DIAMOND ESTATES WINES & SPIRITS INC.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2020 AND 2019

(Unaudited - Prepared by Management)

These unaudited interim condensed consolidated financial statements, prepared by management, have not been reviewed by the Company's external auditor.

DIAMOND ESTATES WINES & SPIRITS INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2020 AND MARCH 31, 2020
(Unaudited - Prepared by Management)

	September 30 2020	March 31 2020
ASSETS		
Current:		
Accounts receivable (Note 5)	**$ 3,145,102**	$ 3,406,053
Inventories (Note 6)	**22,499,128**	22,099,156
Biological assets	**24,234**	-
Prepaid expenses	**242,925**	266,146
	25,911,389	25,771,355
Long term:		
Property, plant and equipment	**18,038,904**	18,208,422
Right-of-use assets	**3,211,124**	3,166,836
Intangible assets	**2,674,769**	2,804,615
	$ 49,836,186	$ 49,951,228
LIABILITIES		
Current:		
Accounts payable and accrued liabilities (Note 7)	**$ 7,571,412**	$ 7,220,669
Current portion of term loans payable (Note 8)	**291,714**	19,161,412
Current portion of leases liabilities	**446,759**	382,730
	8,309,885	26,764,811
Long term:		
Term loans payable (Note 8)	**19,037,266**	-
Lease liabilities	**2,707,129**	2,740,675
	30,054,280	29,505,486
SHAREHOLDERS' EQUITY		
Common shares (Note 9)	**27,690,705**	27,690,705
Contributed surplus	**1,282,716**	1,205,216
Accumulated deficit	**(9,191,515)**	(8,450,179)
	19,781,906	20,445,742
	$ 49,836,186	$ 49,951,228

Subsequent event (Note 13)

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial statements

Approved on behalf of the Board:

"David Beutel" Director *"Keith Harris"* Director

DIAMOND ESTATES WINES & SPIRITS INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS
THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(Unaudited - Prepared by Management)

	Three months ended September 30 2020	**Six months ended September 30 2020**	Three months ended September 30 2019	Six months ended September 30 2019
Revenue	**$ 7,192,922**	**$ 13,223,050**	$ 7,214,799	$ 14,506,121
Cost of sales				
Change in inventories of finished goods and raw materials consumed	**3,878,387**	**6,908,567**	3,203,898	7,016,387
Freight in & royalties in and other	**224,176**	**425,637**	239,081	416,142
Depreciation of property, plant and equipment and right-of-use assets used in production	**43,358**	**229,792**	90,107	292,561
	4,145,921	**7,563,996**	3,533,086	7,725,090
Gross profit	**3,047,001**	**5,659,054**	3,681,713	6,781,031
Expenses				
Employee compensation and benefits	**1,076,404**	**2,084,076**	1,752,677	3,510,015
General and administrative	**793,511**	**1,567,401**	975,816	1,872,517
Advertising and promotion	**153,200**	**566,713**	611,512	950,750
Delivery and warehousing	**290,310**	**534,991**	216,760	404,087
Interest	**231,583**	**441,812**	274,392	591,193
Financing costs	**161,087**	**237,082**	31,651	54,340
Depreciation of property, plant and equipment and right-of-use assets used in selling and administration	**89,373**	**234,081**	98,429	251,017
Amortization of intangible assets	**84,846**	**169,690**	84,431	168,863
Share based compensation	**12,323**	**31,164**	112,366	267,009
	2,892,637	**5,867,010**	4,158,034	8,069,791
Earnings (loss) before undernoted item	**154,364**	**(207,956)**	(476,321)	(1,288,760)
Restructuring charges	**(533,380)**	**(533,380)**	-	-
Net loss and comprehensive loss	**$ (379,016)**	**$ (741,336)**	$ (476,321)	$ (1,288,760)
Basic and diluted loss per share (Note 9(a))	**$ (0.002)**	**$ (0.004)**	$ (0.003)	$ (0.008)

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial statements

DIAMOND ESTATES WINES & SPIRITS INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
PERIOD FROM APRIL 1, 2019 TO SEPTEMBER 30, 2020
(Unaudited - Prepared by Management)

