DIAMOND ESTATES WINES & SPIRITS INC.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED JUNE 30, 2021 AND 2020

(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.
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT JUNE 30, 2021 AND MARCH 31, 2021
(Unaudited - Prepared by Management)

	June 30 2021	March 31 2021
ASSETS		
Current:		
Accounts receivable (Note 5)	**$ 3,308,082**	$ 2,684,546
Inventories (Note 6)	**22,651,653**	23,418,282
Biological assets	**15,173**	-
Prepaid expenses	**457,307**	254,101
	26,432,215	26,356,929
Long term:		
Property, plant and equipment	**17,579,279**	17,697,058
Right-of-use assets	**3,113,911**	3,180,600
Intangible assets	**2,554,518**	2,585,404
	$ 49,679,923	$ 49,819,991
LIABILITIES		
Current:		
Accounts payable and accrued liabilities (Note 7)	**$ 4,614,768**	$ 4,734,792
Current portion of term loans payable (Note 8)	**973,969**	799,851
Current portion of lease liabilities	**432,487**	420,811
	6,021,224	5,955,454
Long term:		
Term loans payable (Note 8)	**21,352,448**	22,990,244
Lease liabilities	**2,599,249**	2,686,996
Debentures payable (Note 9)	**1,585,026**	-
Derivative (Note 9)	**122,534**	-
	31,680,481	31,632,694
SHAREHOLDERS' EQUITY		
Common shares (Note 10)	**27,690,705**	27,690,705
Contributed surplus	**1,748,221**	1,581,984
Accumulated deficit	**(11,439,484)**	(11,085,392)
	17,999,442	18,187,297
	$ 49,679,923	$ 49,819,991

Subsequent events (Note 14)

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 MONTHS ENDED JUNE 30, 2021 AND 2020
(Unaudited - Prepared by Management)

	2021	2020
Revenue	**$ 7,375,438**	$ 5,941,239
Cost of sales		
Change in inventories of finished goods and raw materials consumed	**4,287,629**	3,231,640
Depreciation of property, plant and equipment and right-of-use assets used in production	**112,220**	186,434
	4,399,849	3,418,074
Gross profit	**2,975,589**	2,523,165
Expenses		
Employee compensation and benefits	**1,386,704**	1,007,672
General and administrative	**696,604**	816,899
Advertising and promotion	**365,018**	281,616
Interest	**263,753**	210,230
Delivery and warehousing	**232,179**	244,681
Financing costs	**30,047**	75,994
Share based compensation	**166,237**	18,841
Depreciation of property, plant and equipment and right-of-use assets used in selling and administration	**137,348**	144,708
Amortization of intangible assets	**89,297**	84,844
	3,367,187	2,885,485
Loss before undernoted item	**(391,598)**	(362,320)
Gain on disposition of right-of-use assets	**18,972**	-
Unrealized gain on embedded derivative (Note 9)	**18,534**	-
Net loss and comprehensive loss	**$ (354,092)**	$ (362,320)
Basic and diluted loss per share (Note 10(a))	**$ (0.002)**	$ (0.002)

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, 2020 TO JUNE 30, 2021
(Unaudited - Prepared by Management)

	Note	Common shares Shares	Common shares Amount	Contributed surplus	Accumulated deficit	Total
As at April 1, 2020		**200,005,566**	**$27,690,705**	**$ 1,205,216**	**$ (8,450,179)**	**$20,445,742**
Net loss and comprehensive loss		-	-	-	(362,320)	(362,320)
Share based compensation		-	-	18,841	-	18,841
As at June 30, 2020		**200,005,566**	**27,690,705**	**1,224,057**	**(8,812,499)**	**20,102,263**
Net loss and comprehensive loss		-	-	-	(2,272,893)	(2,272,893)
Share based compensation and financing costs from warrant issuance		-	-	357,927	-	357,927
As at March 31, 2021		**200,005,566**	**27,690,705**	**1,581,984**	**(11,085,392)**	**18,187,297**
Net loss and comprehensive loss		-	-	-	(354,092)	(354,092)
Share based compensation		-	-	166,237	-	166,237
As at June 30, 2021		**200,005,566**	**$27,690,705**	**$ 1,748,221**	**$ (11,439,484)**	**$17,999,442**

