

# Cheers

TO THE

# MOMENTS

2021 ANNUAL REPORT



CORBÝ

# FINANCIAL HIGHLIGHTS

As at and for the years ended June 30, 2021 and 2020  
(in thousands of Canadian dollars, except per share amounts)

	2021	2020
<b>RESULTS</b>		
Revenue	\$ 159,778	\$ 153,356
Earnings from operations	41,487	35,875
Earnings before income tax	41,540	36,424
Net earnings	30,591	26,652
Cash provided from operations	40,911	49,542
<b>FINANCIAL POSITION</b>		
Working capital	\$ 143,245	\$ 129,442
Total assets	254,406	234,382
Shareholders' equity	187,943	172,624
<b>PER COMMON SHARE</b>		
Earnings from operations	\$ 1.46	\$ 1.26
Net earnings	1.07	0.94
Dividends declared and paid	0.84	0.86
Shareholders' equity	6.60	6.06
<b>FINANCIAL RATIOS</b>		
Working capital	4.0	4.2
Return on average shareholders' equity	17.0	15.6
Pre-tax return on average capital employed	22.2	20.8

## REVENUE (in millions of Canadian dollars)

21		\$159.8
20		\$153.4
19		\$149.9

Revenue growth was attributable to the acceleration of our international market performance (+31% full year), as well as robust commission income growth (+3% full year; +8% excluding the impact of accelerated amortization of representation rights), and solid domestic (+1% full year) and bulk sales performance.

## NET EARNINGS (in millions of Canadian dollars)

21		\$30.6
20		\$26.7
19		\$25.7

Net earnings improvement of 15% was driven by strong top-line growth, as well as focused marketing and sales promotional activities and well-controlled administrative expenses.

## CASH FLOW FROM OPERATING ACTIVITIES (in millions of Canadian dollars)

21		\$40.9
20		\$49.5
19		\$34.0

Operating cash flows were affected by unfavourable working capital changes and higher tax payments. In the prior year, cash flows benefited from deferred tax installment payments under COVID-19 government relief measures.

# CEO MESSAGE

After a year of significant challenge for all, I welcome this opportunity to publicly thank our employees, customers and consumers of our brands, whose adaptability and determination to make the best of the difficult circumstances fuelled Corby's performance. Cheers to you and to the moments of inspiration and togetherness we shared!

Our goal for the year, which started and ended in the midst of the COVID-19 pandemic, was to not only weather the storm but also energize our business and build for the future. And I'm pleased to say that we've done that. In working hard to serve consumers facing disruption at home and at work, to help customers navigate the ever-changing environment and to keep our employees safe and motivated, we accelerated the transformation of our company and unlocked new opportunities to gain competitive advantage and create positive impact.

## Putting our people first

Recognizing that our strength lies in our talented people, we spent a lot of time focused on them. With some employees continuing to work in our production facilities or in the field, and others working from home the entire year, we needed to ensure that they felt connected and supported. We dialed up our internal communications, paid increased attention to their mental health and well-being, and leaned on our leaders to prioritize conversations with their teams and keep their finger on the pulse of employee engagement. Many of these practices will continue post-pandemic, as we enter a new world of work with heightened employee expectations for flexibility, transparency and involvement.

Similarly, diversity and inclusion will remain a priority within our Board, our workforce and our corporate and brand communications. The acts of racism and intolerance witnessed in 2020 and 2021 underscored the need to push harder for change in our society, and we are doing so. We took quick action internally with the formation of a task force that has spearheaded education, communication and workplace policy initiatives. Brands like J.P. Wiser's Canadian whisky have also stepped up by intentionally adopting a more inclusive brand identity.

## Zeroing in on consumer trends

New trends have emerged across almost every industry during the pandemic, and the beverage alcohol industry has been no exception. Canadians' tastes and preferences have evolved; they've explored new drinks and adjusted how they purchase and where they consume their wine and spirits. We've pivoted accordingly – launching on-trend products, partnering with on-premise customers on previously unimaginable take-out and delivery offerings, advancing our e-commerce capabilities, and more.

For example, while following stay-at-home orders, many consumers experimented with drinks and found a creative outlet in cocktail making. It has led to a cocktail renaissance, with people trying a little mixology of their own, purchasing cocktails-to-go from their favourite restaurants and embracing ready-to-drink (RTD) cocktails for at-home consumption and outdoor socializing. We've seen evidence of this trend in the performance of our McGuinness liqueurs, which returned to growth in fiscal 2021, as well as our J.P. Wiser's Manhattan and Old Fashioned ready-to-serve cocktails and our Cabot Trail cream liqueur (Coureur des Bois in Québec). Corby has an outstanding portfolio to win in the cocktail occasion and we're rolling out a full slate of innovations to strengthen our position, including high-quality RTD cocktails such as Ungava Gin & Tonic and Absolut Mango Mule.

While e-commerce had been booming in other industries for years, it took the pandemic-related lockdowns and public health restrictions for it to truly take hold in the beverage alcohol industry. Consumers flocked to online ordering options, and now that they realize how convenient it is, demand is expected to continue climbing.

E-commerce was big for us in fiscal 2021 – both direct to consumer from our winery and distilleries and through our customers' online platforms. We've now established a dedicated team to capitalize on the e-commerce trend and partner with our customers to develop their online consumer interactions and omnichannel strategies.

## Building on our achievements

While we're pleased with our 2021 financial performance, which saw revenues increase by 4% to \$159.8 million and net earnings improve by 15% to \$30.6 million, we're very much focused on the year ahead. We want to build on our achievements to accelerate profitable growth and market share.

We'll continue to pursue a portfolio strategy aimed at ensuring that we have the right brands for the right consumer at the right moment of consumption. Innovation will play a key part in this strategy with the introduction of new, on-trend products, formats and packaging.

While most of our sales are through traditional retail channels, the pandemic has given rise to or advanced opportunities in e-commerce and in the on-premise and grocery channels. Having strengthened relationships with key on-premise and grocery accounts over the past year, we'll look to make further inroads – supporting restaurants and bars as they recover from the pandemic and ensuring that we're leading with priority brands in grocery and convenience outlets.

Export continues to provide an opportunity for value growth. Our primary focus is the US market, where Canadian whisky is the top imported whisky category, ahead of Scotch and Irish. We enjoyed solid growth in the US in 2021, and had continued success with Lamb's Spiced rum in the UK.

Underpinning everything we do will be a continued focus on our people agenda and our data and digital transformation, which are critical enablers of our business strategy.

## Heartfelt thanks

I'd like to thank our shareholders for your support during an extraordinary year. We were pleased to maintain a dividend in line with our generous dividend policy, with payments made at 90% of the prior year's net earnings.

I'd also like to thank our Board of Directors for your guidance and support throughout the year, giving special mention to Robert Llewellyn, who retired from the Board in August after many years of service, and to Paul Holub, who resigned from the Board in May following his retirement from Pernod Ricard North America.

We're privileged to have Helga Reidel, President and CEO of Enwin Utilities Ltd., and Lani Montoya, Senior Vice President, Human Resources, Pernod Ricard North America, join our Board. Helga and Lani bring extensive business and industry experience to Corby, and we look forward to working with them both as we pursue our goal of leading growth within the Canadian spirit and wine market. As of September 1, women make up 44% of our Board and 51% of our workforce.

Finally, cheers to the moments when we can finally get together. In my first year at Corby, most of my meetings with employees, customers, shareholders and others have been virtual. I look forward to the day when we can meet in person and toast new beginnings.

Sincerely,

(signed)

**Nicolas Krantz**  
President and CEO

# MANAGEMENT'S DISCUSSION AND ANALYSIS

*All figures are in millions of Canadian dollars except where otherwise noted.*

*June 30, 2021*

The following Management's Discussion and Analysis ("MD&A") dated August 25, 2021 should be read in conjunction with the audited consolidated financial statements and accompanying notes as at and for the year ended June 30, 2021, prepared in accordance with International Financial Reporting Standards ("IFRS"). While the annual financial statements were audited, information for the three months ended June 30, 2021 and 2020 were not audited or reviewed by the Company's external auditors in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of unaudited financial statements by an entity's auditor.

This MD&A contains forward-looking statements, including statements concerning possible or assumed future results of operations of Corby Spirit and Wine Limited ("Corby" or the "Company"), including the statements made under the headings "Strategies and Outlook," "Liquidity and Capital Resources," "Recent Accounting Pronouncements" and "Risks and Risk Management." Forward-looking statements typically are preceded by, followed by or include the words "believes," "expects," "anticipates," "estimates," "intends," "plans" or similar expressions. Forward-looking statements are not guarantees of future performance. They involve risks and uncertainties, including, but not limited to: the impact of the COVID-19 pandemic; the impact of competition; the impact, and successful integration of, acquisitions; business interruption; trademark infringement; consumer confidence and spending preferences; regulatory changes; general economic conditions; and the Company's ability to attract and retain qualified employees. 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. These factors are not intended to represent a complete list of the factors that could affect the Company, and other factors could also affect Corby's results. For more information, please see the "Risk and Risk Management" section of this MD&A.

This document has been reviewed by the Audit Committee of Corby's Board of Directors and contains certain information that is current as of August 25, 2021. Events occurring after that date could render the information contained herein inaccurate or misleading in a material respect. Corby will provide updates to material forward-looking statements, including in subsequent news releases and its interim management's discussion and analyses filed with regulatory authorities as required under applicable law. Additional information regarding Corby, including the Company's Annual Information Form, is available on SEDAR at [www.sedar.com](http://www.sedar.com).

Unless otherwise indicated, all comparisons of results for the fourth quarter of fiscal 2021 (three months ended June 30, 2021) are against results for the fourth quarter of fiscal 2020 (three months ended June 30, 2020). All dollar amounts are in Canadian dollars unless otherwise stated.

## Business Overview

Corby is a leading Canadian manufacturer, marketer and importer of spirits and wines. Corby's national leadership is sustained by a diverse brand portfolio that allows the Company to drive profitable organic growth with strong, consistent cash flows. Corby is a publicly traded company, with its shares listed on the Toronto Stock Exchange under the symbols "CSW.A" (Voting Class A Common Shares) and "CSW.B" (Non-Voting Class B Common Shares). Corby's Voting Class A Common Shares are majority-owned by Hiram Walker & Sons Limited ("HWSL") (a private company) located in Windsor, Ontario. HWSL is a wholly-owned subsidiary of international spirits and wine company Pernod Ricard S.A. ("PR") (a French public limited company), which is headquartered in Paris, France. Therefore, throughout the remainder of this MD&A, Corby refers to HWSL as its parent, and to PR as its ultimate parent. Affiliated companies are those that are also subsidiaries of PR.

The Company derives its revenues from the sale of its owned-brands ("Case Goods"), as well as earning commission income from the representation of selected non-owned brands in Canada ("Commissions"). The Company also supplements these primary sources of revenue with other ancillary activities incidental to its core business, such as logistics fees and from time to time bulk whisky sales to rebalance its maturation inventories. Revenue from Corby's owned-brands predominantly consists of sales made to each of the provincial liquor boards ("LBs") in Canada, and also includes sales to international markets.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Corby's portfolio of owned-brands includes some of the most renowned brands in Canada, including J.P. Wiser's® Canadian whisky, Lamb's® rum, Polar Ice® vodka, McGuinness® liqueurs, and Ungava® gin, Chic Choc® Spiced rum and Cabot Trail® maple cream liqueur (Coureur des Bois®, in Québec) (collectively, the "Ungava Spirits Brands"), and the Foreign Affair® wine brands (the "Foreign Affair Brands"). Through its affiliation with PR, Corby also represents leading international brands such as Absolut® vodka, Chivas Regal®, The Glenlivet® and Ballantine's® Scotch whiskies, Jameson® Irish whiskey, Beefeater® gin, Malibu® rum, Kahlúa® liqueur, Mumm® champagne, and Jacob's Creek®, Wyndham Estate®, Stoneleigh®, Campo Viejo®, and Kenwood® wines. In addition to representing PR's brands in Canada, Corby also provides representation for certain selected, unrelated third-party brands ("Agency brands") when they fit within the Company's strategic direction and, thus, complement Corby's existing brand portfolio.

PR produces the majority of Corby's owned-brands under a distillate agreement and a co-pack agreement, each expiring September 30, 2026, at HWSL's production facility in Windsor, Ontario. Under an administrative services agreement which also expires September 30, 2026, the parties provide certain services to each other and, until June 30, 2020, Corby managed some of PR's business interests in Canada, including HWSL's production facility.

Corby sources more than 90% of its spirits production requirements from HWSL at its production facility in Windsor, Ontario. Corby's wholly-owned subsidiary, Ungava Spirits Co. Ltd. ("Ungava Spirits") produces the Ungava Spirits Brands and operates the Cowansville, Québec, production facility. Corby's wholly-owned subsidiary, the Foreign Affair Winery Ltd., produces the Foreign Affair Brands and operates the winery and vineyard, based in Ontario's Niagara region (the "Foreign Affair Winery"). The Company's remaining production requirements have been outsourced to various third-party vendors including a third-party manufacturer in the United Kingdom ("UK"). The UK site blends and bottles Lamb's products destined for sale in countries located outside North America.

In most provinces, Corby's route to market in Canada entails shipping its products to government-controlled LBs. The LBs then sell directly, or control the sale of, beverage alcohol products to end consumers. Exceptions to this model include Alberta, where the retail sector is privatized. In this province, Corby ships products to a bonded warehouse that is managed by a government-appointed service provider which is responsible for warehousing and distribution into the retail channel. Other provinces have aspects of both government-controlled and private retailing, including British Columbia, Saskatchewan and Québec.

Corby's shipment patterns to the LBs will not always exactly match short-term consumer purchase patterns. However, given the importance of monitoring consumer consumption trends over the long term, the Company stays abreast of consumer purchase patterns in Canada through its member affiliation with the Association of Canadian Distillers ("ACD"), which tabulates and disseminates to its industry members consumer purchase information it receives from the LBs. Corby refers to this data throughout this MD&A as "retail sales," which are measured by volume (measured in nine-litre case equivalents). Current retail value information as discussed in this MD&A is based on available pricing information as provided by the ACD and the LBs.

In addition to a focus on efforts to open new international markets, Corby's international business is concentrated in the United States ("US") and UK and the Company has a different route to market for each. For the US market, Corby manufactures its products in Canada and ships to third-party US distributors. The market in the US operates a three-tier distribution system which often requires a much longer and larger inventory pipeline than in other markets, resulting in a disconnect between quarterly shipment performance, as reported in the financial statements, and the true underlying performance of the brands at retail level during the same quarter.

For the other international markets, Corby products are distributed by PR affiliates or third parties (more information is provided in the "Related Party Transactions" section of this MD&A).

Corby's operations are subject to seasonal fluctuations: sales are typically strong in the first and second quarters, while third-quarter sales usually decline after the end of the retail holiday season. Fourth-quarter sales typically increase again with the onset of warmer weather as consumers tend to increase their purchasing levels during the summer season. In addition, retail sales comparisons can be affected by timing of key holidays and LB reporting calendars.

## Strategies

Corby's ambition is to be the leading spirits and wine company in Canada. Our strategy is designed to achieve this ambition with responsible, sustainable and profitable growth through targeted brand investment that the Company believes will also produce strong and consistent cash flows to sustain a generous dividend policy.

The Company believes that Corby's iconic Canadian brand portfolio provides a route to sustainable value creation, complemented by its exclusive representation of a broad portfolio of international brands. Operating in the mature yet growing Canadian spirits and wine market, brand performance is driven by evolving consumer trends, the deep understanding of which is the foundation for market success.

