

ANDREW PELLER LIMITED
ANDREW PELLER LIMITÉE

ANNUAL INFORMATION FORM

JUNE 11, 2025

TABLE OF CONTENTS

<u>Item #</u>	<u>Item</u>	<u>Page</u>
1	FORWARD-LOOKING INFORMATION	1
2	CORPORATE STRUCTURE	1
3	GENERAL DEVELOPMENT OF THE BUSINESS	2
4	NARRATIVE DESCRIPTION OF THE BUSINESS	3
5	DIVIDEND POLICY	10
6	DESCRIPTION OF CAPITAL STRUCTURE	10
7	MARKET FOR SECURITIES	11
8	DIRECTORS AND OFFICERS	11
9	TRANSFER AGENT AND REGISTRAR	12
10	INTEREST OF EXPERTS	12
11	REPORT OF THE AUDIT COMMITTEE	12
12	ADDITIONAL INFORMATION	13
13	SCHEDULE A	14

FORWARD-LOOKING INFORMATION

Certain statements in this Annual Information Form (“AIF”) 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 Andrew Peller Limited (the Company or 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 AIF, 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 AIF and other risks detailed from time to time in the publicly filed disclosure documents of the Company which are available at www.sedarplus.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 AIF, 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.

All information contained in this document is given as at March 31, 2025 unless otherwise indicated.

CORPORATE STRUCTURE

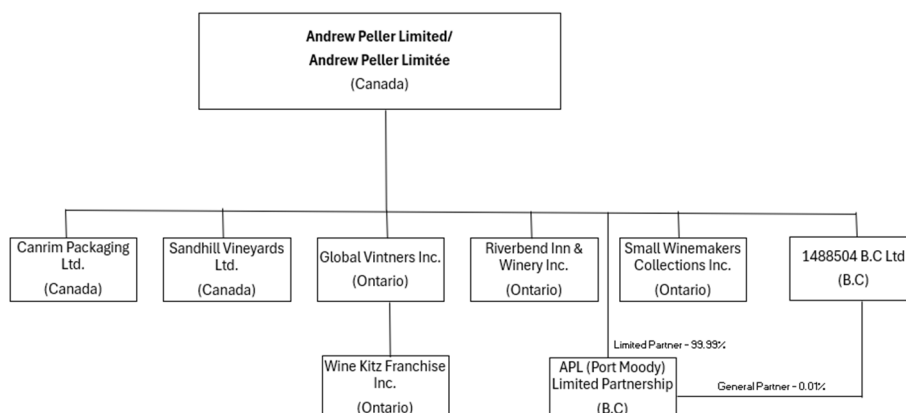
Incorporation

Andrew Peller Limited was incorporated under the laws of Canada by Letters Patent dated the 7th day of April 1965 and as amended from time to time by Supplementary Letters Patent. The Company was continued under a Certificate of Continuance dated the 30th day of October 1978, pursuant to Sections 181 and 261 of the *Canada Business Corporations Act*. On June 30, 1994, the Company amalgamated with Hillebrand Estates Winery Limited under Section 185 of the *Canada Business Corporations Act*. On April 1, 2003, the Company amalgamated with Andrés Wines (B.C.) Ltd. and Andrés Wines Atlantic Ltd. under Section 185 of the *Canada Business Corporations Act*. On April 1, 2006, the Company amalgamated with its wholly-owned subsidiary, Cascadia Brands Inc. (“Cascadia”), and Cascadia’s wholly-owned subsidiaries Calona Wines Limited, 3126854 Canada Ltd. (formerly, International Potter Distilling Corporation), and 4309693 Canada Inc. (formerly, Arctica Distilling Corporation) under Section 185 of the *Canada Business Corporations Act* under the name Andrés Wines Ltd./Les Vins Andrés Ltée. On April 1, 2007, the Company amalgamated with its wholly owned subsidiaries, 4384792 Canada Inc. (formerly, 1639199 Ontario Inc.), Grady Wine Marketing Inc., and Forbes Fraser Wines Ltd. under Section 185 of the *Canada Business Corporations Act*. On April 1, 2007, Winexpert Inc., 4384806 Canada Inc. (formerly, Wine Not Inc.), and Vineco International Products Ltd., amalgamated under Section 185 of the *Canada Business Corporations Act* to form 4384814 Canada Inc., a new wholly owned subsidiary of the Company. On March 31, 2009, 4384814 Canada Inc. changed its name to Global Vintners Inc. On April 1, 2012, the Company amalgamated with Rocky Ridge Vineyards Inc. under Section 185 of the *Canada Business Corporations Act*. On March 18, 2014, Wine Kitz Franchise Inc. purchased Wine Kitz Atlantic Limited, which operated a Wine Kitz master franchise in Atlantic Canada. On October 1, 2017, Andrew Peller Limited purchased 100% of the issued and outstanding shares of Gray Monk Cellars Ltd. and Tinhorn Creek Vineyards Ltd. Both companies were amalgamated with Andrew Peller Limited on April 1, 2018. On October 10, 2017, the Company also acquired 100% of the operating assets of Black Hills Estate Winery. On February 26, 2021, the Company acquired the assets and property of Riverbend Inn and Vineyard. These assets are held by Riverbend Inn & Winery Inc., a wholly owned subsidiary. On June 21, 2024, the Company incorporated 1488504 B.C. Ltd., a wholly owned subsidiary of the Company. On June 24, 2024, the Company set up APL (Port Moody) Limited Partnership. Andrew Peller Limited is the limited partner and 1488504 B.C. Ltd. is the general partner.

The Company operates under the name Andrew Peller Limited/Andrew Peller Limitée. The authorized capital of the Company 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, an unlimited number of Class A Shares (non-voting) and an unlimited number of Class B Shares (voting). The Company’s head and registered office is located at 697 South Service Road, Grimsby, Ontario, L3M 4E8.

Subsidiaries

The following is APL's structure, including its significant subsidiaries as of the fiscal year ended March 31, 2025, and their jurisdiction of incorporation. All subsidiaries are wholly owned.



GENERAL DEVELOPMENT OF THE BUSINESS

The Company is engaged in the production, bottling and marketing of quality wines and craft beverage alcohol products in Canada. The Company imports bottled premium wines from around the world and markets them through Andrew Peller Import Agency (API), and The Small Winemakers Collection Inc. (SWC). Vineco International Products, Winexpert, and Wine Kitz divisions of Global Vintners Inc. (GVI) are producers of wine kits and related accessories for the personal winemaking market.

Canada has joined other leading wine-producing countries in the development of a body of regulations and standards for 100% Canadian content wines known as the Vintners Quality Alliance (VQA) system. The VQA system oversees the regulation of the premium wine industry in Canada and has become recognized throughout the world as the appellation system for Canadian wines that meet strict standards of excellence.