	Common shares		Contributed	Accumulated	Total
	Shares	Amount	surplus	deficit	
As at April 1, 2019	**148,511,746**	**$ 19,157,313**	**$ 747,081**	**$ (4,264,140)**	**$15,640,254**
Net loss and comprehensive loss	-	-	-	(1,288,760)	(1,288,760)
Share based compensation	-	-	267,009	-	267,009
Proceeds on issuance of common shares	36,900,000	7,011,000	-	-	7,011,000
Share issuance costs	-	(885,769)	-	-	(885,769)
Settlement of deferred share units	332,451	64,828	(64,828)	-	-
As at September 30, 2019	**185,744,197**	**25,347,372**	**949,262**	**(5,552,900)**	**20,743,734**
Net loss and comprehensive loss	-	-	-	(2,897,279)	(2,897,279)
Share based compensation	-	-	261,329	-	261,329
Proceeds on issuance of common shares	12,233,805	2,324,423	-	-	2,324,423
Share issuance costs	-	(226,465)	-	-	(226,465)
Exercise of options	2,000,000	240,000	-	-	240,000
Settlement of deferred share units	27,564	5,375	(5,375)	-	-
As at March 31, 2020	**200,005,566**	**27,690,705**	**1,205,216**	**(8,450,179)**	**20,445,742**
Net loss and comprehensive loss	-	-	-	(741,336)	(741,336)
Share based compensation and financing costs from warrant issuance	-	-	77,500	-	77,500
As at September 30, 2020	**200,005,566**	**$27,690,705**	**$ 1,282,716**	**$ (9,191,515)**	**$ 19,781,906**

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial statements

DIAMOND ESTATES WINES & SPIRITS INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(Unaudited - Prepared by Management)

	2020	2019
Operating activities		
Net loss	**$ (741,336)**	$ (1,288,760)
Add (deduct) items not affecting cash		
Depreciation of property, plant and equipment and right-of-use assets	**349,425**	543,578
Amortization of intangible assets	**169,690**	168,863
Amortization of deferred finance fees	**27,629**	23,594
Share based compensation and financing costs from warrant issue	**77,500**	267,009
Interest expense	**441,812**	591,193
Interest paid	**(441,812)**	(591,193)
	(117,092)	(285,716)
Change in non-cash working capital items		
Accounts receivable	**260,951**	(1,265,700)
Inventories	**(197,255)**	1,741,446
Biological assets	**(24,234)**	(25,939)
Prepaid expenses	**23,222**	(105,952)
Accounts payable and accrued liabilities	**350,742**	630,890
	296,334	689,029
Investing activities		
Purchase of property, plant and equipment	**(263,589)**	(145,188)
Purchase of intangible assets	**(39,844)**	-
Proceeds on sale of property, plant and equipment	**-**	18,949
Repayment of note payable	**-**	(550,000)
	(303,433)	(676,239)
Financing activities		
Repayment of lease liabilities	**(132,840)**	(181,153)
Net borrowings (repayments) on revolving term loan	**389,939**	(5,706,868)
Repayment on non-revolving term loan	**(250,000)**	(250,000)
Proceeds from issuance of common shares, net of share issuance costs	**-**	6,125,231
	7,099	(12,790)
Change in cash	**-**	-
Cash, beginning of period	**-**	-
Cash, end of period	**$ -**	$ -

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial statements

1. NATURE OF OPERATIONS

(a) Diamond Estates Wines & Spirits Inc. ("Diamond" or the "Company") is a public company listed on the TSX-V whose shares trade under the symbol "DWS.V". Its principal business activities include the production, marketing and sale of wine, and through its agency division, operating as Trajectory Beverage Partners ("TBP"), distribution and marketing activities for various beverage alcohol brands that it represents in Canada. The address of the Company's registered office and principal place of business is 1067 Niagara Stone Road, Niagara-On-The-Lake, Ontario, L0S 1J0. The operations and principal place of business of TBP are located at 100-435 North Service Road West, Oakville, Ontario, L6M 4X8.