Active brand management is the foundation of Corby's strategy, driving growth through volume, price and mix, with passionate teams dedicated to developing and executing plans with rigour and agility. The Company believes that providing offerings across different price points will provide Corby the opportunity to capture the long-term trend toward premiumization and help it maintain relevance for more budget-conscious occasions. Improving profitability through the pursuit of efficiencies is another important lever as we work to maximize revenue growth management, cost optimization and advertising and promotion effectiveness.

Consumer insight-led innovations are essential to Corby's strategy to capture growth in the ever-changing environment. These innovations will target different activities encompassing the entirety of the consumer proposition, including new product development to bring to life new-to-world products and range extensions or limited editions that expand a brand's footprint to new consumers and occasions. Related to innovation, to ensure the portfolio continues to provide relevant consumer propositions, M&A remains a strategic option. This can encompass acquisition of brands to develop the portfolio or adjacent businesses to complement our current business.

Export provides a clear growth opportunity, and the Company intends to continue actively developing its export business.

The Company believes its unique position in Canada, as well as its partnership with its ultimate parent, the world's number two spirits company, PR, enables Corby to leverage both local and global expertise. The relationship with PR provides an important revenue stream through commissions earned from a complementary premium international portfolio that expands Corby's market presence and sustains an organization able to bring world-class expertise.

The Company is of the view that expertise is provided through world-class talent, beginning with consumer insights, encompassing commercial teams with national route-to-market coverage, and leveraging PR for its production expertise at the Hiram Walker distillery, home of our flagship brand J.P. Wiser's Canadian whisky. Having access to national sales data through our membership in the ACD, combined with our investments in promotion management tools, provides Corby with a data-rich foundation from which to drive its strategy.

Our strategy is founded on our values. Being a consumer-centric company means reflecting in our own organization the society that we operate in. Diversity and inclusion is a strategic focus and part of the Company's ongoing journey to have highly engaged and performing teams in the Company.

Sustainability and Responsibility ("S&R") initiatives are an important part of how we connect with our communities, partner with our customers, and support our employees. Through our partnership with our ultimate parent, PR, the Company believes that it is able to leverage the global best practices, expertise and resources of PR's S&R programs in order to enhance the positive impact of Corby's own activities.

## Outlook

The global disruption caused by the COVID-19 pandemic has continued for longer than was expected when the World Health Organization declared the disease to be a pandemic in March 2020. In Canada, the pandemic initially resulted in country-wide government restrictions and regional closures of non-essential businesses including restaurants, bars and other on-premise establishments. While these restrictions on non-essential businesses have loosened in many jurisdictions, they continue to evolve over the course of the pandemic. Importantly for the industry in which Corby operates, the LBs and retail stores in most provinces have remained open, albeit with supplier and customer restrictions; global supply chains have not faced material disruptions.

The Canadian on-premise sector (bars, clubs and restaurants), which accounted for around 9% of Canada's market volumes, and the travel retail sector, which accounted for around 2% of market volumes pre-pandemic, have been hard hit, with volumes reducing in the year ended June 30, 2021 by around 53% and 80%, respectively. Those losses have been compensated with consumer demand-led growth in the Canadian retail channel which accounted for 89% of the market volumes pre-pandemic and now accounts for 97% of the market in the year ended June 30, 2021. In the fourth quarter, as we lap the consumer pantry loading effect seen at the onset of the pandemic and the normalization of consumption as on-premise establishments reopen, purchases of spirits and wines have decreased compared to the same period in the previous year.

Throughout the year, LBs faced volatility in both consumer purchasing patterns and global supply chains. In the first quarter of the year, the Company saw LBs accelerate purchases ahead of depletions, in preparation for the October to December trading period with normalization of orders returning during Corby's second quarter. A similar pattern occurred in the second half of the year, as LBs purchased ahead of depletions in preparation for the reopening of the on-premise sector, and also in the face of increasing global supply interruptions.

Corby's business has demonstrated resilience to date. As a manufacturer and distributor of alcoholic beverages, Corby is deemed to be an essential business in Canada. Nonetheless, the health and safety of our employees and business partners remains the key priority: we have limited the scope of our operations and, where possible, employees are working from their homes. As well, in conjunction with LB social distancing measures and limitations on in-store activities, our commercial team presence and activity have decreased in retail stores but the team has adapted its methodology to connect virtually while providing support to our suppliers and to our on-premise partners.

To date, our overall financial results have not been negatively impacted by the COVID-19 pandemic; however, some brands with a more pronounced exposure to the on-premise channel have been harder hit. The fourth quarter is lapping a high base seen in the same period last year and is also seeing the reopening of the on-premise channel. Sales and administration expenses are lower than those reported prior to the COVID-19 pandemic, due to lower travel expenses caused by COVID-19 related restrictions.

Corby monitors the effects of the COVID-19 pandemic on its day-to-day business operations while prioritizing the health and safety of its employees, customers and business partners. Ways of working have been adapted to ensure prudent management of costs. Global supply chains continue to be a potential risk, both for the supply of finished goods and for raw materials.



## Significant Event

### Renewal of Exclusive Rights to Represent Pernod Ricard S.A. Brands in Canada

On September 24, 2020, Corby renewed its exclusive right to represent PR's brands in Canada for a further five years and three months, effective July 1, 2021 until September 29, 2026, with a potential for automatic renewal for a further three years thereafter, subject to the achievement of certain performance criteria (the "2021 Agreement"). The end of the term of the new Canadian representation agreement aligns with those of existing production and administrative services agreements between Corby and PR, which were renewed in 2016. The agreement secures for Corby the continuation of the commission income revenue stream, which generated \$33.4 million in Gross Commissions in fiscal year 2021, through the representation of the premium international portfolio of PR. This income stream has grown at a 5% compound annual growth rate over the previous five years. The commission rate remains unchanged.

Corby will pay an upfront fee of \$54.5 million as part of the 2021 Agreement. The upfront fee is due and payable to PR on or before October 1, 2021. The upfront fee will be amortized on a straight-line basis over this initial term of the agreement, resulting in a \$10.4 million pre-tax charge to income on an annual basis starting July 1, 2021.

Commissions earned through the representation of PR brands covered under the agreement will be reported net of amortization of the upfront fee. The residual balance of the 2006 representation rights agreement and the agreement regarding Absolut vodka currently in place (both described in the "Related Party Transactions" section of this MD&A) was fully amortized during fiscal 2021 and resulted in an increase in amortization from \$5.7 million in the previous year to \$7.2 million in the current year.

Corby anticipates that the transaction will provide the Company with continuity and greater assurance with respect to earnings, in addition to the leverage of a global player in PR and its brands (more information is provided in the "Related Party Transactions" section of this MD&A). Corby will fund the payment of the upfront fees through its deposits in cash management pools.

### Three-Year Review of Selected Financial Information

The following table provides a summary of certain selected consolidated financial information for the Company. This information has been prepared in accordance with IFRS.

<i>(in millions of Canadian dollars, except per share amounts)</i>		2021	2020	2019 <sup>(1)</sup>
Revenue	\$	159.8	\$ 153.4	\$ 149.9
Earnings from operations		41.5	35.9	34.2
– Earnings from operations per common share		1.46	1.26	1.20
Net earnings		30.6	26.7	25.7
– Basic earnings per share		1.07	0.94	0.90
– Diluted earnings per share		1.07	0.94	0.90
Total assets		254.4	234.4	218.3
Total liabilities		66.5	61.8	49.2
Regular dividends paid per share		0.84	0.86	0.88
Special dividends paid per share		–	–	0.44

<sup>(1)</sup> In fiscal year 2020, the Company adopted IFRS 16, "Leases," without restating prior year comparatives.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

In 2021, revenue grew \$6.4 million over 2020, an increase of 4%, while net earnings improved \$3.9 million or 15% compared to the prior year. This year-over-year improvement in revenue was primarily the result of strong export performance, as well as commission growth from PR brand performance. International shipments benefited from strong consumer demand. Domestic Case Goods revenue grew modestly and was heavily impacted by pandemic containment measures and closures of non-essential businesses including restaurants, bars and other on-premise establishments. Case Goods revenue has shown steady growth compared to 2019, despite pandemic closures impacting key channels.

In line with industry practice, the Company sold bulk whisky in 2021, enabling the Company to rebalance its maturation inventories and ensure alignment with long-term strategies and forecasts. Sales of bulk whisky increased compared to fiscal years 2020 and 2019.

Net assets (i.e., total assets less total liabilities) is a result of cash generated from operating activities less investments in capital assets and dividends paid, and is impacted by changes in the valuation of Corby's pension liabilities (primarily the result of net actuarial gains and losses and unrealized gains and losses on plan assets).

## Brand Performance Review

Corby's portfolio of owned-brands accounts for approximately 80% of the Company's total annual revenue. Included in this portfolio are its key brands: J.P. Wiser's Canadian whisky, Lamb's rum, Polar Ice vodka, Corby's mixable liqueur brands, McGuinness and Meaghers, and the Ungava Spirits Brands. The sales performance of these key brands significantly impacts Corby's net earnings.

## Shipment Volume and Shipment Value Performance

See below a table summary of the performance of Corby's owned-brands (i.e., Case Goods) in terms of both shipment volume (as measured by shipments to customers in equivalent nine-litre cases) and shipment value (as measured by the change in net sales revenue). The table includes results for sales in both Canada and international markets. Specifically, J.P. Wiser's, Lamb's, Lot No. 40, Pike Creek, Gooderham & Worts, Polar Ice, and the Ungava Spirits Brands are also sold to international markets, particularly in the US and UK. As described in the "Outlook" section of this MD&A, Corby's shipment volumes are impacted by the restrictions in the on-premise channel and the LB order phasing as well as consumer demand.

### BRAND PERFORMANCE – INCLUDES BOTH CANADIAN AND INTERNATIONAL SHIPMENTS

(Volumes in 000s of 9L cases)	Three Months Ended				Year Ended			
	June 30,	June 30,	Shipment Change		June 30,	June 30,	Shipment Change	
	2021	2020	Volume %	Value %	2021	2020	Volume %	Value %
<b>BRAND</b>								
J.P. Wiser's Canadian								
whisky	144	147	(2%)	(2%)	594	571	4%	7%
Polar Ice vodka	81	79	3%	(0%)	337	356	(5%)	(4%)
Lamb's rum	110	95	16%	29%	449	414	8%	14%
Wiser's Special Blend <sup>(1)</sup>	63	72	(12%)	(13%)	268	285	(6%)	(9%)
Mixable liqueurs	37	34	11%	10%	158	149	6%	8%
Ungava Spirits Brands	30	30	(2%)	7%	150	142	6%	7%
Other Corby-owned								
brands <sup>(2)</sup>	50	52	(3%)	(1%)	204	214	(5%)	(7%)
<b>TOTAL CORBY BRANDS</b>	<b>515</b>	<b>509</b>	<b>1%</b>	<b>3%</b>	<b>2,160</b>	<b>2,131</b>	<b>1%</b>	<b>3%</b>

<sup>(1)</sup> For presentation purposes, Wiser's Special Blend has been presented to reflect the separation from premium variants of J.P. Wiser's.

<sup>(2)</sup> For presentation purposes, Foreign Affair Brands has been included with other Corby-owned brands as full comparable periods have been attained.

Corby's owned-brands experienced 1% shipment volume growth and 3% shipment value growth for both the three months and full year ended June 30, 2021, when compared to the same time periods in the previous year. Key features to note include, first, the liquor board order phasing (which was strong in Q1 ahead of the holiday period, and in Q3 ahead of on-premise reopening) and, second, the strong international performance, particularly focused on Lamb's rum in the UK.

Strong performance of the represented PR portfolio was also enhanced by LB order phasing in the face of global supply chain concerns and market growth, which resulted in robust commission income growth in the fiscal year.

Trends in Canada differ from international markets, as highlighted in the following table:

(Volumes in 000s of 9L cases)	Three Months Ended				Year Ended			
	June 30, 2021	June 30, 2020	Shipment Change		June 30, 2021	June 30, 2020	Shipment Change	
			Volume %	Value %			Volume %	Value %
Domestic	444	469	(5%)	(4%)	1,892	1,933	(2%)	1%
International	71	40	81%	88%	268	198	35%	31%
<b>TOTAL CORBY BRANDS</b>	<b>515</b>	<b>509</b>	<b>1%</b>	<b>3%</b>	<b>2,160</b>	<b>2,131</b>	<b>1%</b>	<b>3%</b>

Performance of J.P. Wiser's cocktails and flavours, McGuinness and Meaghers liqueurs and Cabot Trail maple cream liqueur delivered strong year-over-year growth, thriving in at-home consumption occasions. Domestic performance of Corby-owned Case Goods was challenged by continued closures in the on-premise channel in the current year, notably impacting Polar Ice vodka and Ungava gin. Fiscal year domestic shipments grew 1% in value despite declining 2% in volume compared to the same period last year, with effective value conversion delivered through favourable price and product mix and optimization of trade promotional spend. Fourth-quarter domestic shipments declined 5% in volume and 4% in value, cycling a high comparative base driven by pandemic-influenced consumer demand of key brands in the comparable period and impacted by product mix.

On international performance, shipment volumes increased 35% on a year-over-year comparable basis, driven by strong performance of Lamb's rum in the UK market and healthy distributor sell-out of J.P. Wiser's in the US market, while value grew 31% compared to the same period last year. Fourth-quarter shipment volumes grew 81%, while shipment value grew 88% compared to the same period last year. Lamb's Spiced rum is one of the fastest growing spiced rums in the UK market.

### Retail Sales Performance/Spirit Market Trends

Analysis of performance of Corby's brands at the retail level in Canada provides insight with regards to consumers' current purchase patterns and trends.

Consumer consumption behaviours have adapted to the physical distancing and containment measures imposed by authorities. Restaurants and bars in many jurisdictions across the country have yet to fully reopen and are subject to continually changing regional limitations. Consumption at home has increased, with reduced frequency of in-store visits. E-commerce channels, ability to purchase online, and click-and-collect vary across the different provincial regions. Through our J.P. Wiser's, Ungava and Foreign Affair brand homes, Corby is providing e-commerce purchasing to consumers, as permitted by applicable legislation.

In the year ended June 30, 2021, the Canadian spirits industry delivered retail sales volume growth of 3%, and 6% in retail value when compared to the same period in the prior year. Retail sales for the period were impacted by changes in consumer purchase patterns as purchases for at-home consumption increased. In the fourth quarter, the industry cycled increases in consumer demand seen in the early days of the pandemic. Industry trends were led by retail sales volume and value growth in the coffee and cream liqueurs, gin, single malt scotch whisky, rum and vodka categories.

Corby's portfolio is heavily weighted in the Canadian whisky, rum and vodka categories; together they make up about 85% of the Company's total retail volumes. Overall retail volume declined 3% in the year ended June 30, 2021 compared to the same period in the prior year, with retail value declining 1%. Declines in retail performance were largely driven by Polar Ice vodka, Lamb's rum and Wiser's Special Blend, which have strong on-premise footprints. Corby's flagship brand, J.P. Wiser's, successfully grew value and volume, while mixable liqueurs and Cabot Trail capitalized on the at-home cocktail trend.

The following brand discussion provides a more detailed analysis of the performance of each of Corby's key brands relative to its respective industry category. Retail sales volume and value data, as provided by the ACD, is set out in the following table and is discussed throughout this MD&A.

It should be noted that the retail information presented does not include international retail sales of Corby-owned brands and onsite winery sales.