The Company has focused its product development and sales and marketing initiatives by capitalizing on alcohol consumption trends and believes sales will grow over the long term due to strong positioning of key brands, the continued launch of new and innovative products, potential strategic acquisitions, as well as overall growth in the Canadian beverage alcohol market. The Company will continue to closely monitor its costs and will respond to changes in 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 given across all trade channels to enhance customer awareness of the Company's broad portfolio. New product launches and key brands through all of the Company's distribution channels will continue to receive increased marketing and sales support.

The Company is focused on initiatives to drive production efficiencies and realize cost savings through a continual review of its operations and cost structure with a view to improving 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.

NARRATIVE DESCRIPTION OF THE BUSINESS

General

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 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 products. The Company also produces craft ciders under the No Boats on Sunday brand, and various 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, 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, Limited Edition, Passport Series, On the House, Wild Grapes, 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 API and SWC, importers and marketing agents for premium wines from around the world.

Business Strategy

The Company's vision is to Pour Extraordinary into Everyday Life. The Company achieves this objective by delivering to its customers and consumers the highest quality branded wines, spirits, and experiences. 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's wine portfolio covers the complete spectrum of price levels within the Canadian wine market. 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 focused its innovation and sales and marketing initiatives to capitalize on category trends, such as healthier-for-you and sustainable offerings. The Company has also entered the spirits category, through its strategic alliance with Wayne Gretzky, and has introduced ciders and seltzers through its own brand labels.

Revenue

The Company's revenue for the year ended March 31, 2025 was \$389.6 million (2024 - \$385.9). Included within revenue is product revenue of \$375.5 million (2024 - \$375.9 million) and other revenue associated with various provincial wine support programs of \$14.1 million (2024 - \$9.9 million). 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. Revenue and percentage of revenue by quarter were as follows:

Quarter	2025		2024	
	\$ millions	%	\$ millions	%
First	99.5	25.5	100.5	26.0
Second	109.2	28.0	100.2	26.0
Third	105.4	27.1	100.2	26.0
Fourth	75.5	19.4	85.0	22.0
Total	389.6	100.0	385.9	100.0

Principal Products

The company manufactures products in the beverage alcohol industry including wine and spirits, with wine driving the vast majority of revenue. The Company's products cross several segments of the wine market including VQA, International Domestic Blends (IDB), import wines and personal winemaking, with a variety of brands designed to meet consumer needs across demographics, product types, and quality levels. The Company also offers products that cross many price points. For the value priced end of the market, the Company sources bulk international wine and blends it with lower priced domestic wine, where the viticulture and harvesting of the grapes is managed at a lower cost than for the domestic premium VQA wine portfolio. The Company also makes a wide range of premium priced VQA wines, made from 100% domestic high-quality grapes grown in both Ontario and B.C. This strategy allows the company to expand and maximize market coverage and scale to grow market share. In keeping with our vision, the Company has carefully expanded its portfolio beyond wine by introducing spirits and ciders over the past several years.

The Company's largest business segment is IDB. Within this segment, Peller Family Vineyards stands out as the leading brand, known for its strong consumer loyalty nationwide. It also features the Company's most extensive portfolio, offering a wide variety of blends and varietals across multiple packaging formats—most notably the 4L bag-in-box, which is the best-selling format. Copper Moon, the top IDB brand in Western Canada, ranks as the Company's second largest brand overall. The Company's fastest-growing brand is Honest Lot, which provides consumers with a full-flavour, zero-sugar better for you alternative. In just three years since its launch, Honest Lot has rapidly risen to become one of the top 10 brands in the portfolio. Legacy brands Domaine D'or and Hochtaler also compete in the value blended segment, and both fall within the Company's top ten brand list.

The second largest segment for the Company is VQA wines. In addition to Peller Estates, the Company has four other VQA brands in its top ten list: Trius, Wayne Gretzky, Gray Monk and Sandhill, all of which are supported by beautiful estate properties and one-of-a-kind tourism experiences. Recently, Gray Monk has been recognized as the top BC-based VQA brand in Canada. The Company also operates in the VQA Icewine segment which is uniquely produced in Canada and sold domestically as well as internationally. All of these brands are positioned to maximize market coverage nationally across a range of product types and channels of distribution.

The Company has also entered the owned-imports wine segment to capture a share of the international market in Canada. The Company's largest brands in this segment are Vivo (from Chile), Ama Bene (Italy), Rewild (Australia), Neon Coast (California, USA) and Avenue (France). The Company sources quality wines from the countries of origin and bottles them in market, to be sold across Canada in the imported wine section.

The Company also competes in the craft space, with local cider, whisky and vodka. No Boats on Sunday cider was launched in 2016 in Eastern Canada and in 2019, was expanded nationally, with additional flavours and packaging options. Wayne Gretzky Estates has four premium traditional whiskies, several cream-based whisky flavours, a premium vodka, and a brandy.

The Company owns two import agencies, Andrew Peller Imports and the Small Winemakers Collection that sell and distribute premium import wines from suppliers from around the world. Both agencies capitalize on their premium import wine portfolios to gain placement for company-owned brands on restaurant wine lists.

Global Vintners Inc. is the world's leading manufacturer and distributor of personal winemaking products. For over 50 years, GVI has distributed wine kits under the brand names Winexpert, Vineco, and Wine Kitz through a network of independent retailers throughout Canada, the United States, the U.K., Australia, New Zealand, and a number of other countries. Global Vintners recently transformed its product portfolio to attract new consumers, drive brand recognition, improve product quality and reduce its carbon footprint.

Trademarks

The Company uses several significant trademarks which are owned by the Company or its subsidiaries or used under exclusive license. Significant trademarks include Andrés Wines, Andrew Peller Limited, Peller Estates, Trius, Thirty Bench, Red Rooster, Sandhill, Wayne Gretzky Estates, No. 99, No. 99 Rye Lager, Wayne Gretzky Okanagan, Black Hills Estates, Gray Monk Cellars, Good Natured, Tinhorn Creek, Oldfield Reserve, Innovation Series, The Creek, Crush Club, Creek Design, Calona Vineyards, Raven Conspiracy, Conviction, Peller Family Vineyards, Domaine D'Or, Hochtaler, Royal, XOXO, Black Cellar, Copper Moon, Rebellion, The Diplomat, Waltzing Matilda, Panama Jack, PJs Craft Cream, No Boats on Sunday, Schloss Laderheim, Small Mercy, Honest Lot, Vivo, Baby Canadian, Baby Duck, and Wine Country Vintners. For the personal winemaking business, key trademarks include Vintner's Reserve, California Connoisseur, Atmosphere, Cheeky Monkey, KenRidge, Niagara Mist, Cellar Craft, World Vineyard, Selection, Island Mist, Winexpert, LE, Après and Legacy. Trademarks are important in the marketing and sale of wine, and it is the Company's policy to vigorously protect its trademarks.