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
THREE MONTHS ENDED JUNE 30, 2021 AND 2020
(Unaudited - Prepared by Management)

	2021	2020
Operating activities		
Net loss	**$ (354,092)**	$ (362,320)
Add (deduct) items not affecting cash		
Depreciation of property, plant and equipment and right-of-use assets	**249,568**	331,142
Amortization of intangible assets	**89,297**	84,844
Amortization of deferred financing costs	**6,608**	15,788
Gain on disposition of right-of-use assets	**(18,972)**	-
Unrealized gain on derivative	**(18,534)**	-
Interest accretion on debentures payable	**3,855**	-
Share based compensation	**166,237**	18,841
Interest expense	**263,753**	210,230
Interest paid	**(253,726)**	(210,230)
	133,994	88,295
Change in non-cash working capital items		
Accounts receivable	**(623,536)**	805,210
Inventories	**835,483**	434,523
Biological assets	**(15,173)**	(14,234)
Prepaid expenses	**(203,206)**	(156,243)
Accounts payable and accrued liabilities	**27,974**	(1,657,049)
	155,536	(499,498)
Investing activities		
Purchase of property, plant and equipment	**(106,539)**	(51,282)
Purchase of intangible assets	**(58,410)**	-
	(164,949)	(51,282)
Financing activities		
Proceeds on issuance of convertible debenture, net of issuance costs	**1,567,606**	-
Repayment of lease liabilities	**(84,515)**	(111,488)
Deferred financing costs paid	**(7,756)**	-
Net borrowings on revolving term loans and operating lines payable	**-**	787,268
Net borrowings (repayments) on revolving term loan	**(1,340,922)**	-
Repayment on non-revolving term loan	**(125,000)**	(125,000)
	9,413	550,780
Change in cash	**-**	-
Cash, beginning of period	**-**	-
Cash, end of period	**$ -**	$ -

Non-cash transactions: (Note 13)

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:**

During the period June 30, 2021, the COVID-19 pandemic has caused governments to continue enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of self-imposed quarantine periods and social distancing, government-mandated closures of restaurants and hospitality businesses and travel bans, have caused material disruption to business, and remained in place for most of the period.

Depending on the duration and extent of the ongoing impact of COVID-19 and its impact on the overall economy and related advisories and restrictions., this could materially impact our customers and their demand for our products, our supply chains, lease agreements, banking agreements and related covenants (*see note 8*). This in turn may have a direct impact on the Company's operating results, cash flows and financial position.

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, 2021 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 August 26, 2021.

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

2. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(b) Debentures payable

When a contract contains an embedded derivative, the economic and risk characteristics of both the embedded derivative and host contract are analyzed to understand whether or not they are closely related and to decide whether the embedded derivative should be accounted for separately from the host contract.

The embedded features in the financial instrument issued by the Company are identified at inception. Each feature is evaluated separately and classified either as part of the host liability, as a separate embedded liability or an equity instrument in accordance with the substance of the contractual arrangement.

(c) Financial instruments

The Company classifies each financial liability into one of two categories depending upon the purpose for which the liability was incurred.

Financial liabilities at FVTPL

Liabilities in this category are derivatives or liabilities classified as held-for-trading or designated as FVTPL on initial recognition. After initial recognition, such liabilities are measured at fair value with changes in fair value being recognized in profit or loss. Derivatives recognized from the Company's debentures payable are recognized as FVTPL *(see note 9)*.

Amortized cost

Liabilities in this category are non-derivative financial liabilities that are not classified as held-for-trading. After initial recognition, such liabilities are measured at amortized cost using the effective interest rate method. The debentures payable have been classified as amortized cost *(see note 9)*.

3. RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENT

(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.

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) 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.

(b) 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.

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

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. This amendment also clarifies the meaning of settlement of a liability. This amendment is effective for annual periods beginning on or after January l, 2023. The Company has not yet assessed the impact of the amendment on the unaudited interim condensed consolidated financial statements.