## Retail Sales Performance/Summary of Corby's Key Brands

RETAIL SALES FOR THE CANADIAN MARKET ONLY (AS PROVIDED BY THE ACD)<sup>(1)</sup>

(Volumes in 000s of 9L cases)	Three Months Ended				Year Ended			
	June 30, 2021	June 30, 2020	% Retail Volume Growth	% Retail Value Growth	June 30, 2021	June 30, 2020	% Retail Volume Growth	% Retail Value Growth
<b>BRAND</b>								
J.P. Wiser's Canadian								
whisky	117	114	3%	4%	512	497	3%	5%
Polar Ice vodka	74	79	(6%)	(5%)	324	357	(9%)	(8%)
Lamb's rum	63	67	(6%)	(4%)	280	300	(7%)	(5%)
Wiser's Special Blend <sup>(2)</sup>	62	67	(7%)	(9%)	269	279	(4%)	(4%)
Mixable liqueurs	33	33	0%	1%	153	150	2%	3%
Ungava Spirits Brands	25	30	(17%)	(12%)	138	137	1%	3%
Other Corby-owned brands <sup>(3)</sup>	44	46	(5%)	(5%)	190	196	(3%)	(3%)
<b>TOTAL</b>	<b>418</b>	<b>436</b>	<b>(4%)</b>	<b>(3%)</b>	<b>1,866</b>	<b>1,916</b>	<b>(3%)</b>	<b>(1%)</b>

<sup>(1)</sup> Refers to sales at the retail store level in Canada, as provided by the Association of Canadian Distillers.

<sup>(2)</sup> For presentation purposes, Wiser's Special Blend has been presented to reflect the separation from premium variants of J.P. Wiser's.

<sup>(3)</sup> For presentation purposes, Foreign Affair Brands has been included with other Corby-owned brands as full comparable periods have been attained.

**J.P. WISER'S CANADIAN WHISKY**

J.P. Wiser's Canadian whisky is Corby's flagship brand and one of Canada's best-selling Canadian whiskies. The brand's retail volumes (excluding Special Blend) grew 3% in the year ended June 30, 2021 compared to the same period in the prior year, beating the category and now exceeding half a million cases, while retail value (excluding Special Blend) grew 5% compared to the same period last year. Retail sales volumes for the Canadian whisky category declined 1%, while retail value for the category grew 1% over the same period.

Wiser's Special Blend retail volumes and value both declined 4% in the year ended June 30, 2021 compared to the same prior year period.

**POLAR ICE VODKA**

Polar Ice vodka is among the top-selling vodka brands in Canada and is a favourite in the on-premise channel. As a result, Polar Ice was highly impacted by ongoing COVID-19 related restrictions and on-premise closures. Retail volume declined 9% while retail value decreased 8% in the year ended June 30, 2021 compared to the same period in the prior year. The overall vodka category in Canada grew 1% in retail volume and value on a comparable basis, driven by the premium and flavoured vodka segment. The standard vodka category, where Polar Ice vodka competes, grew 1% in retail volume and remained flat in value compared to the same period in the prior year.

**LAMB'S RUM**

Lamb's rum, a top-selling rum family in Canada, continued to be impacted by changing consumer trends for standard rum particularly in regional strongholds. Retail volumes for the overall rum category improved 1% for the year ended June 30, 2021, while retail values improved 3% compared to the same period last year. Growth was driven by the premium rum segment. The economy rum category, however, saw retail volumes decline 1% while retail value remained flat compared to the same period last year. Lamb's declined 7% in retail volumes and 5% in retail value for the year ended June 30, 2021 compared to the same period in the prior year.

**MIXABLE LIQUEURS**

Corby's mixable liqueur brands consist of McGuinness liqueurs (which is Canada's largest mixable liqueur brand family) and Meaghers liqueurs (available in Québec). Retail volumes grew 2% while retail value grew 3% for the year ended June 30, 2021 compared to the same period last year, as the at-home cocktail trend gained momentum. Retail volume for the liqueurs category overall grew by 9% and value by 10% for the year ended June 30, 2021 compared to the same period last year. Category growth was driven primarily by traditional coffee and cream liqueurs.

**UNGAVA SPIRITS BRANDS**

Retail volume and value for the Ungava Spirits Brands increased 1% in volume and 3% in value for the year ended June 30, 2021 compared to the same period last year. The flagship brand, Ungava gin, which was impacted by the prolonged on-premise closures and strong competition in the Québec market, declined 14% in retail volume and 12% in retail value, lagging the Canadian gin category, which grew 5% in retail volume and retail value by 10%.

Cabot Trail maple-based liqueurs (in Québec, Coureur des Bois) performed exceptionally well, benefiting from increased distribution and increased at-home consumption. Retail volume and value both increased 22% in the year ended June 30, 2021 compared to the same period last year. Cabot Trail benefited from increased consumer interest in coffee and cream liqueurs during COVID-19 pandemic social distancing.

#### OTHER CORBY-OWNED BRANDS

Premium offerings in Canadian whisky such as Lot No. 40, Pike Creek, and Gooderham & Worts (collectively known as the Northern Border Collection) grew 2% in retail volume and declined 1% in retail value for the year ended June 30, 2021 compared to the same period in the prior year.

Foreign Affair Brands are available through several channels including e-commerce, direct delivery (on-premise and wine club) and the onsite winery visitor centre. Retail performance is typically impacted by customer ordering patterns and does not capture e-commerce, direct delivery and onsite sales to consumers.

## Financial and Operating Results

The following table presents a summary of certain selected consolidated financial information of the Company for the years ended June 30, 2021 and 2020:

<i>(in millions of Canadian dollars, except per share amounts)</i>	2021	2020	\$ Change	% Change
<b>REVENUE</b>	\$ 159.8	\$ 153.4	\$ 6.4	4%
Cost of sales	(62.1)	(60.4)	(1.7)	3%
Marketing, sales and administration	(56.4)	(57.1)	0.7	(1%)
Other income	0.2	0.0	0.2	200%
<b>EARNINGS FROM OPERATIONS</b>	<b>41.5</b>	35.9	5.6	16%
Financial income	0.6	1.3	(0.7)	(51%)
Financial expenses	(0.6)	(0.7)	0.1	(21%)
	0.0	0.5	(0.5)	(90%)
Earnings before income taxes	41.5	36.4	5.1	14%
Income taxes	(10.9)	(9.8)	(1.1)	12%
<b>NET EARNINGS</b>	<b>\$ 30.6</b>	\$ 26.7	\$ 3.9	15%
Per common share				
– Basic net earnings	\$ 1.07	\$ 0.94	\$ 0.13	15%
– Diluted net earnings	\$ 1.07	\$ 0.94	\$ 0.13	15%

## Overall Financial Results

Net earnings grew \$3.9 million or 15% for the year ended June 30, 2021. Case Goods performance in international markets, strong PR brand commission revenue, focused marketing and sales promotional activities and well-controlled administrative expenses drove favourable results for the year ended June 30, 2021.

### Revenue

The following highlights the key components of the Company's revenue streams:

<i>(in millions of Canadian dollars)</i>	June 30, 2021	June 30, 2020	\$ Change	% Change
<b>REVENUE STREAMS</b>				
Case Goods	\$ 125.3	\$ 121.4	\$ 3.9	3%
Gross Commissions	35.6	33.4	2.2	7%
Amortization of representation rights	(7.2)	(5.7)	(1.5)	26%
Commissions	28.4	27.7	0.7	3%
Other services	6.1	4.3	1.8	43%
<b>REVENUE</b>	<b>\$ 159.8</b>	\$ 153.4	\$ 6.4	4%

Case Goods revenue increased \$3.9 million or 3% for the year ended June 30, 2021 when compared to the same period last year. This growth was attributable to retail performance in the domestic market and UK market. This was partially offset by domestic on-premise portfolio challenges related to COVID-19 restrictions and product and size format mix.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Commissions increased \$2.2 million or 7% before amortization of representation rights during the year ended June 30, 2021 when compared to the same period last year. Imported brands benefited from strong consumer demand as well as from LB order timing. Accelerated amortization of the 2006 representation rights agreement fee (\$1.5 million) partially offset the increased Commissions revenue. Including amortization of representation rights, net commission income grew \$0.7 million or 3% compared to the prior year. The PR portfolio benefited from its positioning within premium categories along with PR's investment to build these brands in Canada. Other represented wines for which Corby acts as an agent also performed well.

Other services represent ancillary revenue incidental to Corby's core business activities, such as logistical fees, merchandise sales and occasional bulk whisky sales. Revenue from other services increased \$1.8 million in the year ended June 30, 2021 when compared to the same period last year and is attributable to increased bulk whisky sales.

As a result, total revenue grew \$6.4 million or 4% in the year ended June 30, 2021 when compared to the prior year, and excluding amortization of representation rights, total revenue grew \$7.9 million or 5%.

### Cost of Sales

Cost of sales in the year ended June 30, 2021 was \$62.1 million, an increase of \$1.7 million, or 3% when compared to the same period last year. The overall increase in cost of sales is the result of product and market mix. On a case rate basis, our Case Goods costs have increased 0.5%. Cost increases have been offset by price initiatives and trade promotion optimization, resulting in an overall gross margin of 53%, compared to 52% in the same period last year (note: Commissions are not included in this calculation).

### Marketing, Sales and Administration

For the year ended June 30, 2021, marketing, sales and administration expenses decreased \$0.7 million, or 1% when compared to the same period last year. Marketing and promotional investment for the year strategically focused on key priorities and markets as closures and other COVID-19 related restrictions reduced the efficacy of programming in certain channels and other experiential activities. In response, the Company pivoted to target the channels, occasions and markets most relevant to consumers and where we expect the most opportunities in the short and long term. Overhead expenses were well controlled and resulted in decreased general administration, travel and meeting expenses, as our teams adapted to connecting virtually where possible.

### Net Financial Income

Net financial income comprises interest earned on deposits in cash management pools, offset by interest costs associated with the Company's pension and post-retirement benefit plans and interest charges on leased assets. Interest income for the year ended June 30, 2021 decreased compared to the prior year as interest rates decreased in connection with the economic downturn that resulted from the COVID-19 pandemic.

### Income Taxes

A reconciliation of the effective tax rate to the statutory rates for each period is presented below.

	2021	2020
Combined basic federal and provincial tax rates	26.3%	26.7%
Other	0.1%	0.1%
<b>EFFECTIVE TAX RATE</b>	<b>26.4%</b>	<b>26.8%</b>

### Liquidity, Contractual Obligations and Capital Resources

Corby's sources of liquidity are its deposits in cash management pools of \$94.4 million as at June 30, 2021 and its cash generated from operating activities. A summary of the maturity periods of the Company's contractual obligations as at June 30, 2021 are presented in the table below:

	Less Than 1 Year	1 to 5 Years	5 Years and Thereafter	Total
Trade payables and accrued liabilities	\$ 44.0	\$ —	\$ —	\$ 44.0
Lease liabilities	1.4	3.0	—	4.4
Commitments	54.5	—	—	54.5
	<b>\$ 99.9</b>	<b>\$ 3.0</b>	<b>\$ —</b>	<b>\$ 102.9</b>

On September 24, 2020, Corby signed an agreement with PR whereby Corby will continue to represent PR brands in the Canadian market for a five-year-and-three-month period beginning July 1, 2021. The 2021 Agreement requires a payment of \$54.5 million on or before October 1, 2021. Corby will fund this payment through its deposits in cash management pools. See "Significant Event – Renewal of exclusive rights to represent Pernod Ricard S.A. brands in Canada" for further details.

The Company believes that its deposits in cash management pools, combined with its historically strong operational cash flows, provide for sufficient liquidity to fund its operations, investing activities and commitments for the foreseeable future. The Company's cash flows from operations are subject to fluctuation due to commodity, foreign exchange and interest rate risks. Please refer to the "Risks and Risk Management" section of this MD&A for further information.

## Cash Flows

<i>(in millions of Canadian dollars)</i>	2021	2020	\$ Change
<b>OPERATING ACTIVITIES</b>			
Net earnings, adjusted for non-cash items	\$ 52.9	\$ 46.3	\$ 6.6
Net change in non-cash working capital	0.3	8.6	(8.3)
Net payments for interest and income taxes	(12.3)	(5.4)	(6.9)
	<b>40.9</b>	49.5	(8.6)
<b>INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment	(2.7)	(2.4)	(0.3)
Additions to intangible assets	(0.6)	(0.9)	0.3
Proceeds from disposition of capital assets	0.6	0.2	0.4
Proceeds from disposition of intangible assets	–	0.2	(0.2)
Deposits in cash management pools	(12.7)	(20.5)	7.8
	<b>(15.4)</b>	(23.4)	8.0
<b>FINANCING ACTIVITIES</b>			
Payment of lease liabilities	(1.6)	(1.6)	(0.0)
Dividends paid	(23.9)	(24.5)	0.6
	\$ (25.5)	\$ (26.1)	\$ 0.6
<b>NET CHANGE IN CASH</b>	<b>\$ –</b>	<b>\$ –</b>	<b>\$ –</b>

### Operating Activities

For the year ended June 30, 2021, net cash from operating activities was \$40.9 million, reflecting a decrease of \$8.6 million compared to the same period last year. Cash flows were impacted by unfavourable working capital changes, as well as higher tax payments. Income tax payments during the current year period included the payment of fourth-quarter fiscal 2020 tax instalments which were deferred under COVID-19 pandemic-related government relief measures. Working capital was primarily impacted by higher customer receivables due to increased sales in the current period compared to the prior year, partially offset by lower vendor payments.

### Investing Activities

Net cash used in investing activities for the year ended June 30, 2021 was \$15.4 million, compared to \$23.4 million last year. Investing activities include withdrawals and deposits into Corby's cash management pools, as well as additions to capital assets in both the current and the prior comparable periods. In the year ended June 30, 2021, \$12.7 million was deposited into Corby's cash management pools.

Cash management pools represent cash on deposit with Citibank N.A. via Corby's Mirror Netting Service Agreement with PR. Corby has daily access to these funds and earns a market rate of interest from PR on its deposits. Changes in cash management pools reflect amounts either deposited in or withdrawn from these bank accounts and are simply a function of Corby's cash requirements during the period. For more information related to these deposits, please refer to the "Related Party Transactions" section of this MD&A.

## Financing Activities

Cash used for financing activities was \$25.5 million for the year ended June 30, 2021, compared to \$26.1 million in the same period last year. Financing activity reflects dividend payments paid to shareholders and the payment of lease liabilities.

On August 25, 2021, subsequent to the year ended June 30, 2021, Corby's Board of Directors declared its regular quarterly dividend of \$0.21 per common share, to be paid September 29, 2021, to shareholders of record as at the close of business on September 15, 2021. Despite the COVID-19 pandemic and an uncertain economic outlook, given the Company's performance and the strong cash position, the Board of Directors decided to exercise its discretion to declare a quarterly dividend aligned to Corby's dividend policy. The policy provides that, subject to business conditions and opportunities and appropriate adjustment for extraordinary events, regular dividends will be paid quarterly, on the basis of an annual amount equal to the greater of 90% of net earnings per share in the preceding fiscal year ended June 30, and \$0.60 per share.

The following table summarizes dividends paid and payable by the Company over the last three fiscal years:

For	Declaration Date	Record Date	Payment Date	\$/Share
2021 – Q4	August 25, 2021	September 15, 2021	September 29, 2021	\$ 0.21
2021 – Q3	May 13, 2021	May 27, 2021	June 11, 2021	0.21
2021 – Q2	February 11, 2021	February 25, 2021	March 5, 2021	0.21
2021 – Q1	November 12, 2020	November 27, 2020	December 11, 2020	0.22
2020 – Q4	August 26, 2020	September 16, 2020	September 30, 2020	0.20
2020 – Q3	May 13, 2020	May 27, 2020	June 12, 2020	0.20
2020 – Q2	February 12, 2020	February 26, 2020	March 6, 2020	0.22
2020 – Q1	November 6, 2019	November 22, 2019	December 6, 2019	0.22
2019 – Q4	August 21, 2019	September 11, 2019	September 27, 2019	0.22
2019 – Q3	May 8, 2019	May 24, 2019	June 14, 2019	0.22
2019 – Q2	February 13, 2019	February 27, 2019	March 8, 2019	0.22
2019 – special	November 7, 2018	December 14, 2018	January 11, 2019	0.44
2019 – Q1	November 7, 2018	November 23, 2018	December 7, 2018	0.22

## Outstanding Share Data

As at August 25, 2021, Corby had 24,274,320 Voting Class A Common Shares and 4,194,536 Non-Voting Class B Common Shares outstanding. The Company does not have a stock option plan and, therefore, there are no options outstanding.