Competition

The wine industry in Canada is intensely competitive based on quality, price, brand recognition, and distribution. The Company competes with many domestic and international wine producers. The Company is the second largest winery in Canada with 8.9% share of the wine market in total English Canada for the 12-month rolling period ended March 2025, increasing 0.2% compared to prior year. The largest wine company in Canada is Arterra Wines with 11.5% share of the English Canada market, an increase of 0.3% compared to prior year. The Company's competitors range in size from large, well established national and multi-national corporations to small "farm gate" wineries that are limited to selling only wine produced from vineyards that they own or control. The Company also competes with large spirit companies like Diageo (Crown Royal), Pernod Ricard (Jameson/ Glenlivet/ Chivas Regal), William Grant & Son/Hiram Walker (Gibson), Gruppo Compari (Forty Creek), Corby Spirit and Wine (J.P Wiser) - who also distributes the Pernod Ricard whisky in Canada - as well as smaller craft producers like Collingwood and Virginia Black. The Company competes on the basis of providing value through a balance of quality and price, promotion, brand recognition, and distribution.

Properties

The following table sets forth information regarding the Company's principal properties and wineries as at March 31, 2025.

<u>Location</u>	<u>Size</u>	<u>Use</u>	<u>Nature of Interest</u>	<u>Capacity</u> ⁽²⁾
Lake Country, British Columbia	50 acres	Winery, Vineyard, Tour Centre, Retail, Offices, Warehouse	Owned ⁽¹⁾	9,000
Oliver, British Columbia	49 acres	Winery, Vineyard, Tour Centre, Retail, Offices	Owned ⁽¹⁾	3,600
Oliver, British Columbia	49 acres	Winery, Vineyard, Tour Centre, Retail, Offices	Owned ⁽¹⁾	1,260
Osoyoos, British Columbia	100 acres	Vineyard	Owned ⁽¹⁾	N/A
Port Moody, British Columbia	4.9 acres	N/A	Owned ⁽¹⁾	N/A
Vancouver, British Columbia	6,700 sq. ft.	Office	Leased	N/A
Oliver, British Columbia	117 acres	Vineyard	Owned ⁽¹⁾	N/A
Oliver, British Columbia	72 acres	Vineyard	Leased	N/A
Oliver, British Columbia	307 acres	Vineyard	Leased	N/A
Kelowna, British Columbia	180,000 sq. ft.	Winery & Office	Owned ⁽¹⁾	250,000
Penticton, British Columbia	16,000 sq. ft. on 5 acres	Winery	Owned ⁽¹⁾	3,000
Cawston, British Columbia	75 acres	Vineyard	Owned ⁽¹⁾	N/A
Stoney Creek, Ontario	112,987 sq. ft.	Warehouse	Leased	N/A
Grimsby, Ontario	154,000 sq. ft.	Winery & Offices	Owned ⁽¹⁾	240,000
	on 26 acres			
Ontario – 101 retail stores, various locations	Each retail store ranges from 180 sq. ft. to 2,800 sq. ft.	Retail	Leased	N/A
Oakville, Ontario	4,471 sq. ft.	Offices	Leased	N/A
Beamsville, Ontario	28 acres	Vineyard	Leased	N/A
Niagara-on-the-Lake, Ontario	13 acres	Vineyard	Leased	N/A
Beamsville, Ontario	4,996 sq. ft.	Winery, Retail Vineyard	Owned ⁽¹⁾	550
	58 acres			
St. Catharines, Ontario	30,800 sq. ft.	Wine Kit Production	Owned ⁽¹⁾	150,000
St. Catharines, Ontario	63,000 sq. ft.	Warehouse	Leased	N/A
Niagara-on-the-Lake, Ontario (Peller Estates)	40,000 sq. ft. on 39 acres	Winery, Tour Centre, Retail, Vineyards, Offices	Owned ⁽¹⁾	8,000
Niagara-on-the-Lake, Ontario (Trius Winery at Hillebrand)	53,000 sq. ft. on 13 acres	Winery, Tour Centre, Retail, Offices	Owned ⁽¹⁾	8,000
Niagara-on-the-Lake, Ontario (Wayne Gretzky Winery and Distillery)	15,000 sq. ft. on 5 acres	Winery, Distillery, Tour Centre, Retail, Offices	Owned ⁽¹⁾	2,000
Niagara-on-the-Lake, Ontario (Riverbend Inn & Winery)	8 acres	Boutique Inn and Vineyard	Owned ⁽¹⁾	200
Niagara-on-the-Lake, Ontario	21 acres	Vineyard	Owned ⁽¹⁾	N/A
Niagara-on-the-Lake, Ontario	70 acres	Vineyard	Owned ⁽¹⁾	N/A
Niagara-on-the-Lake, Ontario	100 acres	Vineyard	Owned ⁽¹⁾	N/A

(1) Company owned properties have been provided as security for the Company's loan facilities.

(2) All production capacities reflect hectolitres per year.

Other Intangible Properties

The Company has approximately 139 authorized retailer agreements in place relating to the distribution of personal winemaking products across Canada.

Raw Materials

The Company purchases its raw materials, including grapes, wine, juice, grains, spirits, concentrate, glass bottles, and other packaging materials from a wide range of suppliers around the world.

The production process involves the preparation of product, packaging, and shipping to customers. The nature of the process and the production inputs required vary by brand. The required liquid production inputs include purchased domestic grapes from local grape growers, grapes harvested from APL owned vineyards, and bulk wine purchased both in Canada and on international markets. Apples and apple juice for national cider products are contracted domestically by region. Finished products are packaged in glass bottles and bag in box format in the Company's Grimsby, Kelowna, and Truro facilities. Co-packers are used to bottle wine in the tetra pak format and 19.5L stainless steel kegs. Co-packers are also used to package cider products in various aluminium can formats.

In Ontario and B.C., grapes are purchased from several third-party growers under supply contracts with the Company. Grape prices are negotiated annually between Ontario-based producers and the Grape Growers' of Ontario, while in British Columbia, grape prices are negotiated between the Company and individual growers. In B.C., APL uses the industry weighted average from the previous vintage as the basis for these negotiations.

The Company's investment in vineyards has helped to ensure it has a high-quality supply of grapes grown in Canada. Niagara-on-the-Lake and the Beamsville Bench in Ontario and the Okanagan and Similkameen Valleys in B.C., are premium appellations known to produce world class vinifera grapes. To secure its supply of high-quality grapes, the Company has invested in these regions and owns 621 acres and leases 400 acres of vineyard property.