(d) 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 amendment on the unaudited interim condensed consolidated financial statements.

5. **ACCOUNTS RECEIVABLE**

	June 30 2021	March 31 2021
Trade receivables	**$ 3,197,312**	$ 2,398,643
Accrued receivables	**89,770**	264,903
Income taxes recoverable	**21,000**	21,000
	$ 3,308,082	$ 2,684,546

The Company has an allowance for doubtful accounts as at June 30, 2021 of $188,489 (March 31, 2021 - $168,961).

6. **INVENTORIES**

	June 30 2021	March 31 2021
Bulk wine	**$ 14,809,773**	$ 15,847,385
Bottled wine and spirits	**7,283,340**	7,112,765
Bottling supplies and packaging	**558,540**	458,132
	$ 22,651,653	$ 23,418,282

The Company has a provision for inventory obsolescence as at June 30, 2021 of $60,772 (March 31, 2021 - $81,361).

7. **ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	June 30 2021	March 31 2021
Trade accounts payable	**$ 3,683,891**	$ 3,389,413
Accrued liabilities	**921,479**	1,259,649
Government remittances payable	**9,398**	85,730
	$ 4,614,768	$ 4,734,792

8. TERM LOANS PAYABLE

As at June 30, 2021, the balances outstanding on the Company's term loans were as follows:

	June 30 2021	March 31 2021
BMO term loans:		
Revolving operating term loan	**$ 11,243,073**	$ 12,583,995
Non-revolving term loan	**8,375,000**	8,500,000
BCAP non- revolving term loan (Note 8)(g))	**2,750,000**	2,750,000
	22,368,073	23,833,995
Deferred financing costs	**(41,656)**	(43,900)
	22,326,417	23,790,095
Current portion	**(973,969)**	(799,851)
	$ 21,352,448	$ 22,990,244

(a) On October 26, 2020, the Company entered into an Amended and Restated Credit Agreement ("ARCA") to replace the original the BMO credit agreement dated September 29, 2017. The ARCA was amended on March 26, 2021 (the "First Amendment to the ARCA") and further amended on June 29, 2021 (the Second Amendment to the ARCA"), under which the expiry date was extended to October 1, 2022. The ARCA 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.

The initial BMO credit agreement was dated September 29, 2017 and was 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.

(b) The revolving operating term loan is for working capital and general corporate requirements and is subject to the following terms, generally unchanged after the Second Amendment to the ARCA:

(i) Revolving credit facility of up to $13,000,000, subject to specified borrowing base margin limitations, with a temporary bulge of an additional $1,000,000 until July 1, 2021
(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

8. TERM LOANS PAYABLE, CONTINUED

(c) The non-revolving term loan is for the purpose of refinancing the previous term debt and funding scheduled capital expenditures. The loan is subject to the following terms, generally unchanged after the Second Amendment to the ARCA:

(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

(d) 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 June 30, 2021, there were letters of credit in the amount of $50,000 outstanding with BMO (March 31, 2021 - $50,000).
(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.
(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. There are no amounts currently outstanding on this facility.

(e) 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 June 30, 2021, there was a balance of $550,312 drawn on this facility (March 31, 2021 - $578,614), and is included in lease liabilities.

(f) The ARCA is subject to the following major financial covenants:

(i) Minimum fixed charge coverage ratio of 1.25|1, amended to 0.70|1 and 0.90|1 respectively for the quarters ended March 31, 2021 and June 30, 2021.
(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.

(g) 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 funds were utilized to fund the Company's contractual grape purchases in the fall of 2020.

8. **TERM LOANS PAYABLE, CONTINUED**

The BCAP loan has the following terms and conditions:

- bears interest monthly at CAD prime rate plus 1.25%';
- repayable in 48 equal monthly principal payments of $57,292, starting on the first anniversary of funding;
- EDC guarantee subject to renewal annually at a fee of 1.8% of the amount of the original loan; and
- maturity date of October 1, 2022.

9. **DEBENTURES PAYABLE**

(a) On June 10, 2021, the Company completed a non-brokered private placement of $1.83 million of 10.0% unsecured convertible debentures of the Company with certain insiders of the Company, including Lassonde and Oakwest Corporation Limited.