## Related Party Transactions

### Transactions with Parent, Ultimate Parent and Affiliates

Corby engages in a significant number of transactions with its parent company, its ultimate parent and various affiliates. Specifically, Corby renders services to its parent company, its ultimate parent and affiliates for the marketing and sale of beverage alcohol products in Canada. Furthermore, Corby outsources the large majority of its distilling, maturing, storing, blending, bottling and related production activities to its parent company. A significant portion of Corby's bookkeeping, recordkeeping services, data processing and other administrative services are also outsourced to its parent company. Transactions with the parent company, ultimate parent and affiliates are subject to Corby's related party transaction policy, which requires such transactions to undergo an extensive review and requires approval from an Independent Committee of the Board of Directors.

The companies operate under the terms of agreements that became effective on September 29, 2006 (the "2006 Agreements"), which have recently been renewed. These agreements provide the Company with the exclusive right to represent PR's brands in the Canadian market for 15 years, as well as providing for the continuing production of certain Corby brands by PR at its production facility in Windsor, Ontario, for 10 years. Certain officers of Corby have been appointed as directors and officers of PR's North American entities, as approved by Corby's Board of Directors. These agreements were amended and renewed, as follows. On August 26, 2015, Corby entered into an agreement with PR and certain affiliates amending the September 29, 2006 Canadian representation agreements, pursuant to which Corby agreed to provide more specialized marketing, advertising and promotion services for the PR and affiliate brands under the applicable representation agreements in consideration of an increase to the rate of commission payable to Corby by such entities. On November 11, 2015, Corby and PR entered into agreements for the continued production and bottling of Corby's owned-brands by Pernod Ricard at the HWSL production facility in Windsor, Ontario, for a 10-year term commencing September 30, 2016. On the same date, Corby and PR entered into an administrative services agreement, under which Corby agreed to continue to manage certain of PR's business interests in Canada, with a similar term and commencement date. Corby's role managing the HWSL production facility ended on June 30, 2020.



On September 24, 2020, Corby renewed its exclusive right to represent PR's brands in Canada for a further five years and three months, effective July 1, 2021 until September 29, 2026, with a potential for automatic renewal for a further three years thereafter, subject to the achievement of performance criteria. This new representation agreement also renewed Corby's exclusive right to represent Absolut vodka and Plymouth gin in Canada. Those rights were originally granted in an agreement entered into on October 1, 2013 for a five-year term, which was extended to September 29, 2021 (consistent with the brands subject to the 2006 Agreements) by way of an agreement dated November 9, 2011 and amended on September 30, 2013. The end of the term of the new Canadian representation agreement aligns with those of existing production and administrative services agreements with PR, renewed in 2016. Since the 2021 Agreement is a related party transaction, the agreement was approved by the Independent Committee of the Corby Board of Directors, in accordance with Corby's related party transaction policy, following extensive review and with external financial and legal advice. See "Significant Event – Renewal of exclusive rights to represent Pernod Ricard S.A. brands in Canada" above for additional details.

PR also represents certain Corby-owned brands in the United Kingdom. On March 21, 2016, the Company entered into an agreement with Pernod Ricard UK Ltd. ("PRUK"), an affiliated company, which provides PRUK the exclusive right to represent Lamb's rum in Great Britain effective July 1, 2016. The agreement provides Lamb's with access to PRUK's extensive national distribution network throughout Great Britain. On March 28, 2019, the agreement was amended to include Ungava gin. The agreement was amended again on March 21, 2021 to modify the list of products represented by PRUK and to extend the term of the agreement for a five-year period ending June 30, 2026.

### Deposits in Cash Management Pools

Corby participates in a cash pooling arrangement under a Mirror Netting Service Agreement, together with PR's other Canadian affiliates, the terms of which are administered by Citibank N.A. effective July 17, 2014. The Mirror Netting Service Agreement acts to aggregate each participant's net cash balance for purposes of having a centralized cash management function for all of PR's Canadian affiliates, including Corby. As a result of Corby's participation in this agreement, Corby's credit risk associated with its deposits in cash management pools is contingent upon PR's credit rating. PR's credit rating as at August 25, 2021, as published by Standard & Poor's and Moody's, was BBB+ and Baa1, respectively. PR compensates Corby for the benefit it receives from having the Company participate in the Mirror Netting Service Agreement by paying interest to Corby based upon the 30-day Canadian Dealer Offered Rate plus 0.40%. Corby accesses these funds on a daily basis and has the contractual right to withdraw these funds or terminate these cash management arrangements upon providing five days' written notice.

### Results of Operations – Fourth Quarter of Fiscal 2021

The following table presents a summary of certain selected consolidated financial information for the Company for the three-month periods ended June 30, 2021 and 2020:

<i>(in millions of Canadian dollars, except per share amounts)</i>	Three Months Ended			
	June 30, 2021	June 30, 2020	\$ Change	% Change
<b>REVENUE</b>	\$ 40.4	\$ 38.2	\$ 2.2	6%
Cost of sales	(15.0)	(15.0)	0.0	(0%)
Marketing, sales and administration	(17.6)	(13.3)	(4.3)	32%
Other income	(0.1)	(0.1)	0.0	(57%)
<b>EARNINGS FROM OPERATIONS</b>	<b>7.7</b>	9.8	(2.1)	(21%)
Financial income	0.1	0.2	(0.1)	(24%)
Financial expenses	(0.1)	(0.2)	0.1	(32%)
	<b>0.0</b>	0.0	0.0	22%
Earnings before income taxes	7.7	9.8	(2.1)	(21%)
Income taxes	(2.0)	(2.6)	0.6	(23%)
<b>NET EARNINGS</b>	<b>\$ 5.7</b>	\$ 7.2	\$ (1.5)	(20%)
Per common share				
– Basic net earnings	\$ 0.20	\$ 0.25	\$ (0.05)	(20%)
– Diluted net earnings	\$ 0.20	\$ 0.25	\$ (0.05)	(20%)

## Revenue

The following table highlights the various components of the Company's revenue streams for the quarter:

<i>(in millions of Canadian dollars)</i>	Three Months Ended			
	June 30, 2021	June 30, 2020	\$ Change	% Change
<b>REVENUE STREAMS</b>				
Case Goods	\$ 31.1	\$ 30.0	\$ 1.1	3%
Gross Commissions	8.3	8.6	(0.3)	(4%)
Amortization of representation rights	(1.8)	(1.4)	(0.4)	26%
Commissions	6.5	7.2	(0.7)	(10%)
Other services	2.8	1.0	1.8	187%
<b>REVENUE</b>	<b>\$ 40.4</b>	<b>\$ 38.2</b>	<b>\$ 2.2</b>	<b>6%</b>

Total revenue for the three months ended June 30, 2021 increased 6% on a quarter-over-quarter comparison basis, or \$2.2 million. Excluding amortization of representation rights, total revenue increased \$2.6 million, or 6%. This is primarily related to the phasing of bulk whisky sales as the Company continued to rebalance its maturation inventories, as well as an increase in Case Goods revenue of \$1.1 million as a result of strong international shipments to the UK and US markets. Cycling changes in consumer behaviours at the onset of the pandemic, a reduction in domestic Case Goods revenue was partially mitigated by improved pricing and portfolio mix and the reopening of the hospitality sector.

Commissions before the amortization of representation rights, compared to the same period last year, decreased \$0.3 million or 4% as LBs rebuilt heavily depleted warehouses following COVID-19 pandemic-related consumer pantry loading in the prior year. Net commission revenue was further impacted by the acceleration of amortization rights (\$0.4 million). Including amortization, commission income decreased \$0.7 million, or 10%, compared to the same three-month period last year.

## Cost of Sales

Cost of goods sold was \$15.0 million, remaining flat when compared with the same three-month period last year. Gross margin was 56% for the current year quarter, compared to 51% in the same period last year, largely driven by product and market mix and manufacturing favourability in the fourth quarter (note: Commissions are not included in this calculation).

## Marketing, Sales and Administration

Marketing, sales and administration expenses increased \$4.3 million, or 32%, over the same quarter last year. This increase was driven by brand building investment and promotional activities as the Company increased consumer engagement in the face of the relaxation of COVID-19 pandemic restrictions and the reopening of the hospitality sector, as well as increased overhead expenses.

## Net Earnings and Earnings per Share

Net earnings for the fourth quarter were \$5.7 million, or \$0.20 per share, which is a decrease of \$1.5 million over the same quarter last year due to the aforementioned reasons.

## Selected Quarterly Information

### SUMMARY OF QUARTERLY FINANCIAL RESULTS

<i>(in millions of Canadian dollars, except per share amounts)</i>	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Revenue	\$ 40.4	\$ 33.8	\$ 42.2	\$ 43.4	\$ 38.2	\$ 33.1	\$ 43.4	\$ 38.6
Earnings from operations	7.7	8.4	10.6	14.7	9.8	6.9	10.6	8.7
Net earnings	5.7	6.2	7.8	10.8	7.2	5.2	7.8	6.5
Basic EPS	0.20	0.22	0.28	0.38	0.25	0.18	0.28	0.23
Diluted EPS	0.20	0.22	0.28	0.38	0.25	0.18	0.28	0.23

The above table demonstrates the seasonality of Corby's business, as sales are typically strong in the first and second quarters, while third-quarter sales (January, February and March) usually decline after the end of the retail holiday season. Fourth-quarter sales typically increase again with the onset of warmer weather, as consumers tend to increase their purchasing levels during the summer season. Notably, the COVID-19 pandemic has had a dramatic impact on consumption and shipment patterns as well as sales, marketing and administrative expenses, impacting quarter-over-quarter comparability.

## Recent Accounting Pronouncements

### Recent Accounting Pronouncements in Effect

A number of new standards, amendments to standards and interpretations are effective for the financial period ended June 30, 2021 and, accordingly, have been applied in the preparation of these audited annual consolidated financial statements:

#### A) DEFINITION OF A BUSINESS

In October 2018, the International Accounting Standards Board (the "IASB") issued amendments to IFRS 3, "Business Combinations" ("IFRS 3"). The amendments clarify and narrow the definition of a business. To be considered a business an acquisition must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments are effective for annual periods beginning on or after January 1, 2020. For Corby, this amendment became effective July 1, 2020. These amendments did not impact the Company's consolidated financial statements.

#### B) AMENDMENTS TO IAS 1, "PRESENTATION OF FINANCIAL STATEMENTS" AND IAS 8, "ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS"

In October 2018, the IASB issued amendments to IAS 1, "Presentation of Financial Statements" ("IAS 1") and IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors" ("IAS 8"). The amendments to IAS 1 and IAS 8 clarify the definition of "material" and align the definition used in the Conceptual Framework and throughout all accounting standards. The amendments are effective for annual periods beginning on or after January 1, 2020. For Corby, this amendment became effective July 1, 2020. The new amendments did not have a significant impact on the Company's consolidated financial statements and disclosures.

#### C) LEASES

In May 2020, the IASB issued amendments to IFRS 16, "Leases" ("IFRS 16"). The amendments provide lessees with a practical expedient that relieves a lessee from assessing whether a COVID-19 related rent concession is a lease modification. The amendments are to be applied retrospectively for fiscal years beginning on or after June 1, 2020. For Corby, these amendments became effective July 1, 2020 and did not have a significant impact on the Company's consolidated financial statements.

### Recent Accounting Pronouncements Not in Effect

The below standards have been issued but are not yet effective for the financial period ended June 30, 2021 and, accordingly, have not been applied in preparing the consolidated financial statements:

IFRS 17	<i>Insurance Contracts</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i>
Amendments to IAS 1	<i>Disclosure of Accounting Policies</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to IFRS 9	<i>Interest Rate Benchmark Reform</i>
Amendments to IAS 16	<i>Property, Plant and Equipment – Proceeds before Intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Annual Improvements to IFRS Standards 2018–2020 Cycle	<i>Amendments to IFRS 1: First-time Adoption of International Financial Reporting Standards, IFRS 9: Financial Instruments, IFRS 16: Leases, and IAS 41: Agriculture</i>

The Company does not expect the adoption of the standards and amendments to standards listed above will have a material impact on the financial statements of the Company in future periods.

## Disclosure Controls and Procedures

The Company maintains a system of disclosure controls and procedures that has been designed to provide reasonable assurance that information required to be disclosed by the Company in its public filings is recorded, processed, summarized and reported within required time periods and includes controls and procedures designed to ensure that all relevant information is accumulated and communicated to senior management, including the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), to allow timely decisions regarding required disclosure.

Management, with the participation of the CEO and CFO, has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in National Instrument 52-109) as at June 30, 2021, and has concluded that such disclosure controls and procedures are effective based upon such evaluation.

### Internal Controls over Financial Reporting

The Company maintains a system of disclosure controls and procedures to provide reasonable assurance that all material information relating to the Company is gathered and reported to senior management on a timely basis so that appropriate decisions can be made regarding public disclosure.

In addition, the CEO and CFO have designed, or caused to be designed under their supervision, internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be designed effectively can provide only reasonable assurance with respect to financial reporting and financial statement preparation.

Management, with the participation of the CEO and CFO, has evaluated the effectiveness of the Company's internal controls over financial reporting as at June 30, 2021, and has concluded that internal control over financial reporting is designed and operating effectively to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Management's assessment was based on the framework established in Internal Control – Integrated Framework (2013), published by the Committee of Sponsoring Organizations of the Treadway Commission.

There were no changes in internal controls over financial reporting during the Company's most recent interim period that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

### Risks and Risk Management

The Company is exposed to a number of risks in the normal course of its business that have the potential to affect its operating and financial performance.

#### Industry and Regulatory

The beverage alcohol industry in Canada is subject to government policy, extensive regulatory requirements and significant rates of taxation at both the federal and provincial levels. As a result, changes in the government policy, regulatory and/or taxation environments within the beverage alcohol industry may affect Corby's business operations, causing changes in market dynamics or changes in consumer consumption patterns. In addition, the Company's provincial LB customers have the ability to mandate changes that can lead to increased costs, as well as other factors that may impact financial results.

Additionally, as the Company becomes more reliant on international product sales in the US, UK and other countries, exposure to changes in the laws and regulations (including on matters such as regulatory requirements, import duties and taxation) in those countries could also adversely affect the operations, financial performance or reputation of the Company.

The Company continuously monitors the potential risk associated with any proposed changes to its government policy, regulatory and taxation environments and, as an industry leader, actively participates in trade association discussions relating to new developments.

#### COVID-19 Pandemic

The COVID-19 pandemic resulted in economic volatility in global markets. Governments and central banks responded with monetary and fiscal interventions to stabilize economies and ease financial disruption. The ultimate impact of the COVID-19 pandemic on the global economy and its duration remain uncertain, and disruptions caused by the COVID-19 pandemic may adversely affect Corby's future performance.

As a manufacturer and distributor of alcoholic beverages, Corby continues to be an essential business in Canada and remains open for business. Nonetheless, the health and safety of our employees and business partners remains the key priority. We have limited the scope of our operations and, where possible, employees are working from their homes. As well, in conjunction with LB social distancing measures and limitations on in-store activities, our commercial team presence and activity have been limited in retail stores depending on regional guidelines but the team has adapted its methodology to connect virtually.

Corby monitors the effects of the COVID-19 pandemic on its day-to-day business operations while prioritizing the health and safety of its employees, customers and business partners. Ways of working have been adapted to ensure prudent management of costs. Global supply chains continue to be a potential risk, both for the supply of finished goods and for raw materials. To date, there has not been a negative impact on the Company's liquidity and financial position. As the COVID-19 pandemic continues to evolve, its full duration and impact on the Company's liquidity and financial position cannot be reasonably estimated at this time and will depend on future developments.

