best of Class – 95 points – 2020 Wayne Gretzky Okanagan Rose
- Best International Dry Rose – 2020 Wayne Gretzky Okanagan Rose

Sunset International Wine Competition, California USA

- Silver Medal – 2019 Pinot Grigio

All Canadian Wine Championships

- Bronze Medal – 2020 Rose

Alberta Beverage Awards – Culinaire magazine

- Judges Selection – Red Cask Whisky
- Judges Selection – Session Ale Beer

British Columbia Lieutenant Governor's Wine Awards

- Gold Medal – 2020 Rose

WineAlign National Wine Awards of Canada

- Silver Medal – 90 points – 2020 Rose
- Bronze Medal – 88 points – 2020 Pinot Grigio
- Bronze Medal – 88 points – 2019 Signature Series Cabernet Merlot
- Bronze Medal – 88 points – 2020 Founders Series 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, 2022

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, 2022, in comparison with those for the three months and year ended March 31, 2021, for Andrew Peller Limited (the "Company" or "APL"). This discussion is prepared as of June 15, 2022 and should be read in conjunction with the audited consolidated financial statements and accompanying notes contained therein for the years ended March 31, 2022 and 2021. Additional information relating to the Company, including the audited annual consolidated financial statements and Annual Information Form for the years ended March 31, 2022, and March 31, 2021, is available on www.sedar.com. The financial years ending March 31, 2023, March 31, 2022, and March 31, 2021 are referred to as "fiscal 2023", "fiscal 2022" and "fiscal 2021" 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 to all customers and consumers through its extensive distribution network, which 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 15, 2022, the Company's Board of Directors approved a common share dividend with no increase from fiscal 2022. The annual dividend on Class A Shares is \$0.246 per share and the dividend on Class B Shares is \$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 June 8, 2022, the Company announced the appointment of Paul Dubkowski as Chief Financial Officer and Executive Vice-President of Information Services effective July 11, 2022. Steve Attridge, current CFO and EVP, IT, will remain with the Company to transition with Paul and continue to lead the Company's digital and business process transformation.

On September 28, 2021, the Company completed the sale of its Port Coquitlam, British Columbia property and related assets for total proceeds of approximately \$8.8 million, net of transaction costs, and generated a realized gain on sale of \$7.5 million or \$0.21 per Class A share.

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, during the 12-month period from March 8, 2021 to March 7, 2022. As of March 7, 2022, the Company had purchased 598,600 Class A non-voting common shares, at a weighted average price of \$8.70 per Class A non-voting common share, for a total cash consideration of \$5.2 million.

Results of Operations

For the years ended March 31, (in \$000, except per share amounts)	2022	2021	2020
Sales	373,944	393,036	382,306
Gross margin ⁽¹⁾	138,992	156,518	166,250
Gross margin (% of sales)	37.2%	39.8%	43.5%
Selling and administrative expenses	99,804	93,472	104,749
EBITA ⁽¹⁾	39,188	63,046	61,501
Interest	9,337	8,108	8,107
Net unrealized (gain) loss on derivative financial instruments	(2,269)	(135)	1,406
Gain on sale of assets held for sale	(7,518)	-	-
Gain on debt modification and financing fees	-	(2,312)	-
Other expenses	1,210	1,770	1,769
Adjusted earnings ⁽¹⁾	5,143	26,986	27,575
Net earnings	12,468	27,786	23,494
Earnings per share – basic and diluted - Class A	0.29	0.65	0.55
Earnings per share – basic and diluted - Class B	0.26	0.57	0.48
Dividend per share – Class A (annual)	0.246	0.218	0.215
Dividend per share – Class B (annual)	0.214	0.190	0.187

⁽¹⁾ See “Non-IFRS Measures” section of this MD&A

Sales for the year ended March 31, 2022 were \$374.0 million, down 4.9% from the prior year. When the pandemic was announced in March 2020 the Company saw an increase in sales in fiscal 2021 as a result of changes in consumer purchasing patterns and uncertainty around trade channels for alcoholic beverages remaining open. Additionally, provincial liquor stores in Ontario were closed on Mondays for the majority of fiscal 2021, resulting in an increase in sales at the Company’s retail locations. As pandemic restrictions ease, sales in these channels have normalized when compared to prior year. Government-mandated closures of restaurants and hospitality businesses were lifted in June 2021, however restrictions on capacity remained in place throughout fiscal 2022. As a result, the recovery in the restaurant and hospitality industries lagged during the first half of fiscal 2022 when compared to the retail industry. Sales in restaurants, estate wineries and hospitality locations have begun to increase as the pandemic eases and consumers return to pre-pandemic activities, and management expects this to continue.

The Company defines gross margin (see “Non-IFRS Measures” section of this MD&A) as gross profit excluding amortization. Gross margin as a percentage of sales was 37.2% for the year ended March 31, 2022 compared to 39.8% in the prior year. Gross margin has declined throughout fiscal 2022 due to higher imported wine and raw material costs and increased co-packing costs related to the Company’s refreshment beverage categories. The cost of raw materials such as import wine, glass bottles and other packaging materials have increased due to inflationary pressures. Gross margin is also being suppressed due to an increase in global supply chain costs such as international freight and associated shipping charges.

Selling and administrative expenses increased in fiscal 2022 as the Company increased staffing and marketing expenses in preparation for more normal markets returning as the impact of the COVID-19 pandemic eases. During the first six months of fiscal 2021, the Company laid off a significant part of its workforce due to government-mandated closures and reduced advertising and promotional spending to conserve cash in response to the pandemic. In addition, certain start-up costs were incurred in fiscal 2022 related to the acquisition of the Riverbend Inn and Vineyard, which opened on June 19, 2021. As a percentage of sales, selling and administrative expenses were 26.7% in fiscal 2022 compared to 23.8% in the prior year. As activity in the hospitality, licensee and export channels increases, the Company expects selling and administrative expenses will trend to pre-pandemic levels as a percentage of sales.

Earnings before interest, amortization, gain on sale of assets held for sale, net unrealized gains and losses on derivative financial instruments, other (income) expenses, gain on debt modification net of financing fees, and income taxes (“EBITA”) (see “Non-IFRS Measures” section of this MD&A) were \$39.2 million for the year ended March 31, 2022

compared to \$63.0 million in the prior year. The decline in EBITA in fiscal 2022 is due to lower sales, higher cost of goods sold and higher selling and administrative expenses compared to the prior year.

Interest expense in fiscal 2022 increased compared to the prior year due higher debt levels resulting primarily from capital investments in the Company's operations and properties and higher overall interest rates.

The Company recorded a net unrealized non-cash gain in fiscal 2022 of \$2.3 million related to mark-to-market adjustments on interest rate swaps and foreign exchange contracts compared to an unrealized gain of \$0.1 million in the prior year. The change is largely due to a gain on the interest rate swap as Canadian interest rates increase. 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.

On September 28, 2021 the Company recorded a realized gain of \$7.5 million on the sale of its Port Coquitlam, British Columbia property and related assets.

The Company amended and restated its debt facilities on December 8, 2020. Management assessed the amendments and determined that these amendments constituted a modification of long-term debt resulting in a gain on modification of \$2.9 million for the year ended March 31, 2021, offset by financing costs of \$0.6 million.

Net earnings for the year ended March 31, 2022 were \$12.5 million or \$0.29 per Class A Share compared to \$27.8 million or \$0.65 per Class A Share in the prior year.

Quarterly Performance

The following table outlines key quarterly highlights.