(b) The major terms of the debentures are as follows:

(i) The debentures bear interest from the date of issue at 10.0% per annum, calculated monthly, in arrears. The interest accrues on the principal outstanding under the debentures until such principal is repaid or converted. The debentures will mature on July 2, 2023, unless the holder requests to accelerate the maturity date in the event the Company completes an equity financing for minimum gross proceeds of $2 million within the next 12 months.

(ii) The debentures are convertible at the holder's option from the date of issuance until the maturity date at a conversion price of $0.185. If repayment of the debentures on the maturity date would constitute non-compliance by the Company under its senior borrowing obligations, the holder has the option to convert at the conversion price, or to roll the obligations over into new one-year debentures, on similar terms to be negotiated. The debentures are also redeemable at the Company's option, subject to an early redemption fee during the first 12 months following closing of the offering of an additional 1% interest and, if during the first six months, a minimum six months interest.

(iii) All securities issued in connection with the offering are subject to a four-month hold period expiring October 11, 2021. The Company intends to use the net proceeds of the offering for general working capital purposes in support of an anticipated increase in operations coinciding with of the reopening of the economy over the next several months.

(c) The convertible debentures are a compound financial instrument under IAS 32 - Financial Instruments, and have both a liability and an embedded derivative component. The convertible debentures was initially recognized with an fair value of $1,935,595 less transaction costs of $92,932 less the fair value of the embedded derivative of$141,068. After recording interest accretion on the debenture payable of $3,855, the carrying value of the debenture as at June 30, 2021 is $1,705,450.

9. DEBENTURES PAYABLE, CONTINUED

The initial fair value of $1,935,595 less the face value of the debt of $1,830,000, net of transaction fees reimbursed to one the debenture holders of $18,221, has resulted in a deferred loss of $123,816. After amortizing the deferred loss in the amount of $3,392, its carrying value as at June 30, 2021 is $120,424.

This loss has been netted against the carrying cost of the debenture payable for presentation purposes similar to deferred financing charges, such that the net carrying value of the debentures payable as at June 30, 2021 is $1,585,026.

(d) The derivative was separated as a FVTPL instrument, and remeasured at each reporting period with subsequent changes in fair value recorded in the consolidated statements of loss and comprehensive loss. The difference between the fair value of the embedded derivative on initial recognition of $141,068 and the fair value on June 30, 2021 of $122,534 amounts to $18,534.

10. 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, 2020 to June 30, 2021. 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 months ended June 30, 2021 was 200,005,566 (2021 - 200,005,566).

As at June 30, 2021, the following potentially dilutive equity instruments were outstanding: (i) 15,600,000 options (March 31, 2021 - 15,100,000, (ii) 2,817,325 deferred share units (March 31, 2021 - 2,647,637), and (iii) 750,000 common share purchase warrants (March 31, 2021 - 750,000). The fully diluted number of common shares outstanding as at June 30, 2021 was 219,172,891 (March 31, 2021 - 218,503,203).

(b) Issuance of common shares

The Company did not issue any common shares during the three months ended June 30, 2021 or during the year ended March 31, 2021.

(c) Stock options

On May 17, 2021, the Board of Directors authorized the issuance of 500,000 stock options to a key members of management. The options each have an exercise price of $0.20 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 of 0.75%, (2) expected volatility of 72.8%, (3) expected life of 5 years, and (4) dividend yield of 0.0%, the fair value attributed to each option was $0.11.

10. **SHARE CAPITAL AND OTHER EQUITY INSTRUMENTS, CONTINUED**

(d) **Deferred share units**

On May 17, 2021, the Company issued an aggregate of 169,688 DSUs in settlement of $33,938 of deferred directors' compensation. On April 20, 2020, the Company issued an aggregate of 196,485 DSUs to non-executive directors under the DSU Plan valued at $31,438.

(e) **Share based compensation**

Total share based compensation recognized for the three months ended June 30, 2021 was $166,237 (2021 - $18,841) based on accrual of previously granted options expected to vest in the reporting period and the issuance of DSUs as described above.