The Company has entered into contracts with over 100 grape growers in Ontario and B.C. to ensure that a reliable supply of grapes is available. The contract terms vary from one to ten years in duration and mature at varying times up to and including the 2034 harvest. The commitment to purchase grapes grown in Canada in 2025 is estimated to be \$32 million and \$18 million in 2026.

A record-breaking cold snap in January of 2024 resulted in near complete bud mortality during the 2024 season with less than 3% of a typical crop being harvested. Through the Vintage Replacement Program announced by the B.C. Government, the Company was permitted to secure out of province fruit from Ontario, Washington and Oregon to ensure stable production of our renowned B.C. brands.

To complement grapes purchased in Ontario and B.C. and to meet consumer demand in all regions of the country, the Company purchases wine, juice, and concentrate from suppliers around the world, primarily in Chile, Argentina, Australia, New Zealand, France, Spain, Italy, and the U.S. The Company has entered into advance purchase contracts with foreign suppliers to purchase bulk wine through July 2027.

The Company utilizes various packaging materials, including glass bottles, aluminium cans, bag in box, barrels, tetra pak, PET bottles, kegs, corks, screw caps, capsules, labels, and corrugated boxes in the bottling and packaging of its wines. The Company utilizes glass and aluminium cans in the bottling and packaging of its cider products. Glass bottles and bag in box represent a significant component of the total cost of goods sold. The Company has supply agreements for domestic glass to ensure continuity of supply for high volume brands and has supply agreements for light weight and premium imported glass from Asia. Supply risk is mitigated by carrying increased inventories of select core bottles. The Company has supply agreements with bag in box vendors to ensure continuity of supply.

The Company considers its sources of supply to be adequate.

Other Principal Contracts

Credit Facilities

On June 13, 2023, the Company amended and restated its credit facility, which is now comprised of an asset backed revolving facility maturing on June 13, 2027. The overall facility size was reduced from \$350 million to \$275 million, and the borrowing limit is based on certain percentages of the fair value of accounts receivable, inventory and real property. The facility is an interest-only facility with principal repayment due upon maturity unless the borrowing limit is reduced below the amount borrowed, at which time, the excess amount borrowed must be repaid immediately. The facility is to be used to fund day-to-day operations, distributions, capital expenditures and acquisitions.

On June 30, 2023, the Company entered into an interest rate swap agreement with a notional amount of \$65 million. Until June 13, 2027, the interest rate on this portion of the facility is fixed at 4.46%, plus the applicable margin. The interest rate on the balance of the facility had a variable interest rate of CDOR, plus the applicable margin. In response to the cessation of CDOR on June 28, 2024, and the benchmark being replaced by the Canadian Overnight Repo Rate Average ("CORRA"), the Company amended its credit facility and associated interest rate swap agreements on June 21, 2024 in which the interest rate on the balance of the facility has been updated to a variable interest rate of CORRA, plus the applicable margin.

The Company and its subsidiaries have provided their assets as security for these loans. The amended credit facility is subject to a minimum fixed charge coverage ratio covenant when excess availability as a percentage of the facility limit is below a certain level. As at March 31, 2025 and 2024, the Company was in compliance with the excess availability covenant.

Foreign Exchange Contracts

As at March 31, 2025, the Company had forward foreign currency contracts to buy \$9.3 million US dollars at rates averaging \$1.43 and \$2.2 million Australian dollars at a rate of \$0.90.

Retail Store Leases

The Company has lease obligations in place for its network of 101 *The Wine Shop*, *Wine Country Vintners*, and *Wine Country Merchants* retail store locations. These leases have terms that range from one year to ten years in length and are included in lease obligations in the consolidated annual financial statements for the year ended March 31, 2025.

Okanagan Valley Lease

On November 1, 2006, the Company entered into a 30 year lease with Covert Farms Ltd. for 307 acres of land in the Okanagan Valley in B.C. The lease expires on October 31, 2036, and is included in lease obligations in the consolidated annual financial statements for the year ended March 31, 2025.

Employees

As at March 31, 2025, the Company had a total of 1,395 employees, of whom 45 full and part-time employees were covered by a union contract and approximately 470 were full or part-time employees of *The Wine Shop*, *Wine Country Vintners*, and *Wine Country Merchants* chain of retail stores.

The union in Kelowna, B.C. is covered by a contract with the Service Employees International Union Local 2, Branch Local 300. The collective agreement was ratified in June 2023 and expires on May 31, 2026.

Regulation

The business of the Company is extensively regulated by provincial legislation which governs the manufacture and sale of beverage alcohol. Provincial liquor authorities issue licences for the manufacture and sale of beverage alcohol in each province and govern the pricing, packaging, labelling, advertising, production, and distribution of products manufactured by licensed wineries, breweries, and distilleries. The Company is in compliance in all material respects with provincial legislation that regulates the manufacture and sale of beverage alcohol.

The Company is subject to environmental regulation at the federal, provincial, and municipal levels. The Company is committed to addressing environmental matters and to continually improving its environmental performance. Environmental highlights are presented annually to the executive leadership team and environmental improvements are incorporated into the business planning cycle. The Company is in material compliance with all provincial and federal legislation relating to environmental regulations.

Environmental performance is monitored internally with a focus on reducing waste, improving processes, and sourcing new recycling streams while meeting environmental laws and regulation.

In fiscal 2020, several sites conducted third-party sustainability audits achieving Gold and Silver status. In fiscal 2021, all of the Company's Ontario wineries and associated vineyards achieved Sustainable Winegrowing Ontario Certification (SWO). Annual re-certification of SWO has been maintained. Sustainable Winegrowing British Columbia Certification (SWBC) for the Company's Okanagan vineyards was achieved for both Tinhorn Creek Vineyards and Gray Monk Estate Vineyards. Tinhorn Creek Vineyards was also certified carbon neutral with Climate Smart. The remaining Okanagan Vineyards are on track for SWBC certification in 2025. The Company completed a three-year biodiversity project in the Okanagan to improve vineyard soil health and increase native plant species and beneficial organisms in 2024.

The Company is also subject to local by-laws with respect to wastewater discharge at each of its production facilities and works in partnership with various levels of government to obtain all required environmental permits. Environmental Activity and Sector Registry ("EASR") assessment and registration was completed for the Company's Ontario winery and estate properties in fiscal 2018. EASR assessments and registrations are also complete for the GVI production facility. APL has implemented measures to reduce wastewater at the source and is actively experimenting with innovative and sustainable ways to reduce biological oxygen demand. The Company continues to invest in environmental infrastructure related to water, air, utilities and waste to ensure that regulations and environmental standards are met and that the Company's targeted reduction in environmental impact is achieved.

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. The Company is experiencing uncertainty with respect to raw materials costs due to inflation, foreign exchange, and freight surcharges and shipment delays associated with international conflicts. The impact on the financial results of the Company will depend on management's continued ability to successfully mitigate against these risks.