(in \$000, except per share amounts)	Q4 22	Q3 22	Q2 22	Q1 22	Q4 21	Q3 21	Q2 21	Q1 21
Sales	78,838	103,485	99,224	92,397	79,126	111,060	104,410	98,440
Gross margin ⁽¹⁾	23,029	36,294	42,408	37,261	28,089	41,537	44,165	42,727
Gross margin (% of sales)	29.2%	35.1%	42.7%	40.3%	35.5%	37.4%	42.3%	43.4%
EBITA ⁽¹⁾	(630)	12,084	15,821	11,913	1,815	16,223	22,438	22,570
Interest	2,162	2,424	2,478	2,273	2,619	1,637	1,813	2,039
Gain on debt modification and financing fees	-	-	-	-	-	(2,312)	-	-
Net unrealized (gain) loss on financial instruments	(485)	(359)	(1,037)	(388)	(495)	170	(540)	730
Gain on sale of assets held for sale	-	-	(7,518)	-	-	-	-	-
Other expenses (income)	946	(103)	26	341	742	148	195	685
Adjusted earnings (loss) ⁽¹⁾	(6,678)	2,765	5,801	3,255	(6,145)	8,159	12,419	12,553
Net earnings (loss)	(7,019)	3,107	13,090	3,290	(6,328)	10,236	12,674	11,204
E.P.S. – Class A basic and diluted	\$(0.17)	\$0.07	\$0.31	\$0.08	\$(0.15)	\$0.24	\$0.30	\$0.26
E.P.S. – Class B basic and diluted	\$(0.14)	\$0.06	\$0.27	\$0.07	\$(0.13)	\$0.21	\$0.26	\$0.23

⁽¹⁾ See "Non-IFRS Measures" section of this MD&A

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 fluctuations in the Company's results and consequently, quarterly results may not follow historical trends.

Sales for the three months ended March 31, 2022 were consistent with the prior year's fourth quarter. The recovery in restaurant, estate winery and hospitality sales has offset the normalization of retail sales. Gross margin (see "Non-IFRS Measures" section of this MD&A) was 29.2% in the fourth quarter of fiscal 2022, compared to 35.5% for the fourth quarter

of fiscal 2021 as raw material and supply chain costs have increased significantly when compared to prior year as described above. Selling and administrative expenses decreased as a percentage of sales for the three months ended March 31, 2022 compared to the prior year's fourth quarter as activity in the restaurant and hospitality channels has increased as the pandemic eases. The Company incurred a net loss for the three months ended March 31, 2022 of \$7.0 million or a loss of \$0.17 per Class A Share compared to a net loss of \$6.3 million or \$0.15 per Class A Share in the fourth quarter of fiscal 2021. The Company incurred an adjusted loss (see "Non-IFRS Measures" section of this MD&A) of \$6.7 million for the three months ended March 31, 2022 compared to an adjusted loss of \$6.1 million in the prior year.

Liquidity and Capital Resources

As at (in \$000)	March 31, 2022	March 31, 2021	March 31, 2020
Current assets	236,213	225,302	214,114
Property, plant, and equipment	209,015	206,920	203,549
Right-of-use assets	15,215	17,011	17,551
Intangible assets	43,990	39,650	25,067
Goodwill	53,638	53,638	53,638
Total assets	558,071	542,521	513,919
Current liabilities	54,381	54,618	130,460
Long-term debt	192,065	174,544	95,515
Long-term derivative financial instruments	-	717	1,932
Lease obligations	12,193	13,987	14,802
Post-employment benefit obligations	1,605	3,316	3,649
Deferred income taxes	32,426	29,765	22,038
Shareholders' equity	265,401	265,574	245,523
Total liabilities and shareholders' equity	558,071	542,521	513,919

The change in current assets as at March 31, 2022 compared to March 31, 2021 reflects a decrease in accounts receivable due offset by higher levels of inventory due to lower sales in the fourth quarter of fiscal 2022 compared to fiscal 2021. 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.

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 \$15.3 million of accounts receivable with provincial liquor boards at March 31, 2022, all of which is expected to be collectible. The balance represents amounts due from licensees, export customers, and independent retailers of personal winemaking products. The amount of accounts receivable that was 30 days past due was \$1.4 million at March 31, 2022. 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 at March 31, 2022 increased by \$2.1 million compared to March 31, 2021. This is due to \$15.6 million of additions in the Company's properties and operations, offset by \$13.5 million in depreciation. Intangible assets at March 31, 2022 increased by \$4.3 million, attributed to \$7.8 million of software additions, offset by \$3.5 million of amortization.

Right-of-use assets decreased from \$17.0 million as at March 31, 2021 to \$15.2 million as at March 31, 2022. The decrease of \$1.8 million was primarily due to lease additions and modifications of \$2.6 million, offset by depreciation of \$4.4 million.

Current liabilities were \$54.4 million as at March 31, 2022, consistent with March 31, 2021. Accounts payable and accrued liabilities increased by \$0.9 million due to the timing of payments at year-end. This increase was offset by a decrease of \$1.6 million in derivative financial instruments as a result of fair value changes.

Long-term debt increased to \$192.1 million at March 31, 2022 from \$174.5 million at March 31, 2021, due to a reduction in cash from operations and increased investment in the Company's properties and operations. The Company's debt to equity ratio was 0.72:1 at March 31, 2022 compared to 0.66:1 at March 31, 2021. At March 31, 2022, the Company had unutilized debt capacity in the amount of \$157.6 million on its credit facility.

On November 10, 2021, the Company amended and restated its debt facility to revise its interest charge coverage ratio financial covenant for the three-month period ended December 31, 2021. On December 22, 2021, the Company obtained a waiver from its lenders in connection with the financial covenants of its credit agreement for the fiscal quarter ended December 31, 2021. Furthermore, on February 9, 2022, the Company amended its credit agreement to amend financial covenants for reporting periods from March 31, 2022 to the end of the term of the credit facility. The financial covenants for the reporting periods from June 30, 2022 to the end of the term of the credit facility were further amended on June 15, 2022. This amendment also contains post-closing covenants which require the Company to provide additional first ranking security in favour of the lenders on real property with a certain fair market value by a specified date.

Management expects to generate sufficient cash flow from operations to meet its debt servicing and working capital requirements over the short-term through 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, 2022, the Company generated cash from operating activities, after changes in non-cash working capital items, of \$15.6 million compared to \$41.1 million in the prior year. The reduction in cash provided by operating activities is primarily due to impact of COVID-19 on the operations of the Company during 2021 compared to 2022, compounded by higher raw materials costs and global supply chain costs due to inflationary pressures.

Cash used in investing activities decreased by \$22.4 million. This is primarily due to the sale of the Port Coquitlam property resulting in net proceeds of \$8.8 million, as well as a reduction in additions for both property, plant and equipment and intangible assets.

Financing activities for the year ended March 31, 2022 include the payment of dividends, principal repayment of lease obligations and the purchase of Class A shares under the Company's approved issuer bid.

Working capital at March 31, 2022 was \$181.8 million compared to \$170.7 million at March 31, 2021. Shareholders' equity at March 31, 2022 was \$265.4 million or \$6.15 per common share compared to \$265.6 million or \$6.08 per common share at March 31, 2021.

The following table outlines the Company's contractual obligations as at March 31, 2022:

(in \$000)	< 1 Year	2 - 3 Years	4 - 5 Years	> 5 Years	Total
Long-term debt	-	192,132	-	-	192,132
Leases and royalties	6,027	8,451	5,074	18,960	38,512
Service agreements	2,293	2,281	260	-	4,834
Grape, bulk wine and whisky purchase contracts	101,407	95,824	63,745	76,456	337,432
Packaging purchase contracts	41,094	15,485	-	-	56,579
	150,821	314,173	69,079	95,416	629,489
Interest rate swap	904	-	-	-	904
Foreign exchange forwards	22,948	-	-	-	22,948
Total contractual obligations	174,673	314,173	69,079	95,416	653,341

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, 2022	March 31, 2021	March 31, 2020
Class A Shares	34,978,011	35,525,639	35,403,767
Class B Shares	8,144,183	8,144,183	8,191,883
Total	43,122,194	43,669,822	43,595,650

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, during the 12-month period from March 8, 2021 to March 7, 2022. As of March 7, 2022, the Company had purchased 598,600 Class A shares at a weighted average price of \$8.70 per share for a total of \$5.2 million.