### **Consumer Consumption Patterns**

Beverage alcohol companies are susceptible to risks relating to changes in consumer consumption patterns. Consumer consumption patterns are affected by many external influences, not the least of which is economic outlook and overall consumer confidence in the stability of the economy as a whole. Additionally, the legalization of recreational cannabis in Canada could have the potential to impact consumer consumption patterns with respect to beverage alcohol products. The duration and impact of the COVID-19 pandemic on consumer consumption patterns remains unknown. Corby offers a diverse portfolio of products across all major spirits categories and at various price points. Corby continues to identify and offer new innovations in order to address consumer desires.

### **Distribution/Supply Chain Interruption**

The Company is susceptible to risks relating to distributor and supply chain interruptions. Distribution in Canada is largely accomplished through the government-owned provincial LBs and, therefore, an interruption (e.g., a labour strike or pandemic) for any length of time or a change in business model may have a significant impact on the Company's ability to sell its products in a particular province and/or market. International sales are subject to the variations in distribution systems within each country where the products are sold.

Supply chain interruptions, including a manufacturing or inventory disruption or regional or global disruptions related to the COVID-19 pandemic, can impact product quality and availability. The Company adheres to a comprehensive suite of quality programs and proactively manages production and supply chains to mitigate any potential risk to consumer safety or Corby's reputation and profitability.

Inherent to producing maturing products, there is a potential for shortages or surpluses in future years if demand and supply are materially different from long-term forecasts. Additionally, the loss through contamination, fire or other natural disaster of the stock of maturing products may result in significant reduction in supply and, as a result, Corby may not be able to meet customer demands. The Company monitors category trends and regularly reviews maturing inventory levels.

### **Environmental Compliance**

Environmental liabilities may potentially arise when companies are in the business of manufacturing products and, thus, required to handle potentially hazardous materials. As Corby largely outsources its production, including all of its storage and handling of maturing alcohol, the risk of environmental liabilities is considered minimal. Corby currently has no significant recorded or unrecorded environmental liabilities. See Note 30, "Contingency" in the Company's financial statements for related information.

### **Industry Consolidation**

In recent years, the global beverage alcohol industry has continued to experience consolidation. Industry consolidation can have varying degrees of impact and, in some cases, may even create exceptional opportunities. Either way, management believes that the Company is well positioned to deal with this or other changes to the competitive landscape in Canada and other markets in which it carries on business.

### **Corby's Ability to Properly Complete Acquisitions and Subsequently Integrate Them May Affect Its Results**

Corby monitors growth opportunities that may present themselves, including by way of acquisitions. While we believe that an acquisition may create the opportunity to realize certain benefits, achieving these benefits will depend in part on successfully consolidating functions and integrating operations, procedures and personnel in an efficient manner, as well as our ability to realize any anticipated growth opportunities or costs savings from combining the target's assets and operations with our existing brands and operations. Integration efforts following any acquisition may require the dedication of substantial management effort, time and resources, which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. In addition, Corby may be required to assume greater-than-expected liabilities due to liabilities that are undisclosed at the time of completion of an acquisition. A failure to realize, in whole or in part, the anticipated benefits of an acquisition may have a negative impact on the results or financial position of Corby.

## Competition

The Canadian and international beverage alcohol industry is extremely competitive. Competitors may take actions to establish and sustain a competitive advantage through advertising and promotion and pricing strategies to maintain market share, which may negatively affect our sales, revenues and profitability. Corby constantly monitors the market and adjusts its own advertising, promotion and pricing strategies as appropriate.

Competitors may also affect Corby's ability to attract and retain high-quality employees. The Company's long heritage attests to Corby's strong foundation and successful execution of its strategies. Its role as a leading Canadian beverage alcohol company helps facilitate recruitment efforts.

## Credit Risk

Credit risk arises from deposits in cash management pools held with PR via Corby's participation in the Mirror Netting Service Agreement (as previously described in the "Related Party Transactions" section of this MD&A), as well as credit exposure to customers, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the Company's financial assets. The objective of managing counter-party credit risk is to prevent losses in financial assets. The Company assesses the credit quality of its counter-parties, considering their financial position, past experience and other factors. As the majority of Corby's accounts receivable balances are collectible from government-controlled LBs, management believes the Company's credit risk relating to accounts receivable is at an acceptably low level.

## Exposure to Interest Rate Fluctuations

The Company does not have any short- or long-term debt facilities. Interest rate risk exists, as Corby earns market rates of interest on its deposits in cash management pools. An active risk management program does not exist, as management believes that changes in interest rates would not have a material impact on Corby's financial position over the long term.

## Exposure to Commodity Price Fluctuations

Commodity risk exists, as the manufacture of Corby's products requires the procurement of several known commodities, such as grains, sugar and natural gas. The Company strives to partially mitigate this risk through the use of longer-term procurement contracts where possible. In addition, subject to competitive conditions, the Company may pass on commodity price changes to consumers through pricing over the long term.

## Foreign Currency Exchange Risk

The Company has exposure to foreign currency risk, as it conducts business in multiple foreign currencies; however, its exposure is primarily limited to the US dollar ("USD") and UK pound sterling ("GBP"). Corby does not utilize derivative instruments to manage this risk. Subject to competitive conditions, changes in foreign currency rates may be passed on to consumers through pricing over the long term.

### USD EXPOSURE

The Company's demand for USD has traditionally outpaced its supply, due to USD sourcing of production inputs and advertising and promotion expenses exceeding that of the Company's USD sales. Therefore, decreases in the value of the Canadian dollar ("CAD") relative to the USD will have an unfavourable impact on the Company's earnings.

### GBP EXPOSURE

The Company's exposure to fluctuations in the value of the GBP relative to the CAD was reduced as both sales and cost of production are denominated in GBP. While Corby's exposure has been minimized, increases in the value of the CAD relative to the GBP will have an unfavourable impact on the Company's earnings.

## Third-Party Service Providers

HWSL provides more than 90% of the Company's production requirements, among other services including administration and information technology. The Company is also reliant upon certain third-party service providers in respect of certain of its operations. It is possible that negative events affecting HWSL and these third-party service providers could, in turn, negatively impact the Company. While the Company has no direct control over how HWSL and such third parties are managed, it has entered into contractual arrangements to formalize these relationships. In order to minimize operating risks, the Company actively monitors and manages its relationships with its service providers.

## Brand Reputation and Trademark Protection

The Company promotes nationally branded, non-proprietary products as well as proprietary products. Damage to the reputation of any of these brands, or to the reputation of any supplier or manufacturer of these brands, could negatively impact consumer opinion of the Company or the related products, which could have an adverse impact on the financial performance of the Company. The Company strives to mitigate such risks by selecting only those products from suppliers that strategically complement Corby's existing brand portfolio and by actively monitoring brand advertising and promotion activities.

Additionally, although the Company registers trademarks, as applicable, it cannot be certain that trademark registrations will be issued with respect to all the Company's applications. Also, while Corby constantly watches for and responds to competitive threats, as necessary, the Company cannot predict challenges to, or prevent a competitor from challenging, the validity of any existing or future trademark issued or licensed to Corby.

### Information Technology and Cyber Security

The Company uses technology supplied by third parties, both related and non-related, to support operations and invests in information technology to improve route to market, reporting, analysis, and marketing initiatives. Issues with availability, reliability and security of systems and technology could adversely impact the Company's ability to compete resulting in corruption or loss of data, regulatory-related issues, litigation or brand reputation damage. With the fast-paced changing nature of the technology environment including digital marketing, the Company works with these third parties to maintain policies, processes and procedures to help secure and protect these information systems as well as consumer, corporate and employee data.

### Valuation of Goodwill and Intangible Assets

Goodwill and indefinite-life intangible assets account for a significant amount of the Company's total assets. Indefinite-life intangible assets are included in Corby's consolidated balance sheet in intangible assets (which also includes finite-life intangible assets such as software and representation rights).

Goodwill and indefinite-life intangible assets are subject to impairment tests that involve the determination of fair value. Inherent in such fair value determinations are certain judgments and estimates including, but not limited to, projected future sales, earnings and capital investment, discount rates, and terminal growth rates. These judgments and estimates may change in the future due to uncertain competitive market and general economic conditions, or as the Company makes changes in its business strategies. Certain of the aforementioned factors affecting the determination of fair value may be impacted and, as a result, the Company's financial results may be adversely affected.

The following table summarizes Corby's goodwill and indefinite-life intangible assets and details the amounts associated with each brand (or basket of brands) and market as at June 30, 2021:

Associated Brand	Associated Market	Carrying Values as at June 30, 2021		
		Goodwill	Intangibles	Total
Lamb's rum	United Kingdom <sup>(1)</sup>	\$ 1.3	\$ 11.8	\$ 13.1
Ungava Spirits Brands <sup>(2)</sup>	Canada	5.1	3.2	8.3
Foreign Affair Brands	Canada	0.4	2.5	2.9
Other domestic brands	Canada	1.9	–	1.9
		\$ 8.7	\$ 17.5	\$ 26.2

<sup>(1)</sup> The international business for Lamb's rum is primarily focused in the UK; however, the trademarks and licences purchased relate to all international markets outside of Canada, as Corby previously owned the Canadian rights.

<sup>(2)</sup> The Ungava Spirits Brands include trademarks related to Ungava Premium Canadian gin, Chic Choc Spiced rum and Cabot Trail maple-based liqueurs.

Therefore, economic factors (such as consumer consumption patterns) specific to these brands and markets are primary drivers of the risk associated with their respective goodwill and indefinite-life intangible assets valuations.

### Employee Future Benefits

The Company has certain obligations under its registered and non-registered defined benefit pension plans and other post-retirement benefit plan. New regulations and market-driven changes may result in changes in the discount rates and other variables, which would result in the Company being required to make contributions in the future that differ significantly from estimates. An extended period of depressed capital markets and low interest rates could require the Company to make contributions to these plans in excess of those currently contemplated, which, in turn, could have an adverse impact on the financial performance of the Company. Somewhat mitigating the impact of a potential market decline is the fact that the Company monitors its pension plan assets closely and follows strict guidelines to ensure that pension fund investment portfolios are diversified in line with industry best practices. In fiscal year 2020, the Company underwent a pension de-risking strategy for its defined benefit salaried pension plan by purchasing a buy-in annuity for retirees and deferred vested plan members. Future cash flows from the annuity will match the amount and timing of benefits payable under the portion of the plan for these groups, substantially mitigating the exposure to future volatility in the related pension obligations. For further details related to Corby's defined benefit pension plans, please refer to Note 9 of the annual audited consolidated financial statements for the year ended June 30, 2021.

# MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Corby Spirit and Wine Limited (the "Company") were prepared by management in accordance with International Financial Reporting Standards. The significant accounting policies, which management believes are appropriate for the Company, are described in the accompanying notes to the consolidated financial statements. The financial information contained elsewhere in this annual report is consistent with that in the consolidated financial statements.

Management is responsible for the integrity and objectivity of the information contained in the consolidated financial statements and Management's Discussion and Analysis, including that which is based on estimates and judgments when transactions affecting the current accounting period are dependent upon future events. Management has established systems of internal control that are designed to provide reasonable assurance that assets are safeguarded from losses or unauthorized use, and to produce reliable accounting records for the preparation of financial information.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board of Directors has constituted an Audit Committee that comprises a majority of independent directors. The Audit Committee meets quarterly with management and the internal and independent auditors, and separately with the internal and independent auditors, to review reports on internal accounting controls and audit results and to review accounting principles and practices. The Audit Committee also reviews the consolidated financial statements and the independent auditor's report thereon to the shareholders prior to submission to the Board of Directors for approval.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards and applicable laws and maintains proper standards of conduct for its activities.

(signed)

**Nicolas Krantz**  
President & Chief Executive Officer

(signed)

**Edward Mayle**  
Vice-President & Chief Financial Officer



# INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Corby Spirit and Wine Limited

## Opinion

We have audited the consolidated financial statements of Corby Spirit and Wine Limited (the "Company"), which comprise the consolidated balance sheets as at June 30, 2021 and June 30, 2020, and the consolidated statements of earnings, consolidated statements of comprehensive income, consolidated statements of changes in shareholders' equity and consolidated statements of cash flow for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2021 and June 30, 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended June 30, 2021. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

### INDEFINITE-LIFE INTANGIBLE ASSETS — REFER TO NOTES 13 AND 14 TO THE FINANCIAL STATEMENTS

#### KEY AUDIT MATTER DESCRIPTION

The Company's evaluation of indefinite-life intangibles related to trademarks involves the comparison of the carrying values of the cash-generating unit ("CGU") with their respective recoverable amounts. The recoverable amounts are estimated based on value in use using a discounted cash flow model, which requires management to make significant estimates and judgments related to discount rates, multi-year forecasts of future revenue, cost of sales, marketing, sales and administration expenses, and terminal growth rates. Changes in these assumptions could have a significant impact on the recoverable amounts and as a result, the amount of any impairment charge required.

Given the significant judgments made by management to estimate the recoverable amounts of the indefinite intangible assets, performing audit procedures to evaluate the reasonableness of the estimates and assumptions related to discount rates, multi-year forecasts of future revenue, cost of sales, marketing, sales and administration expenses, and terminal growth rates required a high degree of auditor judgment and an increased extent of audit effort, including the need to involve fair value specialists.

#### HOW THE KEY AUDIT MATTER WAS ADDRESSED IN THE AUDIT

Our audit procedures related to the discount rates and multi-year forecasts of future revenue, cost of sales, marketing, sales and administration expenses, and terminal growth rates used to estimate the recoverable amounts of the indefinite-life intangible assets included the following, among others:

- Evaluated management's ability to accurately forecast future revenue, cost of sales, marketing, sales and administration expenses by comparing actual results to management's historical forecasts.
- Evaluated the reasonableness of management's forecast of future revenue, cost of sales, marketing, sales and administration expenses by comparing the forecasts to:
  - Historical revenue, cost of sales, marketing, sales and administration expenses.
  - Internal communications to management and the Board of Directors detailing business strategies and growth plans.
  - Forecasted information included in Company press releases as well as in analyst and industry reports for the Company and certain of its peer companies.

## INDEPENDENT AUDITOR'S REPORT

- With the assistance of fair value specialists, evaluated the reasonableness of the:
  - Terminal growth rates by developing a range of independent estimates using available industry data and expected long-term inflation rates and comparing those to the terminal growth rates selected by management.
  - Discount rates by testing the source information underlying the determination of the discount rates and developing a range of independent estimates and comparing those to the discount rates selected by management.

### Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis;
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Francois Sauvageau.

(signed)

**Chartered Professional Accountants**

Licensed Public Accountants

August 25, 2021

Toronto, Ontario, Canada

# CONSOLIDATED BALANCE SHEETS

<i>As at June 30, 2021 and 2020 (in thousands of Canadian dollars)</i>	Notes	June 30, 2021	June 30, 2020
<b>ASSETS</b>			
Deposits in cash management pools		\$ 94,399	\$ 81,681
Accounts receivable	7	35,717	26,332
Inventories	8	60,785	61,344
Prepaid expenses		290	439
<b>TOTAL CURRENT ASSETS</b>		<b>191,191</b>	169,796
Other assets	9	11,688	4,693
Right-of-use assets	10	4,322	4,913
Property, plant and equipment	11	18,419	18,785
Goodwill	12	8,757	8,757
Intangible assets	13	20,029	27,438
<b>TOTAL ASSETS</b>		<b>\$ 254,406</b>	<b>\$ 234,382</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	15	\$ 43,965	\$ 35,034
Income and other taxes payable		2,596	3,958
Current lease liabilities	10	1,385	1,362
<b>TOTAL CURRENT LIABILITIES</b>		<b>47,946</b>	40,354
Provision for employee benefits	9	10,374	15,253
Deferred income taxes	16	5,167	2,588
Long-term lease liabilities	10	2,976	3,563
<b>TOTAL LIABILITIES</b>		<b>66,463</b>	61,758
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	17	14,304	14,304
Accumulated other comprehensive gain (loss)	18	6,774	(1,868)
Retained earnings		166,865	160,188
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>187,943</b>	172,624
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>\$ 254,406</b>	<b>\$ 234,382</b>

The accompanying notes are an integral part of these consolidated financial statements.