(b) **COVID-19 pandemic:**

In March 2020, the World Health Organization characterized the outbreak of the novel strain of coronavirus, specifically identified as COVID-19, as a global pandemic. This has resulted in governments enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to business, resulting in a global economic slowdown. Equity markets have experienced significant volatility and weakness and the governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions.

The current challenging economic climate may negatively impact our customers and their demand for our products, our supply chains, lease agreements, banking agreements and related covenants *(see note 8),* which in turn may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Company's operating results and financial position in the future. The ultimate duration and magnitude of the impact and the efficacy of government and Bank of Canada interventions on the economy and the financial effect on the Company is not known at this time. The extent of such impact will depend on future developments, which are highly uncertain and not in the Company's control, including new information which may emerge concerning the spread and severity of COVID-19 and actions taken to address its impact, among others. The repercussions of this health crisis could have a material adverse effect on the Company's business, financial condition, liquidity and operating results.

The Company has been deemed an "essential service" by the Ontario government and therefore, is permitted to continue full operations. In response to COVID-19, the Company has implemented working practices to address potential impacts to its operations, employees and customers, and will take further measures in the future if and as required. At present, the Company has not identified any material continuity-risks specifically associated with COVID-19.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation and statement of compliance

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB"), and accordingly do not include all the information required for full annual financial statements by International Financial Reporting Standards ("IFRS"). They have been prepared using the same accounting policies, except as noted below, that were described in note 2 to the Company's annual consolidated financial statements for the year ended March 31, 2020 which were prepared in accordance with IFRS as issued by the IASB.

These unaudited interim condensed consolidated financial statements have not been reviewed by the Company's external auditors. They were authorized for issuance by the Board of Directors on November 25, 2020.

These unaudited interim condensed consolidated financial statements are presented in Canadian dollars unless otherwise noted.

(b) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received, and all the required conditions are complied with. Government grants in respect of capital expenditures are credited to the carrying amount of the related asset and are released to income over the expected useful lives of the relevant assets. Government grants which are not associated with an asset are credited to income to net them against the expense to which they relate.

During the six month period ended September 30, 2020, the Company has received funding of $581,615 under the Canadian Employment Wage Subsidy ("CEWS") program, which has been netted against payroll costs included in the employee compensation and benefits line in the statement of net loss and comprehensive loss.

3. RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

(a) IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"

These standards have been amended to use a consistent definition of materiality throughout all accounting standards, clarify the explanation of the definition of material and incorporate some of the guidance in IAS 1 about immaterial information. The amendments are effective for annual periods beginning on or after January 1, 2020. The adoption of these amendments did not have a significant impact on the unaudited interim condensed consolidated financial statements.

3. Recently Adopted Accounting Pronouncements, continued

(b) **IFRS 3 "Business Combinations"**

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

4. Recently Issued Accounting Pronouncements

As at the date of authorization of these unaudited interim condensed consolidated financial statements, the IASB has issued the following new or revised standards as detailed below.

(a) **IFRS 16 "Leases"**

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

(b) **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 requires certain related disclosures. The amendments are effective for annual periods beginning on or after January l, 2022. The Company has not yet assessed the impact of the amendments on the unaudited interim condensed consolidated financial statements.

(c) **IAS 1 "Presentation of Financial Statements", and IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors"**

These standards have been amended to clarify the classification of liabilities as current or non-current. The amendments are effective for annual periods beginning on or after January 1, 2022. The Company has not yet assessed the impact of the amendments on the unaudited interim condensed consolidated financial statements.

4. Recently Issued Accounting Pronouncements, continued

(d) 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 fulfil a contract. The amendments are effective for annual periods beginning on or after January l, 2022. The Company has not yet assessed the impact of the amendments on the unaudited interim condensed consolidated financial statements.

(e) 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 l, 2022. The Company has not yet assessed the impact of the amendment on the unaudited interim condensed consolidated financial statements.