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 continuing sales growth as markets continue to normalize after COVID-19. The Company will continue to closely monitor its costs and will react 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 and operational advantages 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. For the year ended March 31, 2022, the COVID-19 pandemic continued to impact consumer purchasing patterns resulting in fluctuations in the Company's results, however, the Company continues to generate operating cash flows to meet short-term working capital needs. The Company is also experiencing uncertainty with respect to raw materials and import wine costs due to inflation, and component shortages because of the global supply chain crisis. The impact on the financial results of the Company will depend on management's ability to successfully mitigate against these risks. In the first quarter of fiscal 2023, the Company has implemented price increases that are expected to partially offset inflationary pressures on margin and is also exploring opportunities to implement further increases should inflation continue to rise. The Company is also executing cost savings

initiatives to mitigate against increasing supply chain costs and supply constraints through alternative sourcing arrangements for components and the negotiation of lower outbound freight costs.

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 competitor'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 adverse 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. When environmental risks such as wildfires occur, the Company's viticultural teams have internal processes to ensure the Company's vineyards are protected. This may include the use of technology and fire suppression activities. The Company's winemaking teams are also able to monitor the quality of the grapes and use enhanced processing technology to minimize the risk of smoke taint. APL has also developed programs to maintain 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 (see "Non-IFRS Measures" section of this MD&A), 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, 2022, the Company has forward foreign currency contracts to buy \$15.0 million US at rates averaging \$1.26, EUR1.4 million at rates averaging \$1.41 and \$2.4 million AUD at a rate of \$0.91. These contracts mature at various dates to September 2022. Based on the Company's forecasts for foreign currency purchases and the amount of foreign exchange forward contracts outstanding at March 31, 2022, 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 (see "Non-IFRS Measures" section of this MD&A) 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 on 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, gain on sale of assets held for sale, net unrealized gains and losses on derivative financial instruments, other (income) expenses, gain on debt modification net of financing fees, and income taxes) to measure its financial performance. EBITA is not a recognized measure 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	
	2022	2021	2022	2021
Net earnings (loss)	(7,019)	(6,328)	12,468	27,786
Add: Interest	2,162	2,619	9,337	8,108
Income taxes	(1,773)	153	4,607	9,667
Amortization of plant and equipment used in production	2,223	2,265	9,116	10,138
Amortization of equipment and intangibles used in selling and administration	3,316	2,859	12,237	8,024
Net unrealized gains on derivative financial instruments	(485)	(495)	(2,269)	(135)
Gain on debt modification	-	-	-	(2,312)
Gain on sale of assets held for sale	-	-	(7,518)	-
Other expenses	946	742	1,210	1,770
EBITA	(630)	1,815	39,188	63,046

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	
	2022	2021	2022	2021
Sales	78,838	79,126	373,944	393,036
Less: Cost of goods sold, excluding amortization	55,809	51,037	234,952	236,518
Gross margin	23,029	28,089	138,992	156,518
Gross margin (% of sales)	29.2%	35.5%	37.2%	39.8%

The Company calculates adjusted earnings (loss) as follows:

For the three months and year ended March 31, (in \$000)	Three Months		Year	
	2022	2021	2022	2021
Net earnings (loss)	(7,019)	(6,328)	12,468	27,786
Net unrealized gains on derivative financial instruments	(485)	(495)	(2,269)	(135)
Other expenses	946	742	1,210	1,770
Gain on debt modification	-	-	-	(2,312)
Gain on sale of assets held for sale	-	-	(7,518)	-
Fair value adjustment for acquired inventory sold during the period	-	-	-	302
Income tax effect of the above	(120)	(64)	1,252	(425)
Adjusted earnings (loss)	(6,678)	(6,145)	5,143	26,986

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 (in \$000)	2022	2021
Compensation and short-term benefits	3,867	4,421
Post-employment benefits	323	265
Stock based compensation expense	1,132	823
	5,322	5,509

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

Financial Statements and Accounting Policies

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

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.

Recently adopted 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 has not had an 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 adoption of these amendments did not have a significant impact on the consolidated financial statements.

Recently issued accounting pronouncements

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.

IAS 12, Income Taxes

This standard has been amended to require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Company has not yet assessed the impact of the amendments 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 15, 2022, 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, 2022, 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 15, 2022, 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 and its subsidiaries

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, 2022 and 2021, 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, 2022 and 2021;
 - 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, 2022. 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 inventories</p> <p><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 inventories amounted to \$94.3 million as at March 31, 2022. The Company carries bulk wine and spirits inventories on an average cost basis. The weighted average costs are determined separately for import bulk wine, domestic bulk 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 inventories 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 inventories costing process, including controls over the review of the inputs in the calculation of average costing and approval of bulk wine and spirit inventories 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. • On a sample basis of inventory items, tested the mathematical accuracy of the weighted average cost calculation. • Attended and performed inventory test counts for a sample of locations or obtained third party confirmations at certain locations to test the existence and accuracy of the quantity of bulk wine and spirits inventories as an input to the weighted average costs calculations.
<p>Goodwill impairment assessment for the Western Canadian wine cash generating unit (CGU)</p> <p><i>Refer to note 2 – Summary of significant accounting policies, note 3 – Critical accounting estimates and judgments and note 8 – Goodwill to the consolidated financial statements.</i></p> <p>The Company had goodwill of \$26.7 million as at March 31, 2022 related to its Western Canadian wine CGU. Management performs an impairment test on an annual basis, or more frequently if events or circumstances indicate that the carrying value may be impaired. An impairment loss is recognized if the carrying amount of a CGU to which the goodwill relates exceeds its recoverable amount. The recoverable amount of the Western Canadian wine CGU was based on a value in use method using a discounted cash flow model. Key assumptions used by management in the discounted cash flow model included the average revenue growth rate during the period of projected cash flows, gross profit percentage, selling and administration margin, terminal growth rate, and the discount rate. No impairment was recognized as a result of the 2022 impairment test.</p> <p>We considered this a key audit matter due to the judgment by management in determining the recoverable amount of the Western Canadian wine CGU, including the use of key assumptions. This has resulted in a high degree of</p>	<p>Our approach to addressing the matter included the following procedures, among others:</p> <ul style="list-style-type: none"> • Evaluated how management determined the recoverable amount of the Western Canadian wine CGU, which included the following: <ul style="list-style-type: none"> – Tested the appropriateness of the method used and the mathematical accuracy of the discounted cash flow model. – Tested the underlying data used in the discounted cash flow model. – Tested the reasonableness of the average revenue growth rate during the period of projected cash flows, gross profit percentage, selling and administration margin, and terminal growth rate applied by management in the discounted cash flow model by comparing them to the budget, management’s strategic plans approved by the Board of Directors, current and past performance, or available third party published industry and economic data, as applicable. – Professionals with specialized skill and knowledge in the field of valuation assisted in testing the reasonableness of the discount rate applied by management based on available data of comparable companies.

subjectivity and audit effort in performing procedures to test the key assumptions. Professionals with specialized skill and knowledge in the field of valuation assisted us in performing our procedures.

- Tested the disclosures made in the consolidated financial statements, including the sensitivity of the key assumptions used by management.