Approved by the Board of Directors

(signed)

**George F. McCarthy**  
Director

(signed)

**Edward Mayle**  
Director

## CONSOLIDATED STATEMENTS OF EARNINGS

<i>For the years ended June 30, 2021 and 2020 (in thousands of Canadian dollars, except per share amounts)</i>	Notes	June 30, 2021	June 30, 2020
<b>REVENUE</b>	19	\$ 159,778	\$ 153,356
Cost of sales		(62,070)	(60,432)
Marketing, sales and administration		(56,365)	(57,097)
Other income	20	144	48
<b>EARNINGS FROM OPERATIONS</b>		<b>41,487</b>	35,875
Financial income	21	633	1,280
Financial expenses	21	(580)	(731)
		<b>53</b>	549
<b>EARNINGS BEFORE INCOME TAXES</b>		<b>41,540</b>	36,424
Current income taxes	16	(11,458)	(9,499)
Deferred income taxes	16	509	(273)
Income taxes		(10,949)	(9,772)
<b>NET EARNINGS</b>		<b>\$ 30,591</b>	\$ 26,652
Basic earnings per share	22	\$ 1.07	\$ 0.94
Diluted earnings per share	22	\$ 1.07	\$ 0.94
<b>WEIGHTED AVERAGE COMMON SHARES OUTSTANDING</b>			
Basic		28,468,856	28,468,856
Diluted		28,468,856	28,468,856

The accompanying notes are an integral part of these consolidated financial statements.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

<i>For the years ended June 30, 2021 and 2020 (in thousands of Canadian dollars)</i>	Notes	June 30, 2021	June 30, 2020
<b>NET EARNINGS</b>		<b>\$ 30,591</b>	\$ 26,652
<b>OTHER COMPREHENSIVE INCOME:</b>			
Amounts that will not be subsequently reclassified to earnings:			
Net actuarial gains	9	11,729	1,853
Income taxes	16	(3,087)	(495)
		<b>8,642</b>	1,358
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>\$ 39,233</b>	\$ 28,010

The accompanying notes are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

<i>For the years ended June 30, 2021 and 2020 (in thousands of Canadian dollars)</i>	Share Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
Balance as at June 30, 2020	\$ 14,304	\$ (1,868)	\$ 160,188	\$ 172,624
Total comprehensive income	–	8,642	30,591	39,233
Dividends	–	–	(23,914)	(23,914)
<b>BALANCE AS AT JUNE 30, 2021</b>	<b>\$ 14,304</b>	<b>\$ 6,774</b>	<b>\$ 166,865</b>	<b>\$ 187,943</b>
Balance as at June 30, 2019	\$ 14,304	\$ (3,226)	\$ 158,019	\$ 169,097
Total comprehensive income	–	1,358	26,652	28,010
Dividends	–	–	(24,483)	(24,483)
<b>BALANCE AS AT JUNE 30, 2020</b>	<b>\$ 14,304</b>	<b>\$ (1,868)</b>	<b>\$ 160,188</b>	<b>\$ 172,624</b>

The accompanying notes are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENTS OF CASH FLOW

<i>For the years ended June 30, 2021 and 2020 (in thousands of Canadian dollars)</i>	Notes	June 30, 2021	June 30, 2020
<b>OPERATING ACTIVITIES</b>			
Net earnings		\$ 30,591	\$ 26,652
Adjustments for:			
Amortization and depreciation	23	12,081	10,517
Net financial income	21	(53)	(549)
Income tax expense		10,949	9,772
Provision for employee benefits		(599)	(92)
		<b>52,969</b>	46,300
Net change in non-cash working capital balances	25	254	8,639
Interest received		509	1,134
Income taxes paid		(12,821)	(6,531)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>40,911</b>	49,542
<b>INVESTING ACTIVITIES</b>			
Additions to property and equipment	11	(2,753)	(2,344)
Additions to intangible assets	13	(588)	(926)
Proceeds from disposition of property and equipment		616	165
Proceeds from disposition of intangible assets		–	159
Deposits in cash management pools		(12,718)	(20,545)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(15,443)</b>	(23,491)
<b>FINANCING ACTIVITIES</b>			
Payment of lease liabilities	10	(1,554)	(1,568)
Dividends paid		(23,914)	(24,483)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(25,468)</b>	(26,051)
<b>NET INCREASE IN CASH</b>		–	–
Cash, beginning of year		–	–
<b>CASH, END OF YEAR</b>		<b>\$ –</b>	<b>\$ –</b>

The accompanying notes are an integral part of these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended June 30, 2021 and 2020

(in thousands of Canadian dollars, except per share amounts)

## 1. General Information

Corby Spirit and Wine Limited (“Corby” or the “Company”) is a leading Canadian manufacturer, marketer and importer of spirits and wines. The Company derives its revenues from the sale of its owned-brands in Canada and other international markets, as well as earning commissions from the representation of selected non-owned brands in the Canadian marketplace. Revenues predominantly consist of sales made to each of the provincial liquor boards in Canada. The Company also supplements these primary sources of revenue with other ancillary activities incidental to its core business, such as logistics fees.

Corby is controlled by Hiram Walker & Sons Limited (“HWSL”), which is a wholly-owned subsidiary of Pernod Ricard S.A. (“PR”), a French public limited company that controls 51.6% of the outstanding Voting Class A Common Shares of Corby as at June 30, 2021.

Corby is a public company incorporated and domiciled in Canada, whose shares are traded on the Toronto Stock Exchange. The Company’s registered address is 225 King Street West, Suite 1100, Toronto, ON M5V 3M2.

## 2. Basis of Preparation

### Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and using the accounting policies described herein.

These consolidated financial statements were approved by the Company’s Board of Directors on August 25, 2021.

### Functional and Presentation Currency

The Company’s consolidated financial statements are presented in Canadian dollars, which is the Company’s functional and presentation currency.

### Foreign Currency Translation

Transactions denominated in foreign currencies are translated into the functional currency using the exchange rate applying at the transaction date. Non-monetary assets and liabilities denominated in foreign currencies are recognized at the historical exchange rate applicable at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate applying at the balance sheet date. Foreign currency differences related to operating activities are recognized in earnings from operations for the period; foreign currency differences related to financing activities are recognized within net financial income.

### Basis of Measurement

These consolidated financial statements are prepared in accordance with the historical cost model, except for certain categories of assets and liabilities, which are measured in accordance with other methods provided for by IFRS as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

### Use of Estimates and Judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make certain judgments, estimates and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period.

Judgment is commonly used in determining whether a balance or transaction should be recognized in the consolidated financial statements and estimates, and assumptions are more commonly used in determining the measurement of recognized transactions and balances. However, judgment and estimates are often interrelated.

Estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Estimates are made on the assumption the Company will continue as a going concern and are based on

information available at the time of preparation. Estimates may be revised where the circumstances on which they were based change or where new information becomes available. Future outcomes can differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The global disruption caused by the outbreak of the novel coronavirus ("COVID-19") has continued for longer than was expected when the World Health Organization declared the disease to be a pandemic in March 2020. In Canada, the pandemic initially resulted in country-wide government restrictions and regional closures of non-essential businesses including restaurants, bars and other on-premise establishments. While these restrictions on non-essential businesses have loosened, they continue to evolve over the course of the pandemic. Importantly for the industry in which Corby operates, the liquor boards ("LBs") and retail stores in most provinces have remained open, albeit with supplier and customer restrictions.

For the year ended June 30, 2021, the financial results have not been negatively impacted by COVID-19 and no indicators of impairment have arisen as a result of the pandemic. Management has also reviewed its judgments and estimates as part of the preparation of its consolidated financial statements and concluded that there were no significant changes as a result of COVID-19 during the year ended, and as at, June 30, 2021.

Management will continue to monitor the effects of the pandemic on external political, economic and social environments, on our business and on our industry. As a result of the dynamic nature of the pandemic, it is not possible to reliably estimate the length and severity of the pandemic and the impact on the financial results of the Company.

Critical judgments, estimates and assumptions are used in applying accounting policies and have the most significant effect on the following:

**(i) IMPAIRMENT**

The Company uses judgment in determining the grouping of assets to identify its cash-generating units ("CGUs") for purposes of testing for impairment of goodwill, intangible assets and property, plant and equipment. A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes.

Intangible assets and property, plant and equipment are subject to impairment tests whenever there is an indication that the value of the asset has been impaired and at least once a year for non-current assets with indefinite useful lives (goodwill and trademarks and licences). Judgment has been used in determining whether there has been an indication of impairment.

The Company uses estimates to determine a CGU's or group of CGUs' recoverable amount based on the higher of fair value less costs to sell and value in use ("VIU"), which involves estimating future cash flows before taxes. The process of determining the recoverable amount requires the Company to make estimates and assumptions of a long-term nature regarding discount rates, projected revenues, royalty rates and margins, as applicable, derived from past experience, actual operating results and budgets. These estimates and assumptions may change in the future due to uncertain competitive and economic market conditions or changes in business strategies.

**(ii) INCOME AND OTHER TAXES**

In calculating current and deferred income and other taxes, the Company uses judgment when interpreting the tax rules in jurisdictions where the Company operates. The Company also uses judgment in classifying transactions and assessing probable outcomes of claimed deductions, which considers expectations of future operating results, the timing and reversal of temporary differences, and possible audits of income tax and other tax filings by tax authorities.

Deferred income tax assets require management judgment in order to determine the amounts to be recognized. This includes assessing the timing of the reversal of temporary differences to which deferred income tax rates are applied.

**(iii) POST-EMPLOYMENT BENEFITS**

The accounting for the Company's post-employment benefit plan requires the use of estimates and assumptions. The accrued benefit liability is calculated using actuarial determined data and the Company's best estimates of future salary escalations, retirement ages of employees, employee turnover, mortality rates, market discount rates, and expected health and dental care costs.

**(iv) FAIR VALUE OF GRAPES AT POINT OF HARVEST**

Where possible, the fair value of grapes at the point of harvest is determined by reference to local market prices for grapes of a similar quality and varietal. For grapes for which local market prices are not readily available, the average price of similar grapes is used.



**(v) OTHER**

Other estimates include determining the useful lives of property, plant and equipment and intangible assets for the purpose of depreciation and amortization, as well as measuring items such as allowances for uncollectible accounts receivable and inventory obsolescence, and certain fair value measures including those related to the valuation of share-based payments and financial instruments.

**3. Adoption of New and Revised Standards and Interpretations****Recent Accounting Pronouncements**

A number of new standards, amendments to standards, and interpretations are effective for the financial period ended June 30, 2021, and accordingly, have been applied in preparing these consolidated financial statements:

**(i) DEFINITION OF A BUSINESS**

In October 2018, the IASB issued amendments to IFRS 3, “Business Combinations” (“IFRS 3”). The amendments clarify and narrow the definition of a business. To be considered a business an acquisition must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments are effective for annual periods beginning on or after January 1, 2020. For Corby, these amendments became effective July 1, 2020. These amendments did not impact the Company’s consolidated financial statements.

**(ii) AMENDMENTS TO IAS 1, “PRESENTATION OF FINANCIAL STATEMENTS” AND IAS 8, “ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS”**

In October 2018, the IASB issued amendments to IAS 1, “Presentation of Financial Statements” and IAS 8, “Accounting Policies, Changes in Accounting Estimates and Errors” (“IAS 1 and IAS 8”). The amendments to IAS 1 and IAS 8 clarify the definition of “material” and align the definition used in the Conceptual Framework and throughout all accounting standards. The amendments are effective for annual periods beginning on or after January 1, 2020. For Corby, these amendments became effective July 1, 2020. The new amendments did not have a significant impact on the Company’s consolidated financial statements and disclosures.

**(iii) LEASES**

In May 2020, the IASB issued an amendment to IFRS 16, “Leases” (“IFRS 16”). The amendment provides lessees with a practical expedient that relieves a lessee from assessing whether a COVID-19 related rent concession is a lease modification. The amendment is to be applied retrospectively for fiscal years beginning on or after June 1, 2020. For Corby, the amendment became effective July 1, 2020 and did not have a significant impact on the Company’s consolidated financial statements.

**Recent Accounting Pronouncements Not in Effect**

The below standards have been issued but are not yet effective for the financial period ended June 30, 2021, and accordingly, have not been applied in preparing the consolidated financial statements:

IFRS 17	<i>Insurance Contracts</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i>
Amendments to IAS 1	<i>Disclosure of Accounting Policies</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to IFRS 9	<i>Interest Rate Benchmark Reform</i>
Amendments to IAS 16	<i>Property, Plant and Equipment – Proceeds before Intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Annual Improvements to IFRS Standards 2018–2020 Cycle	<i>Amendments to IFRS 1: First-time Adoption of International Financial Reporting Standards, IFRS 9: Financial Instruments, IFRS 16: Leases, and IAS 41: Agriculture</i>

The Company does not expect the adoption of the standards and amendments to standards listed above will have a material impact on the financial statements of the Company in future periods.

#### 4. Significant Accounting Policies

The accounting policies set out below, except as described in Note 3, have been applied consistently to all years presented in these consolidated financial statements.

##### Basis of Consolidation

The consolidated financial statements include the accounts of Corby Spirit and Wine Limited and its subsidiaries, collectively referred to as “Corby” or the “Company.”

Subsidiaries are entities controlled by the Company. Control exists where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the Company’s consolidated financial statements from the date that the control commences until the date that control ceases.

Intra-company balances and transactions and any unrealized income and expenses arising from intra-company transactions are eliminated in preparing the consolidated financial statements.

##### Deposits in Cash Management Pools

Corby participates in a cash pooling arrangement under a Mirror Netting Services Agreement together with PR’s other Canadian affiliates, the terms of which are administered by Citibank N.A. The Mirror Netting Services Agreement acts to aggregate each participant’s net cash balance for the purposes of having a centralized cash management function for all of PR’s Canadian affiliates, including Corby.

Corby accesses these funds on a daily basis and has the contractual right to withdraw these funds or terminate these cash management arrangements upon providing five days’ written notice.

##### Inventories

Inventories are measured at the lower of cost (acquisition cost and cost of production, including indirect production overheads) and net realizable value. Net realizable value is the selling price less the estimated cost of completion and sale of the inventories. Most inventories are valued using the average cost method. The cost of long-cycle inventories is calculated using a single method, which includes distilling and ageing maturing costs but excludes finance costs. These inventories are classified in current assets, although a substantial part remains in inventory for more than one year before being sold in order to undergo the ageing maturing process used for certain spirits.

Grapes produced from vineyards controlled by the Company that are part of inventory are measured at their fair value less costs to sell at the point of harvest.

Inventory of wine that is produced by the Company is valued at the lower of cost and net realizable value, with cost being determined on an average cost basis. Inventory of bulk wine and grapes is included in work-in-progress inventory in Note 8.

##### Property, Plant and Equipment

Property, plant and equipment are recognized at acquisition cost and broken down by component. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets. Useful life and depreciation methods are reviewed at each reporting date. Items of property, plant and equipment are written down when impaired.

The ranges of depreciable lives for the major categories of property, plant and equipment are as follows:

Buildings	25 years
Leasehold improvements	5 to 10 years
Machinery and equipment	3 to 12 years
Casks	12 years
Vines	30 years
Other capital assets	3 to 20 years

Depreciation of property, plant and equipment is recognized within earnings from operations. The Company commences recognition of depreciation in earnings when the item of property, plant and equipment is ready for its intended use.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net, within earnings from operations.

