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Diamond Estates posted stronger fiscal 2026 results on winery growth

Higher revenue and wider margins lifted cash flow, helping the Canadian wine producer reduce debt despite weaker agency sales

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Diamond Estates Wines & Spirits said it posted stronger results for fiscal 2026, with higher revenue, wider margins and improved cash generation, as growth in its winery business offset weaker agency sales and helped the Canadian company cut debt.

The Niagara-on-the-Lake, Ontario-based producer and beverage alcohol agency reported revenue of $29.9 million for the year ended March 31, up from $24.5 million a year earlier. The company said sales in its winery division rose by $5.9 million, or 22%, while its agency division declined by $0.5 million after a reduction in lower-margin sales in Western Canada.

Gross margin reached 60.1% of revenue in fiscal 2026, compared with 52.7% in fiscal 2025. Gross margin in dollar terms increased to $18.0 million from $12.9 million. Adjusted EBITDA rose to $3.8 million from $0.8 million, while EBITDA increased to $2.4 million from $1.1 million. Net loss narrowed to $1.3 million from $2.5 million.

The company also reported a sharp improvement in operating cash flow. Cash generated from operating activities before changes in non-cash working capital was $1.8 million, compared with an outflow of $1.1 million a year earlier. After working capital changes, operating cash flow totaled $5.5 million, versus an outflow of $1.1 million in fiscal 2025. Diamond Estates said that allowed it to reduce term loans by $4.6 million during the year, bringing them down to $11.4 million from $16.0 million.

For the fourth quarter, revenue was $5.7 million, up $1.6 million from the same period a year earlier. The company said $1.1 million of that increase came from the winery division. It also noted that fourth-quarter revenue in the prior year had been reduced by about $1.0 million because of accounting adjustments, mainly tied to a VQA rebate accrual and a change in how the consignment channel was presented. Excluding those items, Diamond Estates said quarterly revenue increased by about $0.4 million year over year.

Fourth-quarter gross margin was 57.0% of revenue, compared with 53.1% a year earlier. Adjusted EBITDA was about $0.1 million, compared with break-even in the prior-year quarter. EBITDA for the quarter was a loss of $0.6 million, compared with a loss of $0.2 million a year earlier, reflecting higher non-recurring charges including a $0.4 million impairment provision on winery assets held for sale. Net loss for the quarter widened to $1.5 million from $1.1 million, largely for the same reason.

Andrew Howard, the company’s president and chief executive, said fiscal 2026 growth reflected changes made over the past three years and cited Ontario retail expansion, government support for VQA wines and consumer preference for local products during trade tensions in North America as key drivers for the winery business.

The results offer a useful signal for the broader beverage industry because they suggest that pricing and margins can still improve in parts of the North American wine market even as trade friction and shifting consumer behavior complicate distribution decisions. They also point to continued resilience in wine sales channels tied to local production, while showing that portfolio mix and lower-margin agency business remain under pressure.

Diamond Estates produces wines and ciders and also acts as a sales agent for more than 120 beverage alcohol brands across Canada through its Trajectory Beverage Partners unit. Its own operations include four facilities, three in Ontario and one in British Columbia, focused mainly on VQA wine production.

The company said that in May its largest shareholder, Lassonde Industries, agreed to provide an unsecured advance of $1.0 million at Bank of Montreal prime plus 2.25%. The advance was subordinated to secured debt and was fully repaid in July.

In June, Diamond Estates entered into an agreement to sell all shares of De Sousa Wines Toronto Inc., whose main asset is a non-operational pre-1993 winery license, for total consideration of $250,000. The transaction remains subject to customary closing conditions and regulatory approvals.

The company also said it is no longer working with ImpactDeck for investor relations services as of mid-July.

Diamond Estates said it continues to invest in winemaking, brand marketing, sales programs, performance management and back-office systems as it seeks more efficient growth. It also said it sees positive prospects for domestic and imported beverage alcohol markets in Canada, while continuing efforts to diversify export exposure beyond China.