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 Peter Dalziel.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Oakville, Ontario

June 15, 2022

Consolidated Balance Sheets
As at March 31, 2022 and 2021
(in thousands of Canadian dollars)

	2022 \$	2021 \$
Assets		
Current assets		
Cash	1,297	2,737
Accounts receivable (note 20)	27,376	28,896
Inventories (note 4)	197,042	178,727
Biological assets (note 6)	2,045	2,815
Prepaid expenses and other assets	5,893	4,879
Income taxes receivable	2,560	5,973
Assets held for sale (note 5)	-	1,275
	236,213	225,302
Property, plant and equipment (note 5)	209,015	206,920
Right-of-use assets (note 10)	15,215	17,011
Intangible assets (note 7)	43,990	39,650
Goodwill (note 8)	53,638	53,638
	558,071	542,521
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 9)	47,375	46,487
Dividends payable	2,587	2,404
Lease obligations (note 10)	4,070	3,826
Derivative financial instruments (note 20)	349	1,901
	54,381	54,618
Long-term debt (note 11)	192,065	174,544
Long-term derivative financial instruments (note 20)	-	717
Lease obligations (note 10)	12,193	13,987
Post-employment benefit obligations (note 12)	1,605	3,316
Deferred income taxes (note 13)	32,426	29,765
	292,670	276,947
Shareholders' Equity		
Capital stock (note 14)	27,290	27,020
Contributed surplus (note 15)	5,756	4,950
Retained earnings	233,710	236,773
Accumulated other comprehensive loss	(1,355)	(3,169)
	265,401	265,574
	558,071	542,521
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, 2022 and March 31, 2021
(in thousands of Canadian dollars, except per share amounts)

	2022 \$	2021 \$
Sales	373,944	393,036
Cost of goods sold, excluding amortization (note 16)	234,952	236,518
Amortization of plant and equipment used in production	9,116	10,138
Gross profit	129,876	146,380
Selling and administration (note 16)	99,804	93,472
Amortization of equipment and intangible assets used in selling and administration	12,237	8,024
Interest	9,337	8,108
Gain on debt modification and financing fees (note 11)	-	(2,312)
Gain on sale of assets held for sale (note 5)	(7,518)	-
Net unrealized gain on derivative financial instruments (note 20)	(2,269)	(135)
Other expense (note 16)	1,210	1,770
	112,801	108,927
Earnings before income taxes	17,075	37,453
Income taxes (note 13)		
Current	2,458	2,091
Deferred	2,149	7,576
	4,607	9,667
Net earnings for the year	12,468	27,786
Net earnings per share (note 17)		
Basic and diluted		
Class A shares	0.29	0.65
Class B shares	0.26	0.57

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

Consolidated Statements of Comprehensive Income
For the years ended March 31, 2022 and March 2021
(in thousands of Canadian dollars)

	2022 \$	2021 \$
Net earnings for the year	12,468	27,786
Items that are never reclassified to net earnings		
Net actuarial gains on post-employment benefit plans (note 12)	1,938	570
Deferred income taxes (note 13)	(512)	(151)
Other comprehensive income for the year	1,426	419
Net comprehensive income for the year	13,894	28,205

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

Consolidated Statements of Changes in Equity
For the years ended March 31, 2022 and March 31, 2021
(in thousands of Canadian dollars)

	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive loss	Total shareholders' equity
	\$	\$	\$	\$	\$
Balance at April 1, 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
Net comprehensive income for the year	-	-	12,468	1,426	13,894
Repurchase and cancellation of Class A non-voting shares (note 14)	(449)	-	(4,761)	-	(5,210)
Exercise of share awards and issuance of Class A non-voting shares (notes 14 and 15)	719	(719)	-	-	-
Share-based compensation (note 15)	-	1,525	-	-	1,525
Settlement of post-retirement benefit arrangement (note 12)	-	-	(388)	388	-
Dividends (Class A \$0.246 per share, Class B \$0.214 per share)	-	-	(10,382)	-	(10,382)
Balance at March 31, 2022	27,290	5,756	233,710	(1,355)	265,401

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

Consolidated Statements of Cash Flows
For the years ended March 31, 2022 and March 31, 2021
(in thousands of Canadian dollars)

	2022 \$	2021 \$
Cash provided by (used in)		
Operating activities		
Net earnings for the year	12,468	27,786
Adjustments for non-cash items		
(Gain) loss on disposal of property, plant and equipment and intangible assets	(7,495)	677
Amortization of plant, equipment and intangible assets	21,353	18,162
Amortization of deferred financing fees	29	10
Interest expense	9,308	8,098
Income taxes	4,607	9,667
Net unrealized gain on derivative financial instruments	(2,269)	(135)
Gain on debt modification	-	(2,861)
Share-based compensation expense	1,399	937
Post-employment benefits	227	237
Interest paid	(8,636)	(7,076)
Income taxes received (paid)	955	(6,832)
	31,946	48,670
Change in non-cash working capital items related to operations (note 19)	(16,354)	(7,551)
	15,592	41,119
Investing activities		
Proceeds from sale of land and property	8,793	-
Purchase of property, plant and equipment	(13,612)	(17,651)
Purchase of intangible assets	(9,289)	(18,888)
	(14,108)	(36,539)
Financing activities		
Repayment of lease obligations	(4,115)	(3,812)
Drawings on long-term debt	56,000	76,620
Repayment of long-term debt	(39,000)	(64,836)
Financing fees paid	(400)	(655)
Repurchase of Class A shares	(5,210)	-
Dividends paid	(10,199)	(9,160)
	(2,924)	(1,843)
(Decrease) increase in cash during the year	(1,440)	2,737
Cash – Beginning of year	2,737	-
Cash – End of year	1,297	2,737
Supplementary information		
Property, plant and equipment acquired that were unpaid in cash and included in accounts payable and accrued liabilities	2,088	61
Intangible assets acquired that were unpaid in cash and included in accounts payable and accrued liabilities	-	1,478

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022 and March 31, 2021

(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.

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 15, 2022.

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, packaging materials and supplies, 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 and vineyard 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	2 – 14 years
Contract packaging	straight-line	10 years	none
Software	straight-line	5 – 15 years	2 – 14 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, 2022 and 2021.

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 International Accounting Standard (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 events or circumstances indicate that the carrying value 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. An impairment loss is recognized if the

carrying amount of a CGU to which the goodwill relates exceeds its recoverable amount. The recoverable amount of a CGU is based on a value in use method using a discounted cash flow model. If necessary, a CGU's fair value is also considered. An impairment loss in respect of goodwill cannot be reversed. No impairment in goodwill for the years ended March 31, 2022 and 2021 was recognized as a result of the impairment test.

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 date.

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

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 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 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), restricted share units (RSUs) 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. RSUs vest ratably over the restriction period and accordingly, the expense is recognized over the restriction period. DSUs vest immediately and, accordingly, the expense is recognized in full at the date of grant.

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

Recently adopted accounting pronouncements

IFRS 16, Leases (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 has not had an 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 consolidated 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 adoption of these amendments did not have a significant impact on the consolidated financial statements.

Recently issued accounting pronouncements

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.

IAS 12, Income Taxes

This standard has been amended to require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Company has not yet assessed the impact of the amendments 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 judgment in 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

	2022 \$	2021 \$
Packaging materials and supplies	23,264	12,791
Bulk wine and spirits	94,337	81,718
Finished goods	79,441	84,218
	<u>197,042</u>	<u>178,727</u>
Interest included in the cost of inventories	<u>1,825</u>	<u>1,203</u>

Inventory writedowns recognized as an expense amounted to \$6,375 (2021 – \$3,523).

The cost of inventories recognized as an expense and included in cost of goods sold, excluding amortization, was \$228,577 (2021 – \$232,995).

5 Property, plant and equipment

	Land \$	Vines, vineyard land and infrastructure \$	Buildings \$	Machinery and equipment \$	Total \$
At March 31, 2020					
Cost	35,526	49,003	95,049	155,152	334,730
Accumulated amortization	-	(16,293)	(25,036)	(89,968)	(131,297)
Net carrying amount	35,526	32,710	70,013	65,184	203,433
Year ended March 31, 2021					
Additions	4,430	779	4,592	6,551	16,352
Disposals	-	-	(381)	(174)	(555)
Amortization	-	(2,583)	(2,526)	(7,201)	(12,310)
Closing net carrying amount	39,956	30,906	71,698	64,360	206,920
At March 31, 2021					
Cost	39,956	49,782	99,070	161,219	350,027
Accumulated amortization	-	(18,876)	(27,372)	(96,859)	(143,107)
Net carrying amount	39,956	30,906	71,698	64,360	206,920
Year ended March 2022					
Additions	-	764	1,649	13,226	15,639
Disposals	-	-	-	(23)	(23)
Amortization	-	(1,505)	(2,733)	(9,283)	(13,521)
Closing net carrying amount	39,956	30,165	70,614	68,280	209,015

At March 2022

Cost	39,956	50,546	100,719	174,385	365,606
Accumulated amortization	-	(20,381)	(30,105)	(106,105)	(156,591)
Net carrying amount	39,956	30,165	70,614	68,280	209,015

Included in buildings and machinery and equipment are assets amounting to \$1,419 (2021 – \$1,831) that are under development and are not being amortized.