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. **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 three months ended June 30, 2021 and 2020.:

	Three months ended June 30, 2021		
	Agency	**Manufactured wines**	**Consolidated**
	$	**$**	$
Gross revenue	**4,167,618**	**3,317,054**	**7,484,672**
Inter-segment revenue	**(109,233)**	**-**	**(109,233)**
Net revenue	**4,058,385**	**3,317,054**	**7,375,438**
Gross profit	**1,660,544**	**1,315,046**	**2,975,589**
Interest	**14,068**	**249,685**	**263,753**
Depreciation and amortization	**141,446**	**197,417**	**338,865**
Additions of property, plant and equipment and intangible assets	**-**	**164,949**	**164,949**
	Statement of financial position balances as at June 30, 2021		
Intangible assets	**1,369,025**	**1,185,493**	**2,554,518**
Total assets	**5,915,801**	**43,764,122**	**49,679,923**
Total liabilities	**3,077,843**	**28,602,638**	**31,680,481**

12. SEGMENTED INFORMATION, CONTINUED

	Three months ended June 30, 2020		
	Agency	**Manufactured wines**	**Consolidated**
	$	**$**	$
Gross revenue	3,453,155	2,618,843	6,071,998
Inter-segment revenue	(130,759)	-	(130,759)
Net revenue	3,322,396	2,618,843	5,941,239
Gross profit	1,493,325	1,029,840	2,523,165
Interest	15,040	195,190	210,230
Depreciation and amortization	144,183	271,803	415,986
Additions of property, plant and equipment and intangible assets	-	51,282	51,282
	Statement of financial position balances as at March 31, 2021		
Intangible assets	1,449,555	1,135,849	2,585,404
Total assets	5,615,700	44,204,291	49,819,991
Total liabilities	3,066,855	28,565,839	31,632,694

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

	2021	2020
Revenue		
Canada	**$ 6,564,776**	$ 5,638,216
China and other	**810,662**	303,023
	$ 7,375,438	$ 5,941,239

13. NON-CASH TRANSACTIONS

	2021	2020
	$	$
Right-of-use assets acquired under lease liabilities	27,416	-
Accounts payable offset against debenture proceeds	158,025	-
Lease liabilities for assets disposed of under lease	18,972	-

14. SUBSEQUENT EVENTS

Purchase agreements

On August 5, 2021, the Company announced that it is finalizing definitive purchase agreements to acquire (i) all of the issued and outstanding securities of Equity Wine Group Inc., owners of the Creekside Estate Winery and Queenston Mile Vineyards, and (ii) the Shiny Apple craft cider brand from Stonechurch Vineyards and Winery Holdings. The purchase consideration is anticipated to total approximately $14.1 million, including:

Equity Wine Group: (i) $1.5 million in cash, payable on closing, (ii) assumption of term and line-of-credit debt of approximately $4.1 million, (iii) $5.5 million in common shares of Diamond at a deemed price of $0.18 per share, payable on closing, and (iv) 22,916,667 common share purchase warrants (with an estimated value of $0.5 million), each entitling the holder to acquire three quarters **(¾)** of one common share of the Company at an exercise price of $0.22 for a period of 36 months from their date of issuance

Stonechurch: $2.5 million payable in cash

The acquisitions are to be financed with a proposed best efforts private placement for total gross proceeds of up to approximately $8.5 million. The financing will consist of up to 47,223,000 units at $0.18 per unit, with each unit consisting of one common share and three-quarters **(¾)** of one common share purchase warrant, exercisable at $0.22 per common share for 36 months following the closing of the financing.

Completion of the acquisitions will be subject to Diamond closing of the financing noted above, execution of definitive agreements and customary closing conditions, including the approval of the TSX Venture Exchange (the "TSXV") and Bank of Montreal.

Options and DSUs

On August 26, 2021, the Board of Directors approved the issuance of:

- 146,873 DSUs valued at $26,437; and
- 750,000 stock options to certain employees with an exercise price of $0.18 per share with a term of five years, vesting evenly on each anniversary date over four years.