The Province of Ontario has modernized the rules for selling beverage alcohol in Ontario by expanding retail distribution in the province. As of the third quarter of fiscal 2025, licensed convenience stores, gas stations, grocery and big box stores in Ontario can sell beer, cider, wine and ready-to-drink alcoholic beverages. This represents a significant change to the retail landscape in Ontario with the goal of providing more convenience and choice to consumers. The Company has contracted with a third party to provide field sales support to reach the convenience and gas licensees and has restructured its commercial team to align with the changing retail landscape. The Company is working closely with its partners to manage any risks and opportunities 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. No assurance can be given regarding the renewal or amendment of these programs, and any material change to the programs could result in a material impact on the financial statements.

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.

VQA wines are a key driver of APL's growth strategy, and as a result, the Company 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, or other severe environmental problems, 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 or extreme cold weather events 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. APL has also developed internal strategies to maintain access to a consistent supply of premium quality grapes and wine, such as, contracting additional supply from other regions. The price of grapes is determined through negotiations with the Ontario Grape Growers Marketing Board in Ontario and with independent growers in British Columbia.

The Company is exposed to interest rate risk as a result of cash balances and floating rate debt. 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. On June 30, 2023, the Company entered into an interest rate swap agreement with a notional amount of \$65 million. Until June 13, 2027, the interest rate is fixed at 4.46%. For the year ended March 31, 2025, the Company recorded a net unrealized non-cash loss of \$1.8 million related to mark-to-market adjustments on interest rate swaps. A 1% increase or decrease to the variable interest rate would result in a \$0.9 million change in net earnings (loss).

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, 2025, the Company had forward currency contracts to buy \$9.3 million US at rates averaging \$1.43 and \$2.2 million AUD at rates averaging \$0.90. The Company has no Euro forward currency contracts as at March 31, 2025. A 1% increase or decrease to the exchange rate of the US dollar would impact the Company's net earnings (loss) by \$0.3 million. A 1% increase or decrease to the exchange rate of the Australian dollar or Euro would not have a material impact on the Company's net

earnings (loss).

The Company is exposed to risks and uncertainty associated with tariffs imposed under international trade policies, namely increased costs of direct materials. The Company is also exposed to a reduction in import agency revenue due to the removal of U.S products from provincial liquor stores, and bars and restaurants. As of June 11, 2025, the Company has not experienced a material impact on its operating results or cash flows due to tariffs. Management continues to assess the exposure as part of its risk management practices.

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 and 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. Certain federal and provincial regulations also require warning labels and signage. 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.

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. 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 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. 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.

The Company uses information technology and the internet, including online banking, to streamline business operations and to improve customer experience. The Company's information systems, and those of its third-party service providers, creditors, and vendors, are vulnerable to an increasing threat of continually evolving cybersecurity risks. These risks may take the form of malware, computer viruses, cyber threats, extortion, employee error, malfeasance, system errors or other types of risks, and may occur from inside or outside of the organization. Cybersecurity risk is increasingly difficult to identify and quantify and cannot be fully mitigated because of the rapidly evolving nature of the threats, targets, and consequences. Additionally, unauthorized parties may attempt to gain access to these systems or the Company's information through fraud or other means of deceiving the Company's third-party service providers, employees, creditors or vendors. As the threat landscape is ever-changing, the Company must make continuous mitigation efforts. The Company employs third-party information technology services and continually monitors and improves its internal controls to protect against known and emerging threats. However, there can be no assurance that the Company's ability to monitor for or mitigate cybersecurity risks will be fully effective, and it may fail to identify cybersecurity breaches or discover them in a timely manner.

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 third 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 third-party action, or other events that harm the integrity or consumer support for those brands could adversely affect sales. Contaminants in raw materials purchased from third 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.

DIVIDEND POLICY

The Company's Class A Shares (non-voting) ("Class A Shares") are entitled to a dividend in an amount equal to 115% of any dividends paid or declared on Class B Shares (voting) ("Class B Shares"). On June 11, 2025, the Company's Board of Directors approved a common share dividend of \$0.0615 per Class A Share and \$0.0535 per Class B Share, to be paid on July 11, 2025. 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 2, 2016, the Company's Board of Directors approved a Dividend Reinvestment Plan (DRIP) for Class A Shares effective on September 9, 2016. Under the DRIP, registered Class A shareholders can elect to have 100% of their dividends reinvested to purchase additional Class A Shares. The Board of Directors believes the DRIP provides Class A shareholders with a cost-effective method to increase their investment in the Company.

DESCRIPTION OF CAPITAL STRUCTURE

The authorized share capital of the Company 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, an unlimited number of Class A Shares and an unlimited number of Class B Shares. The only classes of shares of APL that are issued and outstanding are Class A Shares and Class B Shares. The only shares of the Company which are entitled to vote on matters set out in the notice of meeting of security holders are the Class B Shares. Neither the Class A Shares nor the Class B Shares may be subdivided, consolidated, reclassified, or otherwise changed unless contemporaneously therewith the other class of shares is subdivided, consolidated, reclassified, or otherwise changed in the same manner and in the same proportion. In the event of liquidation, dissolution, or a winding-up of the Company, all of the Company's property and assets available for distribution to the holders of Class A Shares and Class B Shares shall be paid or distributed equally, share for share, to the holders of Class A Shares and Class B Shares, respectively. In the event a takeover bid is made for Class B Shares, the holders of Class A Shares have no right to participate on such takeover bid.

During the year ended March 31, 2025, 108,000 Class B Shares were converted into Class A Shares on a one-for-one basis. On July 15, 2024, the Company announced its normal course issuer bid had been approved by the Toronto Stock Exchange. Under the issuer bid, the Company can purchase for cancellation up to 1,000,000 of its outstanding Class A Shares representing 2.8% of the Class A Shares outstanding at that time, over the ensuing twelve months. The total number of Class A Shares repurchased for cancellation under the NCIB during the year ended March 31, 2025 amounted to 168,400 common shares, at a weighted average price of \$4.04 per Class A Share.

MARKET FOR SECURITIES

The Class A Shares (stock symbol “ADW.A”) and Class B Shares (stock symbol “ADW.B”) are listed and posted for trading on the Toronto Stock Exchange. The monthly volume of trading and price ranges of the Class A Shares and Class B Shares on the Toronto Stock Exchange over fiscal 2025 are as follows.