Contractual commitments to purchase property, plant and equipment were \$1,268 as at March 31, 2022 (2021 – \$3,871).

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 had a net book value of \$1,275. On September 28, 2021, the Company completed the sale of the assets for total consideration, net of selling costs, of \$8,793 resulting in a realized gain on sale of \$7,518.

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, 2022, the Company harvested grapes valued at \$8,666 (2021 – \$8,419).

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

	2022	2021
	\$	\$
Balance – Beginning of year	2,815	1,951
Net increase in fair value less costs to sell due to biological transformation	7,896	9,283
Transferred to inventory on harvest	(8,666)	(8,419)
Biological assets	<u>2,045</u>	<u>2,815</u>

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, 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
Year ended March 31, 2022							
Additions	-	-	-	-	7,811	-	7,811
Amortization	-	-	(574)	-	(2,897)	-	(3,471)
Closing net carrying amount	10,039	-	2,786	-	31,064	101	43,990
At March 31, 2022							
Cost	10,239	-	12,827	-	36,611	1,917	61,594
Accumulated amortization and impairment	(200)	-	(10,041)	-	(5,547)	(1,816)	(17,604)
Net carrying amount	10,039	-	2,786	-	31,064	101	43,990

Contractual commitments to purchase software were \$405 as at March 31, 2022 (2021 – \$1,269).

Included in software are assets amounting to \$2,430 (2021 – \$404) 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:

	2022	2021
	\$	\$
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:

	2022	2021
	%	%
Discount rate	11.0	10.4
Average revenue growth rate during the period of projected cash flows	3.7	5.0
Gross profit percentage	41.2	42.8
Selling and administration margin	25.9	24.6
Terminal growth rate	3.4	3.6

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, selling and administration margin, average revenue growth rate during the period of projected cash flows and the terminal growth rate.

In relation to the Ontario and Eastern Canadian wine CGU and personal winemaking products CGU, the Company determined the impact of what a reasonable change in each key assumption would be to the discounted cash flows. The discount rates were increased by 9.1% (a 100 basis point increase), the gross profit percentages were decreased by 2.0% – 3.2% (a 100 basis point decrease), average revenue growth rates during the period of projected cash flows were decreased by 20.3% – 196.9% (a 100 basis point decrease) and the terminal growth rate was decreased by 22.2% – 28.6% (a 100 basis point decrease). 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. Both the Ontario and Eastern Canadian wine CGU and personal winemaking products CGU show no signs of impairment in any of the sensitivities performed.

In relation to the Western Canadian wine CGU, the Company determined that the recoverable amount exceeds the carrying amount by \$10,360, however the recoverable amount is sensitive to changes to the key assumptions. Changing each assumption independently, an increase in the discount rate of 2.9% (a 32 basis point increase), a decrease in the gross profit percentage or an increase in the selling and administration margin of 2.1% (a 69 basis point decrease), a decrease in the average revenue growth rate of 3.8% (a 13 basis point decrease) or a decrease in the terminal growth

rate of 8.6% (a 39 basis point decrease) would result in the recoverable amount being equal to the carrying amount. As each key assumption was changed independently, the results of the sensitivity analyses do not contemplate management's ability to mitigate against any adverse effects that may arise in the future.

9 Accounts payable and accrued liabilities

	2022	2021
	\$	\$
Trade payables	29,667	24,796
Accrued liabilities	16,294	20,444
Deferred revenue	1,414	1,247
	<u>47,375</u>	<u>46,487</u>

10 Right-of-use assets and lease obligations

	Vineyard land \$	Buildings \$	Machinery and equipment \$	Total \$
At April 1, 2020	6,659	9,669	1,223	17,551
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	<u>6,578</u>	<u>8,196</u>	<u>2,237</u>	<u>17,011</u>
Year ended March 31, 2022				
Additions	-	336	1,451	1,787
Modifications	-	778	-	778
Amortization	(493)	(2,915)	(953)	(4,361)
Closing net carrying amount	<u>6,085</u>	<u>6,395</u>	<u>2,735</u>	<u>15,215</u>

The lease obligations transactions during the year were as follows:

Lease obligations	2022	2021
	\$	\$
Balance – Beginning of year	17,813	17,820
Additions	2,565	4,327
Terminations	-	(522)
Repayments	(4,900)	(4,674)
Interest	785	862
	<u>16,263</u>	<u>17,813</u>
Less: Current portion of lease obligations	4,070	3,826
Lease obligations	<u>12,193</u>	<u>13,987</u>

Expenses related to leases with variable consideration amounting to \$1,118 (2021 – \$1,981) and short term leases and low value leases amounting to \$1,322 (2021 – \$501) were recorded within selling and administration expenses. The total cash outflows relating to leases during the year were \$7,340 (2021 – \$7,156).

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 Long-term debt

	2022	2021
	\$	\$
Revolving, amortizing loan – investment facility	192,132	174,640
Less: Financing costs	67	96
	<u>192,065</u>	<u>174,544</u>

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. 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 for the year ended March 31, 2021. Financing costs of \$106 are being amortized over the new term of the loan.

On November 10, 2021 and February 9, 2022, the Company amended its debt facilities. Amendments include revised financial covenants for the period of March 31, 2022 to June 30, 2024. Management has assessed and determined that these amendments do not constitute a modification of long-term debt. Financing costs of \$400 were incurred and expensed immediately as part of interest expense.

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. As at March 31, 2022, the applicable margin was 4.00% (2021 – 1.90%). Interest expense on long term debt during the year was \$7,750 (2021 – \$5,925).

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

The following table summarizes the change in the Company's long term debt arising from financing activities for the year ended March 31, 2022:

	Long-term debt \$
Balance – Beginning of year	174,544
Drawings	56,000
Repayments	(39,000)
Amortization of deferred financing fees	29
Amortization of gain on modification of debt	492
	<u>192,065</u>
Long-term debt	<u>192,065</u>

12 Post-employment benefits

Defined contribution plans

The total expenses for the defined contribution savings plans were \$2,599 (2021 – \$2,099).

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. In November 2021, the Company entered into an agreement to purchase an irrevocable group annuity contract to fund the accrued benefit obligation associated with one of the Company's defined benefit pension plans. In connection with this transaction, the Company recognized a settlement loss of \$110, which was recorded as part of the net benefit plan expense in the consolidated statements of earnings. The Company also transferred the accumulated other comprehensive loss, net of deferred income taxes, associated with this plan to retained earnings in the amount of \$388. The transaction has no impact on the amount, timing, or form of the monthly retirement benefit payments to the affected retirees and beneficiaries.

