

Diamond Estates Wines & Spirits Announces Closing of Non-Brokered Financing

NIAGARA-ON-THE-LAKE, Ontario--(BUSINESS WIRE)--November 14, 2023--Diamond Estates Wines & Spirits Inc. (“**Diamond Estates**” or the “**Company**”) (TSXV: DWS) is pleased to announce that it has closed the non-brokered private placement (the “**Private Placement**”) previously announced by the Company on August 16, 2023 and November 11, 2023 through the issuance of 20,000,000 common shares of the Company (the “**Common Shares**”) to Lassonde Industries Inc. (“**Lassonde**”) at an issue price of \$0.45 per common share, for an aggregate purchase price of \$9,000,000 (the “**Subscription Price**”).

The Subscription Price was satisfied through the payment of \$8.25 million in consideration for 18,333,334 Common Shares (the “**Financing**”), and the settlement of the \$750,000 principal amount owed under the advance agreement between the Company and Lassonde Industries dated May 30, 2023, which principal amount converted into 1,666,666 Common Shares (the “**Settlement**”). The Company intends to use the net proceeds from the Financing to reduce the Company’s debt and accounts payable, and to pay transaction fees.

The closing of the Financing will result in certain changes to the governance structure of Diamond Estates. Lassonde now has the right to nominate four of seven directors to the Company’s board of directors (the “**Board**”), including the chairman, and at least a proportionate number of members on each of the Board’s committees. Additionally, a special committee will be formed to oversee the debt reduction program of the Company to be put in place, as well as the executives’ day-to-day management, notably by approving certain management decisions.

As the Financing and the Settlement are related-party transactions under the meaning of Policy 5.9 of the TSX Venture Exchange (the “**TSXV**”) and Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”), the Company received shareholder approval for the Financing and Settlement at its annual shareholders meeting held on September 6, 2023. The Company is relying on the exemptions from the valuation requirements of MI 61-101 contained in section 5.5(b) of MI 61-101, as the Company is not listed on a specified market.

The Financing and the Settlement remain subject to the final acceptance of the TSXV. The securities issued pursuant to the Financing and the Settlement will be subject to a four-month hold period under applicable Canadian securities laws.

The Company also announces today that it has entered into a second amendment (the “**Amendment**”) to its Second Amended and Restated Credit Agreement (the “**SARCA**”) with Bank of Montreal (“**BMO**”). The notable terms of the Amendment are as follows:

- extension of the maturity date to January 2, 2025;
- as a result of the repayment of obligations with the use of proceeds from the Financing, a decrease in the total credit limit from \$14.4 million to \$11.4 million; and

- calculation of borrowing margins will use a new formula based on net orderly liquidation values, starting with a fixed margin of \$2.5 million (subject to meeting certain appraisal conditions).

The Amendment also provides a waiver of the Company's fixed charges ratios through to the end of its fiscal year 2024. All other terms of the SARCA, as amended, remain in full force and effect.

Early Warning Report

Pursuant to National Instrument 62-103 – *The Early Warning System and Related Take-Over Bids and Insider Reporting Issues*, Lassonde, whose head office is located at 755 rue Principale, Rougemont, Québec, J0L 1M0, will file an early warning report, which will be available under the Company's profile on the SEDAR+ website at www.sedarplus.ca, and may also be obtained by contacting Éric Gemme, Chief Financial Officer of Lassonde, at 450-469-4926, ext. 10456.

Lassonde acquired today an aggregate of 20,000,000 Common Shares pursuant to the Private Placement at an issue price of \$0.45 per common share, for an aggregate purchase price of \$9,000,000. Prior to the completion of the Private Placement, Lassonde directly owned 5,346,506 Common Shares, 1,123,958 warrants convertible into 1,123,958 Common Shares, \$500,000 in principal amount of 10.0% unsecured convertible debentures due November 2023 (the "**Debentures**"), 80,000 options exercisable for 80,000 Common Shares and 277,338 deferred share units. Prior to completion of the Private Placement, 3346625 Canada Inc., a corporation controlled by Mr. Pierre-Paul Lassonde ("**Lassonde Holding**") and together with Lassonde, the "**Lassonde Group**") directly owned 617,824 Common Shares, \$2,850,000 in principal amount of Debentures and 250,000 warrants convertible into 250,000 Common Shares. As such, prior to completion of the Private Placement, the Lassonde Group, directly or indirectly, owned or controlled, 5,964,330 Common Shares, representing approximately 21.40% of the then issued and outstanding Common Shares, \$3,350,000 in principal amount of Debentures, 80,000 options, 1,373,958 warrants and 277,338 deferred share units.

Following the closing of the Private Placement, based on the number of issued and outstanding Common Shares after completing the Private Placement and without additional issuance or conversion of securities (including the Debentures), Lassonde now owns 25,346,506 Common Shares, representing approximately 52.94% of the current issued and outstanding Common Shares and the Lassonde Group now owns 25,964,330 Common Shares, representing approximately 54.23% of the current issued and outstanding Common Shares.

The participation by the Lassonde Group in the Financing and the Settlement was undertaken to assist the Company with the execution of its strategic plan. This will result in certain changes to the governance structure of Diamond Estates, as will be described in the early warning report of Lassonde. The Lassonde Group may, from time to time, acquire additional securities of the Company for investment purposes and may, from time to time, increase or decrease its beneficial ownership or control of the Company depending on market or other conditions.

This news release does not constitute an offer to sell or a solicitation of an offer to sell any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or any state securities laws and may not be offered or sold within the United States or to U.S. persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

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 five production facilities, four in Ontario and one in British Columbia, that produce predominantly VQA wines under such well-known brand names as 20 Bees, Creekside, EastDell, Lakeview Cellars, Mindful, Queenston Mile, Shiny Apple Cider, Fresh, Proud Pour, Red Tractor, Seasons, Serenity and Backyard Vineyards.

Through its commercial division, Trajectory Beverage Partners, the Company is the sales agent for many leading international brands in all regions of the country as well as being a distributor in the western provinces. These recognizable brands include Fat Bastard, Meffre, Pierre Chavin and Andre Lurton wines from France, Brimincourt Champagne from France, Merlet and Larsen Cognacs from France, Kaiken wines from Argentina, Blue Nun and Erben wines from Germany, Calabria Family Estate Wines and McWilliams Wines from Australia, Saint Clair Family Estate Wines and Yealands Family Wines from New Zealand, Storywood and Cofradia Tequilas from Mexico, Maverick Distillery spirits (including Tag Vodka and Barnburner Whisky) from Ontario, Magnum Cream Liqueur from Scotland, Talamonti and Cielo wines from Italy, Catedral and Cabeça de Toiro wines from Portugal, Waterloo Beer & Radlers from Canada, Landshark Lager from the USA, Edinburgh Gin, Tamdhu, Glengoyne and Smokehead single-malt Scotch whiskies from Scotland, Islay Mist, Grand MacNish and Waterproof whiskies from Scotland, C. Mondavi & Family wines including C.K Mondavi & Charles Krug from Napa, Wize Spirits, Hounds Vodka and Valley of Mother of God Gins from Canada, Bols Vodka from Amsterdam, Collective Arts beers, spirits and RTDs from Ontario, Koyle Family Wines from Chile and Pearse Lyons whiskies and gins from Ireland.

Forward Looking Statements

This press release contains forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company and the matters discussed herein 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. The use of net proceeds from the Financing constitutes forward-looking statements. 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.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release.

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