Class A Shares (non-voting)

Class B Shares (voting)

<u>Period</u>	<u>High</u>	<u>Low</u>	<u>Close</u>	<u>Volume</u>
2024	\$	\$	\$	
April	4.16	3.77	3.84	420,300
May	3.98	3.70	3.75	356,100
June	4.13	3.67	3.82	396,400
July	4.37	3.80	4.19	481,100
August	4.26	3.78	3.83	513,300
September	4.20	3.77	3.93	462,300
October	4.55	3.90	3.96	561,200
November	4.15	3.90	4.00	644,900
December	4.16	3.97	4.14	817,900
2025				
January	4.35	3.91	4.29	752,000
February	5.21	4.35	5.17	1,496,300
March	5.28	4.55	4.75	810,900

<u>Period</u>	<u>High</u>	<u>Low</u>	<u>Close</u>	<u>Volume</u>
2024	\$	\$	\$	
April	5.17	4.68	4.68	9,900
May	5.09	4.25	4.80	7,800
June	5.05	4.75	5.05	2,100
July	5.35	4.82	5.35	3,100
August	5.35	4.90	4.90	10,800
September	4.90	4.79	4.86	1,800
October	5.30	4.71	5.18	16,200
November	5.20	4.71	5.00	17,500
December	5.33	5.00	5.25	8,500
2025				
January	5.60	5.05	5.60	4,500
February	5.85	5.41	5.85	4,300
March	9.19	5.68	6.00	19,000

DIRECTORS AND OFFICERS

The names, locations of residence, and principal occupation of the directors of the Company and the period during which each director has served on the Board of Directors are as follows:

<u>Name and Location of Residence</u>	<u>Principal Occupation</u>	<u>Director Since</u>
R. BRUCE MCDONALD ⁽¹⁾ Florida, United States of America <i>Dana Incorporated supplies engineered solutions that improve the efficiency, performance, and sustainability of powered vehicles and machinery around the world.</i>	Chairman and CEO of Dana Incorporated.	2024
BRIAN J. BIDULKA Ontario, Canada	Corporate Director	2024
DANIEL J. CICERCHI ⁽²⁾ New York, United States of America <i>Descartes Systems Group Inc. is a Canadian multinational technology company specializing in logistics software, supply chain management, and cloud-based services for logistics companies.</i>	General Manager and VP, Transportation Management Solutions Descartes Systems Group, Inc.	2024
PAUL DUBKOWSKI Ontario, Canada	Chief Executive Officer Andrew Peller Limited	2025
CHRIS TSIOFAS ⁽³⁾ Ontario, Canada <i>MTN Chartered Professional Accountant Corporation is a public accountancy firm located in Toronto, Ontario</i>	President MTN Chartered Professional Accountant Corporation	2024
W. JAMES WESTLAKE Ontario, Canada	Corporate Director	2024

(1) Chair of the Board of Directors

(2) Chair of the Governance and Human Resources Committee

(3) Chair of the Audit, Finance and Risk Management Committee and Chair of the Pension Committee

Each term is three years and there is a maximum of three such terms for a total of nine years of service on the Board. At its discretion, the Board may extend the limit beyond the maximum if circumstances warrant.

Officers Who Are Not Directors

The names and provinces of residence of the executive officers of the Company who are not directors and the position and principal occupation of each of them with the Company as of March 31, 2025 are as follows:

Name and Location of Residence

PATRICK O'BRIEN

Ontario, Canada

RENEE CAUCHI

Ontario, Canada

CRAIG MCDONALD

Ontario, Canada

RAMIT BORDIA

Ontario, Canada

Principal Occupation

President and Chief Commercial Officer

Chief Financial Officer

Executive Vice-President, Operations

Senior Vice-President, Sales

There are no existing or potential conflicts of interest between any director or officer of the Company or its subsidiaries and the Company and its subsidiaries. There are no cease trade orders (or similar orders) involving any director or officer and there are no other penalties, sanctions, insolvency, or bankruptcy proceedings outstanding. During the past five years, each of the officers of the Company has had the same or similar principal occupation with the Company, except: Mr. Dubkowski who, prior to July 2022, was Senior Vice President of Finance at Indigo Books & Music Inc.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Company's Class A Shares (non-voting) and Class B Shares (voting) is Computershare Investor Services Inc. with its head office in Toronto where the registers of transfers for the Company's securities are located.

INTERESTS OF EXPERTS

The audited financial statements of the Company for the year ended March 31, 2025 filed with the Canadian securities administrators are audited by PricewaterhouseCoopers LLP, Chartered Professional Accountants. PricewaterhouseCoopers LLP has reported that they are independent of the Company in accordance with the rules of professional conduct of the Chartered Professional Accountants of Ontario.

REPORT OF THE AUDIT COMMITTEE

The text of the Audit, Finance, and Risk committee's charter is attached as Schedule A to this AIF.

The Audit, Finance, and Risk Committee (the "Audit Committee") is composed entirely of independent directors. The three members of the Audit Committee during the year ended March 31, 2025 were Chris Tsiofas (Chair), R. Bruce McDonald and Brian J. Bidulka. All members of the Audit Committee for the year ended March 31, 2025 are considered by the Board to be financially literate by way of their business experience and educational background. The following is a brief summary of the education and experience that is relevant to the performance of the responsibilities as Audit Committee members:

Audit Committee Member

Relevant Education and Experience

Chris Tsiofas

Chris Tsiofas, CPA, CA, is the president of MTN Chartered Professional Accountant Professional Corporation, a public accountancy firm. Mr. Tsiofas currently serves as Director, Chair of the Audit Committee and member of the Compensation Committee of Poet Technologies Inc. (PTK:TSX.V POET:NASDAQ-CM). He also currently serves on private entity advisory boards and as a trustee for various private trusts, assisting in the oversight of significant passive and active assets. Mr. Tsiofas has held roles as a principal in many private successful entrepreneurial ventures.

R. Bruce McDonald

R. Bruce McDonald, CPA, CA, is the Chairman and CEO of Dana Incorporated. Mr. McDonald has previously served as Chair and Chief Executive Officer of Adient plc, a manufacturer of automotive parts, and Vice Chairman and Chief Financial Officer of Johnson Controls, Inc. He has also served his community as Chair of Columbia St. Mary's Hospital, Director of United Way of Greater Milwaukee and Trustee of Milwaukee Art Museum.

Brian J. Bidulka

Brian J. Bidulka, CPA, CA, is a Chartered Professional Accountant and business consultant with significant expertise in financial and business analytics. Mr. Bidulka has previously served as Chief Financial Officer and other senior executive roles of several public companies including Postmedia, George Weston Limited, BlackBerry Ltd. and Molson Coors, as well as Porter Airlines. He is also currently a board member and treasurer of Canada Basketball.