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 require 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:

	2022		
	Pension benefits \$	Other post- employment benefits \$	Total \$
Plan assets			
Fair value – Beginning of year	25,158	-	25,158
Return on plan assets excluding amounts in interest income	(566)	-	(566)
Interest income	752	-	752
Company's contributions	302	77	379
Benefits paid	(1,325)	(77)	(1,402)
Settlement	(1,588)	-	(1,588)
	<u>22,733</u>	<u>-</u>	<u>22,733</u>
Plan obligations			
Accrued benefit obligations – Beginning of year	26,069	2,405	28,474
Total current service cost	310	76	386
Interest cost	786	76	862
Benefits paid	(1,325)	(77)	(1,402)
Settlement paid	(1,588)	-	(1,588)
Settlement loss	110	-	110
Remeasurements			
Experience loss	155	-	155
Gain from change in financial assumptions	(2,453)	(206)	(2,659)
	<u>22,064</u>	<u>2,274</u>	<u>24,338</u>
Accrued benefit obligations – End of year			
	<u>(669)</u>	<u>2,274</u>	<u>1,605</u>
Post-employment benefit (asset) obligation			
Benefit plan expense			
Current service cost	310	76	386
Settlement loss	110	-	110
Net interest cost on defined benefit liability	34	76	110
	<u>454</u>	<u>152</u>	<u>606</u>
Amount recognized in other comprehensive income			
Net actuarial gain	1,732	206	1,938
Expected contributions for the year ending March 31, 2023	203	71	274
Weighted average duration of the defined benefit obligations in years	11.8	10.6	11.7

	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)
Past service cost			
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
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	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

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

	2022 %	2021 %
Discount rate for expenses	3.1	3.8
Discount rate for obligations	4.0	3.1
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.

	2022		2021	
	Pension benefits \$	Other post-employment benefits \$	Pension benefits \$	Other post-employment benefits \$
Increase (decrease) in the post-employment benefit obligations				
1% increase in the discount rate	(2,344)	(227)	(3,020)	(267)
1% decrease in the discount rate	2,854	255	3,682	304
1% increase in the rate of compensation increase	580	-	655	-
1% decrease in the rate of compensation increase	(527)	-	(594)	-
1% increase in the inflation rate	35	-	51	-
1% decrease in the inflation rate	(35)	-	(51)	-

At March 31, 2022, the accumulated actuarial losses, net of deferred taxes, recognized in other comprehensive income were \$1,355 (2021 – \$3,169).

Plan assets

The plan assets consist of the following:

	2022		2021	
	\$	%	\$	%
Mutual funds				
Fixed income	15,778	69	18,036	72
Equity	6,955	31	7,122	28
	<u>22,733</u>	<u>100</u>	<u>25,158</u>	<u>100</u>

13 Income taxes

	2022 \$	2021 \$
Current income tax expense	<u>2,458</u>	<u>2,091</u>
Change in temporary differences	2,135	7,198
Impact of change in tax rate	<u>14</u>	<u>378</u>
Deferred income tax expense	<u>2,149</u>	<u>7,576</u>
Total income tax expense	<u>4,607</u>	<u>9,667</u>

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

	2022	2021
	\$	\$
Income taxes at blended statutory rate of 26.43% (2021 – 26.46%)	4,513	9,910
Permanent differences and non-deductible items	(68)	321
Future income tax rate changes	14	378
Other	148	(942)
	<u>4,607</u>	<u>9,667</u>

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

	2022	2021
	\$	\$
Balance - Beginning of year	29,765	22,038
Deferred income taxes in net earnings	2,149	7,576
Deferred income taxes in other comprehensive income	512	151
	<u>32,426</u>	<u>29,765</u>

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, 2020	21,919	421	80	858	23,278
(Income) expense in net earnings	<u>(5,433)</u>	<u>12,870</u>	<u>(80)</u>	<u>(138)</u>	<u>7,219</u>
March 31, 2021	16,486	13,291	-	720	30,497
Expense in net earnings	<u>1,277</u>	<u>1,372</u>	<u>-</u>	<u>11</u>	<u>2,660</u>
March 31, 2022	<u>17,763</u>	<u>14,663</u>	<u>-</u>	<u>731</u>	<u>33,157</u>

Deferred income tax asset

	Post- employment benefits \$	Other \$	Total \$
March 31, 2020	(944)	(296)	(1,240)
(Income) expense in net earnings	(83)	440	357
Expense in other comprehensive income	151	-	151
March 31, 2021	(876)	144	(732)
Income in net earnings	(60)	(451)	(511)
Expense in other comprehensive income	512	-	512
March 31, 2022	(424)	(307)	(731)

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

	2022			2021		
	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	1,816	461	1,355	4,278	1,109	3,169

14 Capital stock

Authorized

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

Issued

	2022		2021	
	Number of shares	Amount \$	Number of shares	Amount \$
Class A shares, non-voting	34,978,011	26,926	35,525,639	26,656
Class B shares, voting	8,144,183	364	8,144,183	364
	43,122,194	27,290	43,669,822	27,020

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, 2022, no Class B shares were converted into Class A shares.

As described in note 15, 49,056 Class A shares were issued as a result of the exercise of share based awards during the year ended March 31, 2022. 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 1,916 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. The total number of Class A non voting common shares repurchased for cancellation under the NCIB during the fiscal year March 31, 2022 amounted to 598,600 common shares, at a weighted average price of \$8.70 per Class A non voting common share, for total cash consideration of \$5,210. The Company's share capital was reduced by \$449 and the remaining \$4,761 was accounted for as a decrease to retained earnings.

Annual dividends of \$0.246 (2021 – \$0.218) per Class A share and \$0.214 (2021 – \$0.190) per Class B share were approved by the Board of Directors on June 16, 2021 and are formally declared in each quarter.

The authorized share capital of the Company also consists of an unlimited number of preference shares, issuable in one or more series, of which 33,315 are designated as preference shares, Series A. As at March 31, 2022 and 2021, 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 2022, expensed \$276 (2021 – \$264) related to the employee program.

15 Share based compensation

The Company has a share based compensation plan comprised of stock options, PSUs, RSUs and DSUs. The impact of the share based compensation expense is summarized as follows:

	2022	2021
	\$	\$
1,303,367 stock options (2021 – 1,041,800) (a)	789	655
292,731 performance share units (2021 – 218,562) (b)	422	282
62,750 restricted share units (2021 – nil) (c)	188	-
57,799 deferred share units (2021 – 65,669) (d)	-	-
	1,399	937

The stock options, PSUs, RSUs 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, the RSU 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, 2022, the Company had 3,217,918 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:

	2022		2021	
	Number of options	Weighted average exercise price per share \$	Number of options	Weighted average exercise price per share \$
Balance – Beginning of year	1,041,800	11.89	765,200	14.19
Granted	290,700	8.75	500,600	9.31
Forfeited	(29,133)	10.97	(224,000)	(14.26)
Balance – End of year	1,303,367	11.19	1,041,800	11.89
Exercisable	619,986	12.95	338,254	13.85

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:

	2022	2021
Weighted average fair value per share option	1.89	1.99
Expected volatility ⁽¹⁾	24.68%	24.41%
Dividend yield	2.19%	1.82%
Risk-free interest rate	1.19%	0.54%
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, 2022 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	106	760,067	9.09	101	158,934	9.29
10.01 to 15.00	80	406,700	13.15	78	324,452	12.94
15.01 to 20.00	77	136,600	17.21	77	136,600	17.21
	95	1,303,367	11.21	84	619,986	12.95

(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:

	2022		2021	
	Number of units	Grant date fair value per unit \$	Number of units	Grant date fair value per unit \$
Balance – Beginning of year	218,562	12.44	219,876	14.20
Granted	125,320	8.75	107,050	9.31
Exercised	(28,416)	(17.16)	(44,419)	(11.74)
Forfeited	(22,735)	(15.97)	(63,945)	(14.25)
Balance – End of year	292,731	10.13	218,562	12.44
Exercisable	32,165	14.09	30,219	17.14

Awards granted in September 2019 vested March 31, 2022 and, based on the achievement of the performance condition, 32,165 shares vested.

(c) RSU plan

The Company has established an RSU plan for employees and officers of the Company. RSUs 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. RSUs will vest ratably over the Restriction Period, as to one-third of the RSUs on each anniversary of the grant date, commencing on the first anniversary of the grant date.

