

## **Diamond Estates Wines & Spirits Inc. Announces Q3 2026 Financial Results**

**February 25, 2026**, Niagara-on-the-Lake, Ontario – Diamond Estates Wines & Spirits Inc. (“Diamond Estates” or the “Company”) (TSXV:DWS) today announced its financial results and position for the three and nine months ended December 31, 2025 (“Q3 2026”).

### **Q3 2026 Summary**

- Revenue for Q3 2026 was \$8.2 million, an increase of \$1.8 million from \$6.4 million in Q3 2025. The Winery division experienced an increase in sales of \$1.9 million driven by continued growth in grocery, convenience and big-box channels, as well as enhancements to the VQA Support Program. The Agency division experienced a decrease of \$0.1 million, primarily driven by consignment sales.
- Gross margin<sup>1</sup> for Q3 2026 was \$4.9 million, an increase of \$1.2 million, from \$3.7 million in Q3 2025. Gross margin as a percentage of revenue grew to 59.8% compared to 57.5% in the prior year, driven primarily by improved Winery division performance and government support programs. Q3 2026 did not include any Wine Sector Support Program rebates. Q3 2025 included \$0.6 million of rebates received in that year, affecting the comparability of gross margins in Q3 2026 on a year-over-year basis due to timing.
- SG&A expenses increased by \$1.2 million to \$4.3 million in Q3 2026 from \$3.1 million in Q3 2025, primarily due to VQA support payments to Generations related to the D’Ont Poke the Bear licensing agreement (50% of VQA rebates payable through May 2029; recorded as commission expense), in addition to higher advertising, promotional, and compliance costs.
- Adjusted EBITDA<sup>1</sup> increased by \$0.1 million to \$0.7 million in Q3 2026 from \$0.6 million in Q3 2025, reflecting improved Winery margins partially offset by higher SG&A. This improvement was achieved despite the prior year Wine Sector Support Program payment recognized in Q3 2025. EBITDA<sup>1</sup> decreased by \$0.7 million to \$0.7 million in Q3 2026 from \$1.4 million in Q3 2025, driven by Perigon contingent consideration, share-based compensation, compliance-related expenditures, as well as the timing of Wine Sector Support Program payments of \$0.6 million as noted in Adjusted EBITDA above.
- Net income decreased from \$0.5 million in Q3 2025 to a net loss of \$0.1 million in Q3 2026, primarily due to the same non-operational and one-time items impacting EBITDA.
- On a year-to-date basis, the Company generated \$2.3 million of cash from operating activities before changes in non-cash working capital in 2025, compared to an outflow of \$0.1 million in the prior year period. After incorporating changes in working capital, cash generated from operating activities was \$3.9 million in 2025, versus an outflow of \$0.1 million in the prior year period.

### **Closure of Regulatory Compliance Review**

In Q1 2026, the Company identified an internal practice involving the submission of purchase orders and corresponding invoices to its provincial wholesaler of record under customer names

that had not initiated the orders. The matter was voluntarily disclosed, and a Compliance Committee was formed to oversee a comprehensive internal review.

Following this process, in December 2025, the matter was resolved to the satisfaction of the provincial wholesaler of record at nominal financial cost to the Company. While the resolution cost was nominal, the Company incurred approximately \$0.1 million in legal and audit-related professional fees in Q3 2026 and \$0.4 million year-to-date through Q3 2026 in connection with the review process.

Management has implemented enhanced internal controls, governance processes, and compliance oversight measures to further strengthen its regulatory framework going forward.

### **President's Message**

*"I am very pleased with the continued improvement in our business, highlighted by strong revenue growth, industry-leading gross margins, increasing share at Ontario retail stores, and innovative marketing initiatives. Additionally, strengthened cash generation has continued to allow us to right size our balance sheet and positions us well for future investment opportunities.*

*The recently completed 2025 harvest was one of the largest in our history. In partnership with our grower community, we took in more than twice the volume of grapes compared to 2024. We also brought in our largest ice-wine harvest in recent years, creating exciting opportunities to further expand our profitable ice-wine sales.*

*Our leadership team is in the final stages of developing our next three-year strategic plan. I am confident in both the choices we are making today and the strong foundation we have built for continued growth and strengthening of our business.*

*The Ontario VQA wine industry is one of the most vibrant wine businesses in the world right now. While some of the recent momentum reflects the impact of trade tensions, our company is significantly outperforming the Ontario retail channel that has grown more than 50% over the past twelve months. It is also clear that consumers are increasingly choosing to support Canadian-made products during this period of global change. In doing so, many are discovering that there is no compromise in taste or value when choosing a Canadian VQA wine—while the added benefit of supporting our domestic economy is truly the 'cherry on top.'"*

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### **About Diamond Estates Wines and Spirits Inc.**

Diamond Estates Wines and Spirits Inc. is a producer of high-quality wines and ciders as well as a sales agent for over 120 beverage alcohol brands across Canada. The Company operates four facilities, three in Ontario and one in British Columbia, that produce predominantly VQA wines under such well-known brand names as 20 Bees, Creekside, D'Ont Poke the Bear, EastDell, Lakeview Cellars, Mindful, Shiny Apple Cider, Fresh Wines, Red Tractor, Seasons, Serenity and Backyard Vineyards.