5. Accounts Receivable

	September 30 2020	March 31 2020
Trade receivables	**$ 3,014,744**	$ 2,761,979
Accrued receivables	**109,358**	623,074
Income taxes recoverable	**21,000**	21,000
	$ 3,145,102	$ 3,406,053

The Company has an allowance for doubtful accounts as at September 30, 2020 of $153,780 (March 31, 2020 - $211,933).

6. Inventories

	September 30 2020	March 31 2020
Bulk wine	**$ 12,917,455**	$ 14,980,806
Bottled wine and spirits	**9,058,777**	6,548,457
Bottling supplies and packaging	**522,896**	569,893
	$ 22,499,128	$ 22,099,156

The Company has a provision for inventory obsolescence as at September 30, 2020 of $46,252 (March 31, 2020 - $80,701.

7. Accounts Payable And Accrued Liabilities

	September 30 2020	March 31 2020
Trade accounts payable	**$ 5,529,022**	$ 6,332,819
Accrued liabilities	**1,900,772**	851,609
Government remittances payable	**141,618**	36,241
	$ 7,571,412	$ 7,220,669

8. Term Loans Payable

As at September 30, 2020, the balances outstanding on the Company's term loans were as follows:

	September 30 2020	March 31 2020
BMO term loans:		
Revolving operating term loan	**$ 10,705,560**	$ 10,315,621
Non-revolving term loan	**8,625,000**	8,875,000
	19,330,560	19,190,621
Financing costs	**(1,580)**	(29,209)
	19,328,980	19,161,412
Current portion	**(291,714)**	(19,161,412)
	$ 19,037,266	$ -

(a) The BMO credit agreement is dated September 29, 2017 and has been amended pursuant to a first amending agreement dated July 29, 2019, a second amending agreement (the "Second Amending Agreement") dated December 17, 2019, a third amending agreement (the "Third Amending Agreement") dated May 15, 2020, and a fourth amending agreement (the "Fourth Amending Agreement") dated July 24, 2020. It is guaranteed by a general security agreement covering the assets of the Company and its subsidiaries and is subject to the following facilities detailed below.

(b) The Fourth Amending Agreement, in effect as of September 30, 2020, has a maturity date of July 1, 2022. As that maturity date is twelve months after the reporting date, classification has reverted back to long-term. The Second Amending Agreement, in effect as of March 31, 2020, had a maturity date of September 26, 2020. As that maturity date fell within twelve months of that reporting date, all indebtedness was classified as current.

8. Term Loans Payable, continued

(c) The revolving operating term loan is for working capital and general corporate requirements and is subject to the following terms, generally unchanged after the Third and Fourth Amending Agreements:

(i) Revolving credit facility of up to $13,000,000, subject to specified borrowing base margin limitations
(ii) Monthly interest only payments at CAD prime rate +1.00%
(iii) Standby fee of 0.50% on available unused revolving term credit to be paid on the last day of each quarter

(d) The non-revolving term loan is for the purpose of refinancing the previous term debt and funding scheduled fiscal 2020 capital expenditures. The loan is subject to the following terms, generally unchanged after the Third and Fourth Amending Agreements:

(i) Initial principal of $10,000,000, amortized over a period of 20 years
(ii) Monthly interest only payments at CAD prime rate +1.25%
(iii) Quarterly principal payments of $125,000, such payments deferred for the quarters ending September 30, 2020 and December 31, 2020.

(e) The BMO credit agreement includes the following sub-facilities:

(i) Letter of credit sub-facility included under the umbrella of the $13,000,000 revolving term loan, up to a maximum of $1,000,000 at a rate of CAD prime +2.50% having a term of up to 1 year. As at September 30, 2020, there were letters of credit in the amount of $74,641 outstanding with BMO (March 31, 2020 - $74,641).
(ii) Bankers' acceptance ("BA") sub-facility included under the umbrella of the revolving and non-revolving term loans, with a minimum draw of $1,000,000, terms of 28 to 182 days, fees charged at rates 2.50% to 2.75% per annum on the face amount of the BA plus interest at the BA rate. A swap is in place on the non-revolving term loan to fix the effective interest rate at 4.90% (BA rate of 1.96%) and effective until September 2020.
(iii) Treasury risk management facility of up to $1,500,000 to facilitate hedging of interest rate risk and foreign exchange risk at market rates as determined by the lender. As at March 31, 2020 and March 31, 2019 there were no amounts outstanding on this facility.