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

	2022		2021	
	Number of units	Grant date fair value per unit \$	Number of units	Grant date fair value per unit \$
Balance – Beginning of year	-	-	-	-
Issued	62,750	8.75	-	-
Balance – End of year	62,750	8.75	-	-

(d) 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:

	2022		2021	
	Number of units	Grant date fair value per unit \$	Number of units	Grant date fair value per unit \$
Balance – Beginning of year	65,669	14.40	72,459	17.19
Issued	12,770	9.35	19,840	9.48
Exercised	(20,640)	(11.19)	(26,630)	(18.22)
Balance – End of year	<u>57,799</u>	<u>14.43</u>	<u>65,669</u>	<u>14.40</u>

16 Nature of expenses

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

	2022	2021
	\$	\$
Raw materials and consumables	172,296	181,134
Employee compensation and benefits	85,121	78,084
Advertising, promotion and distribution	33,025	31,053
Occupancy	9,739	8,408
Repairs and maintenance	7,989	6,939
Other external charges	26,586	24,372
	<u>334,756</u>	<u>329,990</u>

Other expenses are as follows:

	2022	2021
	\$	\$
Ongoing costs related to Port Moody winery facility (a)	606	278
Restructuring (b)	858	1,897
Other	(254)	(405)
	<u>1,210</u>	<u>1,770</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 this idle facility are recorded in other expenses (income).
- (b) Restructuring costs of \$858 (2021 – \$1,897) were recorded during the year ended March 31, 2022. These costs relate to restructuring of certain departments within the Company.

17 Net earnings per share

	2022		
	Class A	Class B	Total
	\$	\$	\$
Net earnings attributed for the year – basic and diluted	10,380	2,088	12,468
Weighted average number of shares outstanding – basic and diluted	35,200,969	8,144,183	
Net earnings per share – basic and diluted	0.29	0.26	

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

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:

	2022	2021
	\$	\$
Accounts receivable	1,520	5,200
Inventories and current portion of biological assets	(17,545)	(8,812)
Prepaid expenses and other assets	(1,014)	(881)
Accounts payable and accrued liabilities	685	(3,058)
	<u>(16,354)</u>	<u>(7,551)</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	2022	
			Carrying amount \$	Fair value \$
Accounts receivable	Financial assets	Amortized cost	27,376	27,376
Accounts payable and accrued liabilities	Financial liabilities	Amortized cost	47,375	47,375
Dividends payable	Financial liabilities	Amortized cost	2,587	2,587
Long-term debt	Financial liabilities	Amortized cost	192,065	192,132
Interest rate swap liability	Derivatives	FVTPL	263	263
Foreign exchange forward contracts liability	Derivatives	FVTPL	86	86
			2021	
Assets/liabilities	Category	Measurement	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	FVTPL	2,314	2,314
Foreign exchange forward contracts liability	Derivatives	FVTPL	304	304

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 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 on derivative financial instruments is comprised of:

	2022 \$	2021 \$
Unrealized gain on interest rate swaps	(2,051)	(1,222)
Unrealized (gain) loss on foreign exchange forward contracts	(218)	1,087
	<u>(2,269)</u>	<u>(135)</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>2022</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	-	263	-
Foreign exchange forward contracts liability	-	86	-
			<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 asset	-	304	-

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 \$84,574 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 \$2,051 (2021 – \$1,222) 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, 2022, with other variables unchanged, a 100 basis point change in interest rates would impact the Company's net earnings by approximately \$795 (2021 – \$571), 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 55% 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 \$15,327 (2021 – \$15,990) of the total accounts receivable for which no allowance has been provided. Of the remaining non provincial liquor board balances, \$1,391 (2021 – \$719) was over thirty days past due as at March 31, 2022. An expected credit loss of \$316 (2021 – \$257) 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 \$67,587 (2021 – \$69,578) during the year ended March 31, 2022. Sales to its second largest customer, a branch of a provincial government, were \$29,031 (2021 – \$30,561) during the year. No other customers accounted for over 10% of sales during the years ended March 31, 2022 and March 31, 2021.

An analysis of accounts receivable is as follows:

	2022 \$	2021 \$
Liquor boards	15,327	15,990
Non-liquor boards		
Current	9,820	11,938
Past due 0 – 30 days	1,154	506
Past due 31 – 60 days	699	204
Past due > 60 days	692	515
Expected credit loss	(316)	(257)
	27,376	28,896

The change in the expected credit loss was as follows:

	2022 \$	2021 \$
Balance – Beginning of year	257	875
Provision for (recovery of) expected credit losses	172	(217)
Writeoffs	(113)	(401)
	<hr/>	<hr/>
Balance – End of year	316	257

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, 2022.

	< 1 year \$	2 – 3 years \$	4 – 5 years \$	> 5 years \$	Total \$
Long-term debt	-	192,132	-	-	192,132
Leases and royalties	6,027	8,451	5,074	18,960	38,512
Service agreements	2,293	2,281	260	-	4,834
Grape, bulk wine and whisky purchase contracts	101,407	95,824	63,745	76,456	337,432
Packaging purchase contracts	41,094	15,485	-	-	56,579
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	150,821	314,173	69,079	95,416	629,489
Interest rate swap	904	-	-	-	904
Foreign exchange forwards	22,948	-	-	-	22,948
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total contractual obligations	174,673	314,173	69,079	95,416	653,341

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, 2022, the Company has forward foreign currency contracts to buy US\$15,000 at rates averaging \$1.26; EUR1,350 at rates averaging \$1.41 and AU\$2,400 at a rate of \$0.91. These contracts mature at various dates to September 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 \$238 (2021 – \$129), \$30 (2021 – \$31) or \$35 (2021 – \$20), respectively. The Company has elected to not use hedge accounting and as a result, has recognized unrealized foreign exchange gains of \$218 (2021 – unrealized foreign exchange losses of \$1,087) in the consolidated statements of earnings as a component of the net unrealized gain on derivative financial instruments and has recorded the fair value of \$86 (2021 – \$304) 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:

- Minimum EBITA measured on a rolling twelve-month basis for the periods ending March 31, 2022 to December 31, 2022. Minimum EBITA 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;
- Funded debt to a rolling twelve-month EBITA for the periods ending March 31, 2023 to the end of the term of the credit facility;
- Interest charge coverage ratio for the periods ending March 31, 2023 to the end of the term of the credit facility;
- Capital expenditures not to exceed a specified amount on an annualized basis; and
- Liquidity shall be maintained at or above a specified amount as defined in the credit agreement at the end of each fiscal quarter.

Compliance with these covenants is monitored by management on a quarterly basis. As at March 31, 2022 and 2021, 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% (2021 – 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.

Compensation of directors and executives

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

	2022	2021
	\$	\$
Compensation and short-term benefits	3,867	4,421
Post-employment benefits	323	265
Share-based compensation expense	1,132	823
	<u>5,322</u>	<u>5,509</u>

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

23 Entity wide disclosures

During the year, export sales were \$13,352 (2021 – \$15,550), 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 15, 2022, 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.

On June 15, 2022, the Company amended its credit agreement to amend the minimum EBITA, funded debt to a rolling twelve-month EBITA and interest charge coverage covenants. The minimum EBITA covenant will be in place for the periods ending March 31, 2022 to September 30, 2023. The funded debt to a rolling twelve-month EBITA and interest charge coverage covenants will be in place for the periods ending December 31, 2023 to the end of the term of the credit facility. The amendment also contains post-closing covenants, which require the Company to provide additional first ranking security in favour of the lenders on real property with a certain fair market value by a specified date.