Through its commercial division, Trajectory Beverage Partners, the Company serves as the

sales agent for a wide range of leading international beverage brands.

#### Wine Portfolio:

Trajectory represents renowned wine brands, including Fat Bastard and Gabriel Meffre from France; Kaiken from Argentina; Kings of Prohibition from Australia; Yealands, Kono, Tohu, and Joiy Sparkling Wine from New Zealand; Talamonti and Cielo from Italy; Porta 6, Julia Florista, Boas Quintas, Catedral, and Cabeça de Toiro from Portugal; as well as C.K Mondavi & Family, Charles Krug, Line 39, Harken, FitVine, and Rabble from California. Trajectory also represents a broad portfolio of wines sold exclusively to restaurants, bars and private consumers.

#### Spirits Portfolio:

The Company also represents distinguished spirit brands such as Cofradia Tequila and Hussong's Tequila from Mexico; Islay Mist and Waterproof blended Scotch whiskies from Scotland; Glen Breton Canadian whiskies from Nova Scotia; Five Farms Irish Cream Liqueur and Broker's Gin from the UK; Tequila Rose Strawberry Cream, 360 Vodka, and Holladay Bourbon from the USA; Giffard Liqueurs from France; and Becherovka from the Czech Republic.

#### Beer, Cider, and RTD Portfolio:

In the beer, cider, and ready-to-drink (RTD) categories, Trajectory represents Darling Mimosas from Ontario; Warsteiner and König Ludwig from Germany.

The Company's mission is to build lasting, mutually beneficial relationships with channel partners, growers, suppliers and employees. To meet this goal, the Company is undertaking significant investments in winemaking, brand marketing, sales programming, performance management and back-office infrastructure, including information systems which will support growth in an efficient, profitable manner. Based on its analysis of the market, the Company believes that the growth prospects for the domestic and import beverage alcohol markets in Canada are positive. The Company continues to be a participant in the export market and has expanded its focus beyond China in the effort to be less reliant on that one marketplace. Canadian wines and particularly Icewine enjoy a premium product positioning with international consumers.

### **Forward Looking Statements**

This press release contains forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Diamond Estates Wines and Spirits Inc. to be materially different

from any future results, performance or achievements expressed or implied by the forward-looking statements. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this press release. Such forward-looking statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to: the economy generally; consumer interest in the services and products of the Company; financing; competition; and anticipated and unanticipated costs. While the Company acknowledges that subsequent events and developments may cause its views to change, the Company specifically disclaims any obligation to update these forward-looking statements. These forward-looking statements should not be relied upon as representing the views of the Company as of any date subsequent to the date of this press release. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

#### **Non IFRS Financial Measure – Note<sup>1</sup>**

Management uses net income (loss) and comprehensive income (loss) as presented in the unaudited interim condensed consolidated statements of net income (loss) and comprehensive income (loss) as well as "gross margin", "EBITDA" and "Adjusted EBITDA" as a measure to assess performance of the Company. The Company defines "gross margin" as gross profit excluding depreciation. EBITDA and "Adjusted EBITDA" are other financial measures and are reconciled to net income (loss) and comprehensive income (loss) below under "Results of Operations".

EBITDA and Adjusted EBITDA are supplemental financial measures to further assist readers in assessing the Company's ability to generate income from operations before considering the Company's financing decisions, depreciation of property, plant and equipment and amortization of intangible assets. EBITDA comprises gross margin less operating costs before financial expenses, depreciation and amortization, non-cash expenses such as share-based compensation, one-time and other unusual items, and income tax. Adjusted EBITDA comprises EBITDA before non-recurring expenses including cost of sales adjustments related to inventory acquired in business combinations, EWG transaction costs expensed, cost of sales adjustment to fixed production overheads, and other non-recurring adjustments included in the calculation of EBITDA. Gross margin is defined as gross profit excluding depreciation on property, plant and equipment used in production. Operating expenses exclude interest, depreciation on property, plant and equipment used in selling and administration, and amortization of intangible assets.

EBITDA does not represent the actual cash provided by the operating activities nor is it a recognized measure of financial performance under IFRS. Readers are cautioned that this measure should not

be considered as a replacement for those as per the consolidated financial statements prepared under IFRS. The Company's definitions of this non- IFRS financial measure may differ from those used by other companies.

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