(f) A master lease finance line facility of $2,500,000 is available to the Company to finance equipment under the BMO Equipment Leasing Group and shall reduce monthly in accordance with agreed upon terms based on market rates at the time of each advance. As at September 30, 2020, there was a balance of $634,181 drawn on this facility (March 31, 2020 - $688,396).

(g) The BMO credit agreement, reflecting the changes from the Third and Fourth Amending Agreements, is subject to the following major financial covenants:

(i) Minimum fixed charge coverage ratio of 1.25|1, amended to 1.20|1 and 1.05|1 respectively for the quarters ending September 30, 2020 and December 31, 2020.
(ii) Maximum ratio of total liabilities to tangible net worth of 2.00|1
(iii) Capital expenditure limit of $1,000,000 for the fiscal years ending March 31, 2021 and 2022.

8. **TERM LOANS PAYABLE, CONTINUED**

(h) As consideration for the lender amending the credit agreement, (i) the Company paid a cash fee of $34,500 with respect to the Third Amending Agreement, and (ii) with respect to the Fourth Amending Agreement, the Company issued 750,000 warrants to the lender *(see note 9(d))*, each exercisable for one common share in the Company at a price of $0.16 per common share, vesting immediately and expiring as of July 1, 2022.

(i) The credit agreement was further amended on October 26, 2020 as the Company obtained term loan proceeds of $2,750,000 under the federal government's Business Credit Availability Program ("BCAP") *(see note 13)*.

9. **SHARE CAPITAL AND OTHER EQUITY INSTRUMENTS**

Continuity schedules for each component of the Company's share capital and other equity instruments are disclosed in the unaudited interim condensed consolidated statements of changes in shareholders' equity for the period from April 1, 2019 to September 30, 2020. Details of major changes in each component during the current reporting period are as follows:

(a) **Loss per share**

Basic loss per share is computed using the weighted average number of common shares outstanding. The weighted average number of common shares outstanding for the three and six month periods ended September 30, 2020 were 200,005,566 and 200,005,566 respectively (three and six month periods ended September 30, 2019 - 173,780,224 and 161,220,475 respectively).

As at September 30, 2020, the following potentially dilutive equity instruments were outstanding: (1) 13,600,000 options (March 31, 2020 - 8,050,000), (2) 2,213,420 deferred share units (March 31, 2020 - 1,815,037), and (3) 750,000 common share purchase warrants (March 31, 2020 - Nil). The fully diluted number of common shares outstanding as at September 30, 2020 was 216,568,986 (March 31, 2020 - 209,870,603).

(b) **Stock options**

During the six month period ended September 30, 2020, the Board of Directors authorized the issuance of stock option grants to directors and key members of management, as follows:

- 1,250,000 options on August 3, 2020
- 7,050,000 options on September 2, 2020
- 500,000 options on September 15, 2020

9. SHARE CAPITAL AND OTHER EQUITY INSTRUMENTS, CONTINUED

The options each have an exercise price of $0.14 and a term of 5 years, vesting as to 25% per year on each anniversary date over the next 4 years. The fair value of the options was calculated with the Black-Scholes option pricing model, using the assumptions of: (1) risk free interest rate ranging from 0.27% to 0.33%, (2) expected volatility ranging from 84.8% to 85.3%, (3) expected life of 5 years, and (4) dividend yield of 0.0%, the fair value attributed to each option was $0.09.

During the six month period ended September 30, 2020, a total of 3,250,000 options expired unexercised on the departure of members of management.