TEN-YEAR SUMMARY

(in thousands, except per share amounts)

	2022	2021	2020	2019	2018
Sales and earnings					
Net sales	\$ 373,944	\$ 393,036	\$ 382,306	\$ 381,796	\$ 363,897
EBITA	39,188	63,046	61,501	52,875	52,860
Net earnings	12,468	27,786	23,494	21,958	30,117
Financial position					
Working capital	181,832	170,684	83,654	97,305	104,417
Total assets	558,071	542,521	513,919	467,019	457,780
Shareholders' equity	265,401	265,574	245,523	234,751	220,246
Per share ⁽³⁾					
Net earnings ⁽³⁾					
Basic & diluted Class A	0.29	0.65	0.55	0.51	0.71
Basic & diluted Class B	0.26	0.57	0.48	0.44	0.62
Dividends ⁽³⁾					
Class A Shares, non-voting	0.246	0.218	0.215	0.205	0.180
Class B Shares, voting	0.214	0.190	0.187	0.178	0.156
Number of shares outstanding ⁽³⁾					
Class A Shares, non-voting	34,978	35,526	35,404	35,988	35,471
Class B Shares, voting	8,144	8,144	8,192	8,199	8,702
	43,122	43,670	43,596	44,187	44,173
Other information					
Return on average shareholders' equity ⁽¹⁾	4.7%	10.9%	9.8%	9.7%	15.2%
Return on average capital employed ⁽²⁾	3.8%	10.1%	10.7%	11.5%	14.0%

(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.

(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.

	2017	2016	2015 Restated ⁽⁵⁾	2014	2013 Restated ⁽⁴⁾
	\$ 342,606	\$ 334,263	\$ 315,697	\$ 297,824	\$ 289,143
	45,137	40,916	35,184 ⁽⁵⁾	33,729	33,489 ⁽⁴⁾
	26,350	19,199	15,224 ⁽⁵⁾	14,021	14,519 ⁽⁴⁾
	78,825	71,665	68,982	44,564	41,670
	327,478	308,309	301,519 ⁽⁵⁾	301,015	296,519
	177,317	157,736	147,375 ⁽⁵⁾	138,003	129,701 ⁽⁴⁾
	0.64	0.46	0.36 ⁽⁵⁾	0.34	0.35 ⁽⁴⁾
	0.55	0.40	0.32 ⁽⁵⁾	0.29	0.30 ⁽⁴⁾
	0.163	0.150	0.140	0.133	0.120
	0.142	0.130	0.122	0.116	0.105
	33,581	33,581	33,882	33,882	33,882
	9,012	9,012	9,012	9,012	9,012
	42,593	42,593	42,894	42,894	42,894
	15.7%	12.6%	10.6% ⁽⁵⁾	10.5%	11.6% ⁽⁴⁾
	14.1%	13.2%	11.0% ⁽⁵⁾	10.8%	11.1% ⁽⁴⁾

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

FRANÇOIS 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

PAUL DUBKOWSKI
Chief Financial Officer and Executive Vice-President, IT

PATRICK R. O'BRIEN
Chief Commercial Officer

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

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

BRENDAN P. WALL
Executive Vice-President, Operations

STEFAN BARKER
Vice-President, Integrated Supply Chain

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

RAMIT BORDIA
Vice-President, Integrated Customer Solutions

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

CRAIG D. MCDONALD
Vice-President, Winemaking

JOSÉ SALGADO
Vice President, VQA & DTC Division, Legal Counsel

MARK TORRANCE
Vice-President, EWG Operations

SHAREHOLDER INFORMATION

Head Office

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:

Paul Dubkowski
Chief Financial Officer and Executive Vice President,
Information Technology at the Head Office address or by
email at: info@andrewpeller.com

2022 Annual Shareholders' Meeting

The 2022 Annual Meeting of Shareholders' will be held virtually on Wednesday, September 14, 2022 at 4:30 p.m.

ANDREW PELLER

— LIMITED —

Exclusive 2022 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 on orders for 12+ bottles**.

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 2022 Shareholder Collections, see instructions on the pages to follow.

This special offer ends Friday, September 30th, 2022.


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 contact the Ontario Direct to Consumer Team at 1.866.440.4383 or by email at wineorders@peller.com

	<p>Signature Series Ice Cuvee Rosé Family Reserve Chardonnay Private Reserve Gamay Noir Signature Series Sauvignon Blanc Signature Series Cabernet Franc Signature Series Vidal Icewine 200ml</p>	<p>6 bottle Collection \$179.26 (Reg \$210.70) ~ 12 bottle Collection \$358.52 (Reg \$421.40)</p>
	<p>Trius Brut Trius Divine White Trius Pinot Grigio Trius Merlot Trius Red Showcase Late Harvest Vidal</p>	<p>6 bottle Collection \$120.61 (Reg \$141.70) ~ 12 bottle Collection \$241.22 (Reg \$283.40)</p>
	<p>Gretzky Riesling Gretzky Signature Series Pinot Grigio Gretzky Whisky Oak Aged Chardonnay Gretzky Baco Noir Signature Series Cabernet Merlot Gretzky Whisky Oak Aged Red</p>	<p>6 bottle Collection \$107.03 (Reg \$125.70) ~ 12 bottle Collection \$214.05 (Reg \$251.40)</p>
	<p>Winemakers Riesling Small Lot Pinot Gris Small Lot Rosé Winemakers Red Small Lot Cabernet Sauvignon Small Lot Merlot</p>	<p>6 bottle Collection \$206.65 (Reg \$242.90) ~ 12 bottle Collection \$413.29 (Reg \$485.80)</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	6 bottle Collection \$110.43 (Reg \$129.70) ~ 12 bottle Collection \$220.85 (Reg \$259.40)
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British Columbia VQA Wine Collections:



To place an online order for our Red Rooster, Sandhill & Grey Monk Collections please contact the BC Direct to Consumer Team at 1.866.440.4383 or by email at ordersbc@andrewpeller.com

Order the Black Hills Collection by emailing us at myorder@blackhillswinery.com

Order the Tinhorn Creek Vineyards Collection by emailing us at crushclub@tinhorn.com.

A representative will be sure to contact you.

	Red Rooster Chardonnay Sur Lie Red Rooster Rosé Red Rooster Viognier Red Rooster Reserve Meritage Red Rooster Carbonic Malbec Merlot Red Rooster Golden Egg <i>*Prices shown do not include applicable BC Taxes</i>	6 bottle Collection \$162.31 (Reg \$190.95) ~ 12 bottle Collection \$324.62 (Reg \$380.19)
	Sandhill Sovereign Opal Sandhill Estate Chardonnay Sandhill Estate Rosé Sandhill Small Lot Sangiovese Sandhill Small Lot Barbera Sandhill Estate Cabernet Franc <i>*Prices shown do not include applicable BC Taxes</i>	6 bottle Collection \$134.27 (Reg \$157.96) ~ 12 bottle Collection \$268.53 (Reg \$315.92)
	Gray Monk Odyssey Brut Rosé Gray Monk Reflection White Gray Monk Unwooded Chardonnay Gray Monk Merlot Gray Monk Cabernet Merlot Gray Monk Odyssey Meritage <i>*Prices shown do not include applicable BC Taxes</i>	6 bottle Collection \$130.85 (Reg \$153.94) ~ 12 bottle Collection \$261.70 (Reg \$307.88)

	<p>Black Hills Nota Bene Black Hills Nota Bene Black Hills Syrah Black Hills Roussanne Black Hills Rose Black Hills Ipso Facto</p> <p><i>*Prices shown do not include applicable BC Taxes</i></p>	<p>6 bottle Collection \$246.30 (Reg \$289.76) ~ 12 bottle Collection \$492.59 (Reg \$579.52)</p>
	<p>Tinhorn Creek Blanc de Blanc Tinhorn Creek Gewürztraminer Tinhorn Creek Reserve Rosé Tinhorn Creek Merlot Tinhorn Creek Reserve Syrah Tinhorn Creek Reserve Roussanne</p> <p><i>*Prices shown do not include applicable BC Taxes</i></p>	<p>6 bottle Collection \$168.85 (Reg \$197.94) ~ 12 bottle Collection \$337.70 (Reg \$395.88)</p>

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Offer Ends Friday, September 30th, 2022.

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

ANDREW PELLER
— LIMITED —