Fully depreciated items of property, plant and equipment that are still in use continue to be recognized in cost and accumulated depreciation.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of repairs and maintenance of property, plant and equipment are recognized in earnings from operations as incurred.

## Leases

The Company leases certain premises and equipment. Terms vary in length and typically permit renewal for additional periods. At the inception of a contract, the Company assesses whether a contract contains a lease. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements unless the lease term is 12 months or less or the underlying asset has a low value. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

A lease liability is recognized at the present value of the remaining future lease payments, discounted using the interest rate implicit in the lease at the date of initial application. If this rate cannot be determined, the Company uses its incremental borrowing rate. The incremental borrowing rate is defined as the rate of interest that the Company would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payment, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Lease liabilities are remeasured if there is a change in management's assessment of whether it will exercise a renewal or termination option or if there is a change in the future lease payments.

Right-of-use assets are measured at the initial amount of the lease liabilities plus any initial direct costs, lease payments made at or before the commencement date net of lease incentives received, and decommissioning costs. Subsequent to initial measurement, the right-of-use assets will be measured at cost and depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Right-of-use assets are reviewed at each balance sheet date to determine whether there is any indication of impairment.

## Business Combinations

The Company applies the acquisition method in accounting for business combinations. The cost of an acquisition is the aggregate of the consideration transferred, measured at the acquisition date fair value. Acquisition-related costs are expensed as incurred.

Goodwill represents the excess of the consideration transferred over the fair value of identifiable assets acquired and liabilities assumed in business combinations, all measured at fair value.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (not greater than one year from acquisition date) to reflect new information about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that time.

## Goodwill

Goodwill arising in a business combination is recognized as an asset at the date that control is acquired. Goodwill is measured as the excess of the sum of the fair value of the consideration transferred over the fair value of the identifiable assets acquired less the fair value of the liabilities assumed. Goodwill is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Goodwill is measured at cost less any accumulated impairment losses.

## Intangible Assets

Intangible assets include the following:

### (i) LONG-TERM REPRESENTATION RIGHTS

Long-term representation rights represent the cost of the Company's exclusive right to represent PR's brands in Canada. These representation rights are carried at cost, less accumulated amortization. Amortization is provided for on a straight-line basis, over the term of their respective agreements. Representation rights were scheduled to expire on September 30, 2021. On September 24, 2020, Corby renewed its exclusive right to represent PR's brands in Canada for a further five years and three months, effective July 1, 2021 until September 29, 2026, with a potential for automatic renewal for a further three years thereafter, subject to the achievement of performance criteria. Amortization is recognized as a reduction to commission revenue earned from the representation of PR brands.

### (ii) TRADEMARKS AND LICENCES

Trademarks and licences represent the value of trademarks and licences of businesses acquired and are measured at cost on initial recognition. These intangible assets are deemed to have an indefinite life and are, therefore, not amortized. Trademarks and licences are tested for impairment on an annual basis or more frequently if events or changes in circumstances indicate that the assets might be impaired.

### (iii) SOFTWARE

Software is carried at cost, less accumulated amortization. Amortization is provided for on a straight-line basis over the expected useful life which is typically three to five years and recorded within "Marketing, sales and administration" in the statement of earnings. Useful life for items included in software is reviewed on an annual basis and software is written down when no longer in use.

## Impairment

### (i) FINANCIAL ASSETS

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have occurred that have had a negative effect on the estimated future cash flows of that asset.

Objective evidence that a financial asset is impaired includes, but is not limited to, default or delinquency by a debtor, restructuring of an amount due to the Company on terms the Company would not consider otherwise, indicators the debtor will enter bankruptcy, or adverse changes in the status of the debtor's economic conditions.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in net earnings.

An impairment loss is reversed if the reversal can be objectively related to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized in earnings.

### (ii) NON-FINANCIAL ASSETS

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indications exist, the asset's recoverable amount is estimated.

Intangible assets and property, plant and equipment are subject to impairment tests whenever there is an indication that the value of the asset has been impaired and at least once a year for non-current assets with indefinite useful lives (goodwill and trademarks and licences).

Assets subject to impairment tests are included in CGUs, corresponding to linked groups of assets, which generate identifiable cash flows. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. When the recoverable amount of a CGU is less than its carrying amount, an impairment loss is recognized within earnings from operations. The recoverable amount of the CGU is the higher of its fair value less costs to sell and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. Projected cash flows are discounted to the present value based on annual budgets and multi-year strategies, extrapolated into subsequent years based on the medium- and long-term trends for each market and brand. The calculation includes a terminal value derived by capitalizing the cash flows generated in the last forecasted year. Assumptions applied to sales and advertising spending are determined by management based on previous results and long-term development trends in the markets concerned. The present values of discounted cash flows are sensitive to these assumptions as well as to consumer trends and economic factors.

Fair value is based either on the sale price, net of selling costs, obtained under normal market conditions or earnings multiples observed in recent transactions concerning similar assets.

Impairment losses are recognized in the statement of earnings. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. With respect to other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indicators that the impairment loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the assets does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

## Provisions

Provisions are recognized when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and that the obligation can be measured reliably. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risk specific to the liability. Provisions are reviewed on a regular basis and adjusted to reflect management's best current estimates. Due to the judgmental nature of these items, future settlements may differ from amounts recognized. Provisions notably include: provisions for employee benefits (Note 9) and provisions for uncertain tax positions (Note 16).

## Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. The Company recognizes a liability and an expense for short-term benefits such as bonuses if the Company has a present legal obligation or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reasonably estimated.

The Company maintains registered defined benefit pension plans under which benefits are available to certain employee groups. The Company makes supplementary retirement benefits available to certain employees under a non-registered defined benefit pension plan. The Company also provides a defined contribution plan.

### (i) DEFINED BENEFIT PLANS

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method. The measurement is made at each balance sheet date and the personnel data concerning employees is revised at least every three years. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated balance sheet with a charge or credit recognized in other comprehensive income or loss in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to net earnings. Past service cost is recognized in net earnings in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Defined benefit costs are categorized as follows:

- Service costs (including current service costs, past service costs and gains and losses on curtailments and settlements)
- Net interest expense or income
- Remeasurement

Service costs are presented in marketing, sales and administration in the consolidated statement of earnings. Curtailment gains and losses, when they occur, are accounted for as past service costs. Net interest cost is included in net financial income and expenses.

The provision for employee benefits recognized in the balance sheet represents the actual deficit in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans. A defined benefit plan in a surplus position is included in other assets.

### (ii) DEFINED CONTRIBUTION PLANS

Contributions are recognized as expenses when the employees have rendered services. As the Company is not committed beyond the amount of such contributions, no provision is recognized in respect of defined contribution plans.

### (iii) TERMINATION BENEFITS

A liability for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

## Income Taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net earnings except to the extent that it relates to items recognized either in other comprehensive income or loss or directly in equity, in which case it is recognized in other comprehensive income or in equity, respectively.

Current income tax expense comprises the tax payable on the taxable income for the current financial year using tax rates enacted or substantively enacted at the reporting date, and any adjustment to income taxes payable in respect of previous years.

Deferred tax is recognized on temporary differences between the tax and book value of assets and liabilities in the consolidated balance sheet and is measured using the balance sheet approach. Deferred tax is measured at the tax rates that are expected to apply to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset the recognized amounts and the Company intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable earnings will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that all or part of the related tax benefit will be realized.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

## Revenue Recognition

The Company derives its revenue from Case Goods sales, Commissions and other services. The Company recognizes revenue when control of the goods or services sold has been transferred to the customer. Revenue is measured at the amount of consideration to which the Company expects to be entitled after deducting trade discounts, volume rebates, sales-related taxes and duties, and costs of services directly provided by customers.

### (i) CASE GOODS SALES

Corby's Case Goods are primarily sold to provincial liquor boards and international customers. Transfer of control over Case Goods is achieved when products are shipped from the Company's various distribution sites and accepted by the customer. For sales to consumers through the Company's retail stores, the transfer of control is deemed to occur when the product is purchased by the consumer.

Case Goods sales are recorded net of trade discounts, volume rebates, sales-related taxes and duties, and costs of services provided directly by customers which include: distribution, listing costs for new products, promotional activities at point of sale and other advertising and promotional services.

**(ii) COMMISSIONS**

When the Company acts in the capacity of an agent rather than as the principal in a transaction, revenue is recognized in the amount of the commission to which the Company is contractually entitled in exchange for representation services performed. Commissions are reported net of amortization of long-term representation rights. The long-term representation rights represent the cost of the Company's exclusive right to represent PR's brands in Canada and are amortized on a straight-line basis over the term of their respective agreements.

**(iii) OTHER SERVICES**

Other services include revenue from ancillary activities, including logistics fees and bulk whisky sales. Logistics fees are recognized as services are rendered. Bulk whisky sales are recognized when control of the goods has been transferred to the customer.

### Stock-Based Compensation Plans

The Company utilizes a Restricted Share Units Plan as its long-term incentive plan. Through this plan, restricted share units ("RSUs") will be granted to certain officers and employees at a grant price equal to the market closing price of the Company's Voting Class A Common Shares on the last day prior to grant. RSUs vest at the end of a three-year term, subject to the achievement of pre-determined corporate performance targets, and are settled in cash. The related compensation expense is recognized over the three-year vesting period. Accrued RSUs are valued at the closing market price of the Company's Voting Class A Common Shares at each balance sheet date.

Unvested RSUs will attract dividend-equivalent units whenever dividends are paid on the Voting Class A Common Shares of the Company and will be immediately reinvested into additional RSUs, which will vest and become payable at the end of the three-year vesting period, subject to the same performance conditions as the original RSU award. On the date of vesting, the holder will be entitled to the cash value of the number of RSUs granted, plus any RSUs received from reinvested dividend-equivalents, at the market closing price of the Company's Voting Class A Common Shares as at the vesting date. RSUs do not entitle participants to acquire any rights or entitlements as a shareholder of the Company.

### Earnings per Common Share

The Company presents basic and diluted earnings per share ("EPS") amounts for its common shares. Basic EPS is calculated by dividing the net earnings attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted EPS is calculated by adjusting the net earnings attributable to shareholders and the weighted average number of shares outstanding for the effect of potentially dilutive shares. There are no potentially dilutive shares as at June 30, 2021 and 2020.

### Classification of Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments. Financial instruments are classified into one of the following categories: fair value through profit or loss, fair value through other comprehensive income, or amortized cost. The classification determines the accounting treatment of the instrument. The classification is determined by the Company when the financial instrument is initially recorded, based on the underlying purpose of the instrument.

Corby's financial assets and liabilities are classified and measured as follows:

Financial Asset/Liability	Category	Measurement
Deposits in cash management pools	Amortized cost	Amortized cost
Accounts receivable	Amortized cost	Amortized cost
Accounts payable and accrued liabilities	Amortized cost	Amortized cost

Financial instruments measured at amortized cost are initially recognized at fair value plus any directly attributable transaction costs and then, subsequently, at amortized cost using the effective interest method, less any impairment losses, with gains and losses recognized in earnings in the period in which the gain or loss occurs.

All financial assets are recognized and derecognized on the trade date. A financial asset is derecognized when the contractual rights to the cash flows from the asset expire or when the Company transfers the financial asset to another party without retaining control or substantially all the risks and rewards of ownership of the asset. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

A financial liability is derecognized when its contractual obligations are discharged, are cancelled or expire.

Transaction costs are added to the initial fair value of financial assets and liabilities when those financial assets and liabilities are not measured at fair value subsequent to initial measurement. Transaction costs are amortized to net earnings, in finance expense, using the effective interest method.

### Segmented Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other operations. Segment operating results are reviewed regularly by the Company's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

## 5. Financial Instruments

Corby's financial instruments consist of its deposits in cash management pools, accounts receivable and accounts payable and accrued liabilities balances.

### Financial Risk Management Objectives and Policies

In the normal course of business, the Company is exposed to financial risks that have the potential to negatively impact its financial performance. The Company does not use derivative financial instruments to manage these risks, as management believes that the risks arising from the Company's financial instruments are already at an acceptably low level. These risks are discussed in more detail below.

#### CREDIT RISK

Credit risk arises from cash held with PR via Corby's participation in the Mirror Netting Service Agreement (further described in Note 27), as well as credit exposure to customers, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets.

The objective of managing counter-party credit risk is to prevent losses in financial assets. The Company assesses the credit quality of its counter-parties, taking into account their financial position, past experience and other factors.

Management believes that the Company's credit risk relating to accounts receivable is at an acceptably low level. As at June 30, 2021, over 89% (2020 – 95%) of Corby's trade receivable balances are collectible from government-controlled liquor boards. The remaining trade receivable balances relate to agency sales and sales generated from export sales. Receivables that are neither past due nor impaired are considered credit of high quality.

With respect to Corby's deposits in PR's cash management pools, the Company monitors PR's credit rating in the normal course of business and has the right to terminate its participation in the Mirror Netting Service Agreement at any time, subject to five days' written notice.

#### LIQUIDITY RISK

Corby's sources of liquidity are its deposits in cash management pools of \$94,399 (2020 – \$81,681) and its cash generated by operating activities. The Company believes that its deposits in cash management pools, combined with its historically strong and consistent operational cash flows, are more than sufficient to fund its operations, investing activities and commitments for the foreseeable future.

The following table reflects Corby's remaining contractual obligations for its financial liabilities with contractual repayment periods using the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay, both interest and principal, when applicable.

The Company's contractual maturities are as follows:

	Less Than 1 Year	1 to 5 Years	5 Years and Thereafter	Total
Trade payables and accrued liabilities	\$ 43,965	\$ –	\$ –	\$ 43,965
Lease liabilities	1,385	2,976	–	4,361
Commitments	54,450	–	–	54,450
	\$ 99,800	\$ 2,976	\$ –	\$ 102,776



**INTEREST RATE RISK**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have any short- or long-term debt facilities. Interest rate risk exists as Corby earns market rates of interest on its deposits in cash management pools.

An active risk management program does not exist, as management believes that changes in interest rates would not have a material impact on Corby's financial position over the long term.

**FOREIGN CURRENCY RISK**

The Company has exposure to foreign currency risk as it conducts business in multiple foreign currencies; however, its exposure is primarily limited to the US dollar ("USD") and UK pound sterling ("GBP"). Corby does not utilize derivative instruments to manage this risk. Subject to competitive conditions, changes in foreign currency rates may be passed on to consumers through pricing over the long term.

**USD EXPOSURE**

The Company's demand for USD has traditionally outpaced its supply, due to USD sourcing of production inputs exceeding that of the Company's USD sales. Therefore, decreases in the value of the Canadian dollar ("CAD") relative to the USD will have an unfavourable impact on the Company's earnings.

**GBP EXPOSURE**

The Company's supply of GBP outpaces demand, as Corby's sales into the UK market are denominated in GBP, while having only certain production inputs denominated in GBP. Therefore, increases in the value of the CAD relative to the GBP will have an unfavourable impact on the Company's earnings.

**COMMODITY RISK**

Commodity risk exists, as the manufacture of Corby's products requires the procurement of several known commodities such as grains, sugar and natural gas. The Company strives to partially mitigate this risk through the use of longer-term procurement contracts where possible. In addition, subject to competitive conditions, the Company may pass on commodity price changes to consumers via pricing.

**Fair Value of Financial Instruments**

The Company uses a fair value hierarchy in order to classify the fair value measurements and disclosures related to the Company's financial assets and financial liabilities.

The fair value hierarchy has the following levels:

- Level 1 – Quoted market prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 – Unobservable inputs such as inputs for the asset or liability that are not based on observable market data.