(c) Deferred share units ("DSUs")

The Company has recently issued DSUs to non-executive directors under the DSU Plan in settlement of deferred directors' compensation, as follows:

- 196,485 DSUs on April 20, 2020 valued at $31,487
- 201,898 DSUs on August 20, 2020 valued at $28,265

(d) Warrants

As consideration for BMO entering into the Fourth Amending Agreement to the Company's credit facility *(see note 8)*, the Company issued 750,000 warrants to the lender. Each warrant is exercisable into one common share of the Company at an exercise price of $0.16 per common share. The warrants vested immediately and expire on July 1, 2022. The fair value of the warrants was calculated with the Black-Scholes option pricing model, using the assumptions of: (1) risk free interest rate of 0.26%, (2) expected volatility of 85.8%, (3) expected life of 2.0 years, and (4) dividend yield of 0.0%, the fair value attributed to each warrant was $0.06. The total expense recognized of $46,335 has been included in the financing costs line in the statement of net loss and comprehensive loss.

(e) Share based compensation

Total share based compensation recognized for the six month period ended September 30, 2020 was $12,323 (September 30, 2019 - $31,164) based on accrual of previously granted options expected to vest in the reporting period and the issuance of DSUs as described above.

10. SEGMENTED INFORMATION

Business segments

The Company operates in two business segments, namely (i) distribution and sales of products represented in Canada under agency agreements with third parties, and (ii) sales of manufactured wines. The following table presents selected financial information associated with each of these segments for the quarters ended September 30, 2020 and 2019:

10. **SEGMENTED INFORMATION, CONTINUED**

	Six months ended September 30, 2020		
	Agency	**Manufactured wines**	**Consolidated**
	$	**$**	**$**
Gross revenue	**7,544,225**	**5,949,344**	**13,493,569**
Inter-segment revenue	**(270,519)**	**-**	**(270,519)**
Net revenue	**7,273,706**	**5,949,344**	**13,223,050**
Gross profit	**3,203,194**	**2,455,860**	**5,659,054**
Interest	**30,338**	**411,474**	**441,812**
Depreciation and amortization	**290,203**	**343,360**	**633,563**
Additions of property, plant and equipment and intangible assets	**-**	**303,433**	**303,433**
	Statement of financial position balances as at September 30, 2020		
Intangible assets	**1,691,145**	**983,624**	**2,674,769**
Total assets	**7,475,066**	**42,361,120**	**49,836,186**
Total liabilities	**4,988,857**	**25,065,423**	**30,054,280**

	Six months ended September 30, 2019		
	Agency	**Manufactured wines**	**Consolidated**
	$	**$**	$
Gross revenue	6,750,106	8,099,705	14,849,811
Inter-segment revenue	(343,690)	-	(343,690)
Net revenue	6,406,416	8,099,705	14,506,121
Gross profit	3,088,281	3,692,750	6,781,031
Interest	126,389	464,804	591,193
Depreciation and amortization	486,764	225,677	712,441
Additions of property, plant and equipment and intangible assets	-	145,188	145,188
	Statement of financial position balances as at March 31, 2020		
Intangible assets	1,771,675	1,032,940	2,804,615
Total assets	7,105,728	42,845,500	49,951,228
Total liabilities	5,068,246	24,437,240	29,505,486

Transactions between segments are measured at the exchange amount, which approximates fair value. All of the Company's assets are located in Canada.

Geographic information

	2020	2019
Revenue		
Canada	**$ 12,587,291**	$ 13,653,547
China and other	**635,759**	852,574
	$ 13,223,050	$ 14,506,121

11. SEASONALITY

Revenue is subject to seasonal variation in demand from its customers for beverage alcohol products. The fourth quarter is traditionally the lowest for revenue in all major sales channels due to softness in demand during the winter months.

12. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified, where applicable, to conform to the presentation adopted in the current fiscal period.

13. SUBSEQUENT EVENT

On October 26, 2020, the Company obtained a term loan from its existing lender, Bank of Montreal, in the amount of $2,750,000. The loan was advanced under the auspices of the federal government's Business Credit Availability Program ("BCAP"), under which it is secured by an 80% guarantee from the Export Development Corporation ("EDC").

The BCAP loan has the following terms and conditions:

- bears interest monthly at CAD prime rate plus 1.25%, starting in November 2020
- an annual guarantee fee of 1.8% of the amount of the original loan
- repayable in 48 equal monthly principal payments of $57,292, starting on the first anniversary of funding
- maturity date of July 1, 2022