Pre-Approval Policies

The Audit Committee has adopted the following policies and procedures for the engagement of non-audit services. The Audit Committee will pre-approve all audit and non-audit services provided by the auditors. This is accomplished through the Audit Committee's recommendation to the holders of Class B Shares on the approval of the appointment of the auditors at the Company's annual meeting and through the Audit Committee's review of the auditors' annual audit plan. Periodically the Audit Committee will update an agreed list of pre-approved services that are recurring or otherwise reasonably expected to be provided. Any additional requests for pre-approval will be addressed on a case-by-case basis to the Audit Committee. The engagement may commence upon approval by a quorum of the full Audit Committee.

External Auditor Service Fees

The table below provides disclosure of the services provided and fees earned by the Company's external auditors over the Company's two most recently completed fiscal years:

Type of Services	Fees – Fiscal 2025	Fees – Fiscal 2024
Audit fees	\$481,055	\$491,804
Tax consulting	32,100	-
All other services ⁽¹⁾	-	249,710
Total	<u>\$513,155</u>	<u>\$741,514</u>

⁽¹⁾ All other services in fiscal 2024 relate to a sub-lease agreement for office space entered into during fiscal 2018. The arrangement was conducted at market rates and is not considered significant to either party. The sub-lease agreement was terminated in fiscal 2024.

All recommendations of the Audit Committee to compensate the external auditor in fiscal 2025 and fiscal 2024 have been approved.

Audit Fees

Audit fees were paid for professional services rendered by the auditors for the audit of the Company's annual financial statements as well as services provided in connection with statutory and regulatory filings.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and principal holders of the Company's securities is contained in the Company's Management Information Circular which will be dated July 31, 2025. None of the directors, officers, 10% (or more) shareholders of the Company, or any of their respective associates or affiliates have had within the past three most recently completed financial years, or during the current fiscal year, a material interest, direct or indirect, in any transaction that has materially affected or is reasonably expected to materially affect the Company. Additional financial information, including audited comparative consolidated financial statements for the year ended March 31, 2025 and related Management's Discussion and Analysis ("MD&A") is provided in the Annual Report to Shareholders. This and other information related to the Company can be accessed through SEDAR+ at www.sedarplus.com.

SCHEDULE A

CHARTER OF THE AUDIT, FINANCE, AND RISK COMMITTEE OF THE BOARD OF DIRECTORS OF ANDREW PELLER LIMITED

Purpose

The primary purpose of the audit committee (the “Audit Committee”) of the board of directors (the “Board”) of Andrew Peller Limited (the “Corporation”) is to assist the Board of Directors in fulfilling its oversight responsibilities for the Corporation’s internal control and management’s information systems; reviewing the quarterly financial statements and management’s discussion and analysis prior to their release and recommending their approval to the Board; reviewing the annual audited financial statements and management’s discussion and analysis prior to their release and recommending their approval to the Board; reviewing accounting and auditing developments and meeting with both financial and accounting personnel and the external auditors on issues relevant to the Corporation; reviewing the Corporation’s policies and practices relating to insurance coverage, foreign exchange and interest rate hedging and, reviewing and assessing the qualifications, independence, and performance of the Corporation’s auditors.

Consistent with this function, the Audit Committee should encourage continuous improvement of, and should foster adherence to, the Corporation’s policies, procedures, and practices.

Approval of Charter

This Audit Committee charter is approved by the Board. Future changes to this charter require approval by the Board based on the recommendation of the Audit Committee.

Structure and Composition

The Audit Committee shall consist of no fewer than three members from among the Board.

Each member of the Audit Committee shall be free from any relationship that, in the opinion of the Board, would interfere with the exercise of their independent judgement as a member of the Audit Committee; and meet the independence and experience requirements of the Toronto Stock Exchange and all applicable rules and regulations in Canada relating to corporate governance and audit committee matters, including Multilateral Instrument 52-110 (the “Regulations”).

All members of the Audit Committee must be “financially literate” as such term is defined by the Regulations. The Board shall make determinations as to whether each member of the Audit Committee satisfies this requirement. The members of the Audit Committee shall be appointed by the Board annually on the recommendations of the Governance and Human Resource Committee or until successors are duly appointed.

The Board shall normally designate the Chair of the Audit Committee. In the event that a Board designation is not made, the members of the Audit Committee shall elect a temporary Chair for such meeting by majority vote of the members in attendance at the meeting.

Once appointed, Audit Committee members shall cease to be a member of the Audit Committee only upon:

- (i) resignation from the Board;
- (ii) death;
- (iii) disability; or
- (iv) not being re-appointed pursuant to the appointment process described above.

Meetings

The Audit Committee shall meet at least quarterly and more frequently as circumstances dictate. The Audit Committee shall meet at least annually with management and the Corporation’s auditor in separate committee sessions.

A majority of Audit Committee members are required for meeting quorum. In the event that the number of Audit Committee members is an even number, one half of the number of members shall constitute a quorum.

The Audit Committee may request any officer or employee of the Corporation or the Corporation’s outside counsel or independent auditor to attend a meeting of the Audit Committee or to meet or provide consultations to the Audit Committee or any member thereof.

The CEO and President, the CFO and Executive Vice-President IT of the Corporation and representatives of the independent auditors shall normally attend meetings of the Audit Committee. Others may also attend meetings as the Audit Committee may request. Notice of all meetings of the Audit Committee shall be sent to the Auditors as well as Audit Committee members.

Resolutions

Resolutions of the Audit Committee shall require approval by a simple majority of members voting on such resolution. The Chair of the Audit Committee shall not have a deciding vote in the case of a tie.

Responsibilities and Duties

i) Minutes and Reporting to the Board

The Audit Committee shall prepare written minutes of all meetings. The Chair of the Committee or designate shall report to the Board of Directors after each meeting the significant matters addressed by the Committee at such meeting and a copy of the minutes shall be made available to all members of the Board. The Audit Committee shall make regular reports to the Board, but not less frequently than quarterly.

ii) Independent Auditor

With respect to the Corporation's independent auditor the Audit Committee shall:

- be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the issuer, including the resolution of disagreements between financial management and the external auditor regarding financial reporting
- have sole authority to recommend to the Board the appointment or replacement of the independent auditor (subject to shareholder approval)
- recommend to the Board the compensation of the independent auditor
- have the independent auditor report directly to the Audit Committee
- determine the extent of involvement of the independent auditor in reviewing unaudited quarterly financial results
- meet with the independent auditor prior to the annual audit to discuss the planning, scope and staffing of the audit
- approve the selection of the senior audit partners having primary responsibility for the audit and the audit partner responsible for reviewing the audit
- at least on an annual basis, evaluate the qualifications, performance, and independence of the independent auditor and the senior audit partner having primary responsibility for the audit
- obtain and review a report from the independent auditor at least annually regarding:
 - (i) the independent auditor's internal quality-control procedures;
 - (ii) any material issues raised by the most recent internal quality control review, or peer review, of the firm, or raised by any inquiry or investigation by government or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm;
 - (iii) any steps taken to deal with any issues; and
 - (iv) all relationships between the independent auditor and the Corporation.
- review and approve the Corporation's hiring policies regarding partners, employees, and former partners and employees of the present and former independent auditor
- pre-approve all auditing services and permitted non-audit services (including fees and terms thereof) to be performed for the Corporation or its subsidiaries by its independent auditor

iii) Financial Reporting

With respect to the Corporation's reporting of unaudited quarterly financial results, the Audit Committee shall:

- Prior to their public release and filing with securities regulatory agencies, review and discuss with management and the independent auditor the:
 - press release
 - consolidated financial statements and notes thereto
 - management's discussion and analysis
 - results of any independent auditor's review requested/approved by the Audit Committee
 - review the Corporation's unaudited quarterly financial results
 - recommend to the Board whether the unaudited quarterly financial statements of the Corporation should be approved by the Board

iv) Year-End Audit

With respect to the Corporation's annual audit, the Audit Committee shall:

- Prior to their public release and filing with securities regulatory agencies, review and discuss with management and the independent auditor the:
 - financial statements and notes thereto for consolidated and separate entities
 - management's discussion and analysis
 - results of the independent auditor's audit
 - notice of annual meeting of shareholders
 - annual information form
- The review of the Corporation's audited financial results shall include:
 - any significant judgements (e.g. estimates and reserves) made in the preparation of financial statements
 - any significant disagreements among management and the independent auditors in connection with the preparation of financial statements
 - the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented
 - significant financial reporting issues and judgements made in connection with the preparation of the Corporation's financial statements, including any significant changes in the Corporation's selection or application of accounting principles, any major issues as to the adequacy of the Corporation's internal controls and special steps adopted in light of material control deficiencies
 - the Corporation's use of "pro forma" or "adjusted" non-GAAP information
 - critical accounting policies and practices
 - review of alternative treatments of financial information in all cases, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor
 - any written communications between the independent auditor and management (e.g. management letters, schedule of unadjusted differences)
 - the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Corporation's financial statements
 - management certifications of reports filed by the Corporation pursuant to the Regulations
 - integrity of the Corporation's financial reporting processes
 - any correspondence with regulators or government agencies and any published reports which raise material issues regarding the Corporation's financial statements or accounting policies
 - results of the independent auditor's audit
 - discussions with the independent auditor regarding significant adjustments, management judgements and accounting estimates, significant new accounting policies, any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management
 - a verbal and/or written report, as appropriate, from the independent auditors describing
 - (i) all critical accounting policies and practices to be used
 - (ii) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditors and
 - (iii) other material communications between the independent auditors and management, such as the annual management letter or schedule of unadjusted differences
- Recommend to the Board whether the audited consolidated financial statements of the Corporation should be approved by the Board

v) Annual Proxy Statement and Regulatory Filings

The Audit Committee shall:

- issue any reports required of the Audit Committee to be included in the Corporation's annual proxy statement
- review and recommend to the Board the approval of all material documents filed with securities regulatory agencies including, but not limited to:
 - Consolidated Year-end Financial Statements

- Annual Information Form
- satisfy itself that adequate procedures are in place for the review of the Corporation’s public disclosure of financial information extracted or derived from the Corporation’s financial statements, other than the documents referred to above, and periodically assess the adequacy of those procedures

vi) Related Party Transactions and Off-Balance Sheet Structure

The Audit Committee shall:

- Review all related-party transactions including those between the Corporation and its officers or directors and, if deemed appropriate, recommend approval of any particular transaction to the Board
- Review any material off-balance sheet structures to which the Corporation is a party
- Review the audited financial statements for the Corporation’s pension plans and the costs and obligations of such plans annually

vii) Internal Controls, Risk Management and Legal Matters

The Audit Committee shall:

- consider the effectiveness of the Corporation’s internal controls over financial reporting and related information technology security and control including the process to communicate such controls and roles and responsibilities
- satisfy itself that adequate procedures are in place for the review of the issuer’s public disclosure of financial information extracted or derived from the Corporation’s financial statements, other than the public disclosure referred to above, and will periodically assess the adequacy of those procedures
- discuss with management the Corporation’s major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Corporation’s risk assessment and risk management policies including the use of derivative financial instruments. Areas to be considered in this respect include:
 - insurance coverage
 - foreign exchange exposure
 - interest rate exposure
- review with management, and if necessary, the Corporation’s counsel on a quarterly basis:
 - any legal matter which could reasonably be expected to have a material impact on the Corporation’s financial statements or accounting policies, and
 - the status of all material lawsuits

viii) Capital Structure, Investment and Cash Management Policies, Disclosure Policy

The Audit Committee shall:

- review and recommend to the Board whether any changes to the Corporation’s capital structure should be approved
- review and approve the Corporation’s investment and cash management policy
- review and approve the Corporation’s disclosure policy

ix) “Whistle Blower” and Related Procedures

- The Audit Committee shall oversee the establishment of procedures for the receipt, retention, and treatment of complaints received by the Corporation through its whistleblower line (www.andrewpeller.confidenceline.net or by phone at 1-800-661-9675) regarding accounting, internal accounting controls, or auditing matters and for the confidential and/or anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters. The identity of any person making a submission on a confidential basis shall be revealed, at a minimum, to the Chair of the Audit Committee. The identity of any such person, however, will otherwise be treated as confidential. The Committee shall also be provided with such evidence as it requests to confirm that no disciplinary action has been taken against such person.
- Management shall report to the Audit Committee on a timely basis all discovered incidents of fraud within the Corporation, regardless of monetary value.

x) Review of Charter and Self-Assessment

The Audit Committee shall:

- Review and reassess annually the adequacy of this Charter
- Review annually the Audit Committee’s own performance

xi) Corporate Knowledge and Other Activities

The Audit Committee shall:

- Strive to expand continually its knowledge of the Corporation's activities
- Carry out such other activities consistent with this Charter, the Corporation's by-laws and governing law, that the Audit Committee or the Board deem necessary or appropriate

Other Advisors

The Audit Committee shall have the authority to retain independent legal, accounting or other advisors including consulting with the national office of the independent auditor. The Corporation shall provide for appropriate funding, as determined by the Audit Committee, for payment of compensation to the independent auditor for the purpose of rendering or issuing an audit report and to any advisors employed by the Audit Committee.

Limitations on Committee's Duties

While the Audit Committee has the responsibilities and power set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Corporation's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of either management and/or the independent auditor.

In discharging its duties, each member of the Audit Committee shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Charter, including designating any member of the Committee as an "audit committee financial expert" is intended, or should be determined to impose on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all members of the Board are subject.

The essence of the Committee's responsibilities is to monitor and review the activities described in this Charter to gain reasonable assurance (but not to ensure) that such activities are being conducted properly and effectively by the Corporation.