For financial assets and liabilities that are valued at other than fair value on the Company's balance sheets (i.e., deposits in cash management pools, accounts receivable, accounts payable and accrued liabilities), fair value approximates their carrying value at each balance sheet date due to their short-term maturities. Fair value is determined using Level 2 inputs. Level 3 inputs are used to determine the fair value of pension plan assets contained within the infrastructure and real estate funds.

**6. Capital Management**

The Company's objectives when managing capital are:

- To ensure sufficient capital exists to allow management the flexibility to execute its strategic plans; and
- To ensure shareholders receive a reasonable return on their investment in the form of quarterly dividends.

Management includes the following items in its definition of capital:

	June 30, 2021	June 30, 2020
Share capital	\$ 14,304	\$ 14,304
Accumulated other comprehensive income (loss)	6,774	(1,868)
Retained earnings	166,865	160,188
<b>NET CAPITAL UNDER MANAGEMENT</b>	<b>\$ 187,943</b>	<b>\$ 172,624</b>

The Company is not subject to any externally imposed capital requirements.

The Company's dividend policy stipulates that, barring any unanticipated developments, regular dividends will be paid quarterly, on the basis of an annual amount equal to the greater of 90% of net earnings per share in the preceding fiscal year ended June 30, and \$0.60 per share.

The Company is meeting all of its objectives and stated policies with respect to its management of capital.

## 7. Accounts Receivable

	June 30, 2021	June 30, 2020
Trade receivables	\$ 18,233	\$ 16,476
Due from related parties	15,773	8,117
Other	1,806	1,784
	<b>35,812</b>	26,377
Allowance for uncollectible amounts	(95)	(45)
	<b>\$ 35,717</b>	<b>\$ 26,332</b>

## 8. Inventories

	June 30, 2021	June 30, 2020
Raw materials	\$ 3,811	\$ 4,269
Work-in-progress	45,744	47,284
Finished goods	11,230	9,791
	<b>\$ 60,785</b>	<b>\$ 61,344</b>

The cost of inventory recognized as an expense and included in cost of sales during the year ended June 30, 2021 was \$56,283 (2020 – \$54,505). During the year, there were write-downs of \$910 (2020 – \$1,499) on inventory as a result of net realizable value being lower than cost. No inventory write-downs recognized in previous years were reversed. Inventory write-downs are included in cost of sales.

## 9. Provision for Employee Benefits

The Company provides pension benefits to its employees through a defined contribution pension plan and defined benefit pension plans. Employees hired after July 1, 2010 are no longer offered enrolment into the Company's defined benefit pension plans. Instead, the Company provides these employees a defined contribution pension plan. To become eligible to join the defined contribution pension plan, most employees must first accrue one year of service. For the year ended June 30, 2021, the Company recognized contributions of \$470 as expense (2020 – \$409) with respect to the defined contribution pension plan.

The Company has two defined benefit pension plans for executives and salaried employees (the "registered pension plans"), two supplementary executive retirement plans for retired and current senior executives of the Company (the "non-registered pension plans"), and a post-retirement benefit plan ("other benefit plan") covering retiree life insurance, health care and dental care. Benefits under these plans are based on years of service and compensation levels.

The registered pension plans are registered under the *Pension Benefits Act (Ontario)* (the "Act") with regulatory oversight by the Financial Services Commission of Ontario. The latest valuations completed for these plans are dated December 31, 2019 for the executive plan and June 30, 2020 for the salaried plan. The next required valuations must be completed with an effective date no later than December 31, 2022 and June 30, 2023, respectively. The Act requires funding valuations for the registered pension plans to be performed at least once every three years and plan deficits must be funded over a period of up to five years. The registered pension plans are funded through a combination of employee and employer contributions.

The Company is under no obligation to make any funding in respect to the benefits accruing under the non-registered pension plans. However, the Company has adopted a funding policy to make periodic contributions to the non-registered pension plans to provide security for the benefits accrued by the members. Such funding policy may be reviewed and amended at any time by the Company.

The post-retirement benefit plan is unfunded.

As at June 30, 2021, the average duration of the defined benefit obligation for the registered and non-registered pension plans and the post-retirement benefit plan is 14 years (2020 – 14 years).

Company contributions to the registered and non-registered pension plans are expected to be \$580 for the fiscal year ended June 30, 2022.

The Company maintains a Canadian Pension Committee, which provides oversight of the Company's pension benefit policies, investment policies and plan administration. The Company uses the service of third parties to provide investment management services such as managing the pension plan assets in accordance with the established investment policies.

The Company is subject to certain risks as a result of the existence of its registered and non-registered pension plans and its post-retirement benefit plan. These risks include actuarial risks such as investment risk, interest rate risk as this impacts the discount rate, longevity risk and compensation risk.

The present value of the defined benefit obligation is calculated using a discount rate. If the return on plan assets is below this rate, a plan's surplus is reduced or a plan deficit occurs. The Company mitigates this investment risk by establishing an investment policy to be followed by the registered pension plans' investment managers and providing oversight to the Canadian Pension Committee. The Company's investment policy requires the registered pension plans' assets be invested in a diversified portfolio that does not concentrate investment in any one security or bond.

In 2020, the Company initiated a pension de-risking strategy for Corby's defined benefit salaried pension plan, using securities investments held in the salaried plan to purchase a buy-in annuity for retirees and deferred vested plan members. Future cash flows from the annuity will match the amount and timing of benefits payable under the plans for retirees and deferred vested plan members, substantially mitigating the exposure to future volatility in the related pension obligations. At June 30, 2021, the buy-in annuity represents \$23,966 of the pension obligation for the defined benefit plans.

An increase in interest rates will increase the discount rate, which will subsequently decrease the present value of the defined benefit obligation. An increase in longevity and compensation will increase the present value of the defined benefit obligation. Longevity risk is impacted by mortality assumptions, which are based on the 2014 Private Canadian Pensioners Mortality tables as prepared by the Canadian Institute of Actuaries.

The significant actuarial assumptions are as follows:

	2021			2020		
	Registered Pension Plans	Non-Registered Pension Plans	Other Benefit Plan	Registered Pension Plans	Non-Registered Pension Plans	Other Benefit Plan
<b>ACCRUED BENEFIT OBLIGATION, END OF YEAR</b>						
Discount rate	3.0%	3.0%	3.0%	2.7%	2.7%	2.7%
Compensation increase	3.0%	3.0%	N/A	3.0%	3.0%	N/A
Inflation	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
<b>BENEFIT EXPENSE, FOR THE YEAR</b>						
Discount rate	2.7%	2.7%	2.7%	3.1%	3.1%	3.1%
Compensation increase	3.0%	3.0%	N/A	3.0%	3.0%	N/A
Inflation	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

The discount rate has been set based on current market rates at the end of the Company's financial year, assuming a rate of return comparable to high-quality fixed income securities of equivalent currency and term that approximate the terms of the pension plan liabilities. A 50 basis point ("bp") increase in the assumed discount rate would decrease the amount of the Company's provision for pensions and pension expense in respect of its registered and non-registered defined benefit plans by \$4,403 and \$124, respectively. Conversely, a 50 bp decrease in the assumed discount rate would increase the amount of the Company's provision for pensions and pension expense in respect of its registered and non-registered defined benefit plans by \$4,804 and \$142, respectively. The method used to determine the impact of the discount rate changes is consistent with the method used in prior years and the method used to determine the amounts recognized in the consolidated financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The medical cost trend rate used was 5.3% for 2021 (2020 – 5.4%), with 4.5% being the ultimate trend rate for 2026 and years thereafter. The dental cost trend rate used was 4.0% for 2021 (2020 – 4.5%). Assumed health care cost trend rates have a significant effect on the amounts reported for the other benefit plan. A 1% increase in the assumed medical cost trend rate would increase the amount of the Company’s provision for pensions and pension expense by \$910 and \$58, respectively. Conversely, a 1% decrease in the medical cost trend rate would decrease the amount of the Company’s provision for pensions and pension expense by \$734 and \$44, respectively. The method used to determine the impact of medical cost rate changes is consistent with the method used in prior years and the method used to determine the amounts recognized in the consolidated financial statements.

A summary of the Company’s defined benefit obligation and plan assets is as follows:

	June 30, 2021	June 30, 2020
Present value of defined benefit obligation of unfunded plans	\$ (8,836)	\$ (10,332)
Present value of defined benefit obligation of partially funded plans	(10,364)	(10,795)
Present value of defined benefit obligation of fully funded plans	(46,059)	(49,211)
Total present value of defined benefit obligation	(65,259)	(70,338)
Fair value of plan assets	66,573	59,778
<b>NET DEFINED BENEFIT ASSET (LIABILITY)</b>	<b>\$ 1,314</b>	<b>\$ (10,560)</b>

Information about the Company’s pension and other benefit plans for the year ended June 30, 2021 is as follows:

	2021			
	Registered Pension Plans	Non-Registered Pension Plans	Other Benefit Plan	Total
<b>FAIR VALUE OF PLAN ASSETS</b>				
Fair value of plan assets, beginning of year	\$ 44,525	\$ 15,253	\$ –	\$ 59,778
Interest income	1,158	440	–	1,598
Actuarial gains	2,639	3,945	–	6,584
Company contributions	552	952	–	1,504
Plan participants’ contributions	117	–	–	117
Benefits paid	(2,285)	(498)	–	(2,783)
Administrative costs	(165)	(60)	–	(225)
<b>FAIR VALUE OF PLAN ASSETS, END OF YEAR</b>	<b>\$ 46,541</b>	<b>\$ 20,032</b>	<b>\$ –</b>	<b>\$ 66,573</b>
<b>PRESENT VALUE OF DEFINED BENEFIT OBLIGATION</b>				
Defined benefit obligation, beginning of year	\$ 49,211	\$ 10,795	\$ 10,332	\$ 70,338
Current service cost	1,033	195	124	1,352
Interest cost	1,297	284	246	1,827
Plan participants’ contributions	117	–	–	117
Actuarial (gains) losses:				
Experience (gains) and losses	(1,257)	23	(1,065)	(2,299)
Gains due to financial assumption changes	(2,057)	(395)	(456)	(2,908)
Losses due to demographic assumption changes	–	–	62	62
Benefits paid	(2,285)	(538)	(407)	(3,230)
<b>PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATIONS, END OF YEAR</b>	<b>\$ 46,059</b>	<b>\$ 10,364</b>	<b>\$ 8,836</b>	<b>\$ 65,259</b>
<b>NET DEFINED BENEFIT (ASSET) LIABILITY</b>	<b>\$ (482)</b>	<b>\$ (9,668)</b>	<b>\$ 8,836</b>	<b>\$ (1,314)</b>

The defined benefit asset (liability) is recorded in the consolidated balance sheet as follows:

Other assets	\$ 1,815	\$ 9,873	\$ –	\$ 11,688
Pension obligation	\$ (1,333)	\$ (205)	\$ (8,836)	\$ (10,374)

The actual return on plan assets for the financial year ended June 30, 2021 was \$8,182, which was composed of interest income and actuarial gains and losses included in the reconciliation of the fair value of plan assets above.

Information about the Company's pension and other benefit plans for the year ended June 30, 2020 is as follows:

	2020			
	Registered Pension Plans	Non-Registered Pension Plans	Other Benefit Plan	Total
<b>FAIR VALUE OF PLAN ASSETS</b>				
Fair value of plan assets, beginning of year	\$ 42,927	\$ 12,738	\$ –	\$ 55,665
Interest income	1,254	403	–	1,657
Actuarial gains	2,342	2,186	–	4,528
Company contributions	520	474	–	994
Plan participants' contributions	126	–	–	126
Benefits paid	(2,469)	(498)	–	(2,967)
Administrative costs	(175)	(50)	–	(225)
<b>FAIR VALUE OF PLAN ASSETS, END OF YEAR</b>	<b>\$ 44,525</b>	<b>\$ 15,253</b>	<b>\$ –</b>	<b>\$ 59,778</b>
<b>PRESENT VALUE OF DEFINED BENEFIT OBLIGATION</b>				
Defined benefit obligation, beginning of year	\$ 46,211	\$ 11,481	\$ 9,902	\$ 67,594
Current service cost	859	282	180	1,321
Interest cost	1,373	342	294	2,009
Plan participants' contributions	126	–	–	126
Actuarial (gains) losses:				
Experience (gains) and losses	507	(1,241)	(199)	(933)
Losses due to financial assumption changes	2,604	470	534	3,608
Benefits paid	(2,469)	(539)	(379)	(3,387)
<b>PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION, END OF YEAR</b>	<b>\$ 49,211</b>	<b>\$ 10,795</b>	<b>\$ 10,332</b>	<b>\$ 70,338</b>
<b>NET DEFINED BENEFIT LIABILITY (ASSET)</b>	<b>\$ 4,686</b>	<b>\$ (4,458)</b>	<b>\$ 10,332</b>	<b>\$ 10,560</b>

The defined benefit asset (liability) is recorded in the consolidated balance sheet as follows:

Other assets	\$ –	\$ 4,693	\$ –	\$ 4,693
Pension obligation	\$ (4,686)	\$ (235)	\$ (10,332)	\$ (15,253)

The actual return on plan assets for the financial year ended June 30, 2020 was \$6,185, which was composed of interest income and actuarial gains and losses included in the reconciliation of the fair value of plan assets above.

Amounts recognized in comprehensive income in respect to the defined benefit plans are as follows:

	2021	2020
Current service costs	\$ 1,352	\$ 1,321
Interest costs	454	577
Net expense recognized in net earnings	1,806	1,898
Net actuarial gains recognized in other comprehensive income	(11,729)	(1,853)
<b>TOTAL NET EXPENSE RECOGNIZED IN TOTAL COMPREHENSIVE INCOME</b>	<b>\$ (9,923)</b>	<b>\$ 45</b>

The assets of the registered pension plans consist of cash, contributions receivable and investments held in the Hiram Walker & Corby Canadian Pooled Fund Trust. As at June 30, 2021, the fair value of the Trust's assets totalled \$390,865, of which the Company's registered pension plans hold approximately 12% of the total Trust assets.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The fair values of assets held on behalf of the Company's registered pension plans are categorized in the fair value hierarchy as at June 30 as follows:

	June 30, 2021	June 30, 2020
Cash and Canadian equities – Level 1	\$ 5,469	\$ 3,245
Buy-in annuities – Level 1	23,966	26,006
Bond funds – Level 2	3,607	1,106
Foreign equities and foreign equity funds – Level 2	9,146	7,415
Infrastructure and real estate funds – Level 3	4,353	6,753
	<b>\$ 46,541</b>	<b>\$ 44,525</b>

The assets of the non-registered pension plan consist of cash, investments, and refundable taxes on account with Canada Revenue Agency. The investments held by the non-registered pension plan are invested in a limited number of pooled funds. The assets, based on market values at June 30, are as follows:

	June 30, 2021	June 30, 2020
Canadian equity pooled funds	\$ 6,916	\$ 3,580
Foreign equity pooled funds	7,232	6,263
Refundable tax on account with Canada Revenue Agency	5,884	5,410
	<b>\$ 20,032</b>	<b>\$ 15,253</b>

The fair values of the investments held by the non-registered plan as at June 30, 2021 and 2020 are categorized as Level 2 in the fair value hierarchy.

The fair value of the refundable tax held on account with Canada Revenue Agency is determined by estimating the future benefit payments, which will deplete the refundable tax account over the remaining life of the plan, and applying a discount rate based on long-term Government of Canada bond yields.

## 10. Leases

Right-of-use assets are measured at cost and depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The following table is a continuity of the cost and accumulated depreciation of right-of-use assets as at and for the year ended June 30, 2021:

	June 30, 2021		
	Building	Other	Total
<b>COST</b>			
Balance, beginning of the period	\$ 4,473	\$ 2,020	\$ 6,493
Lease additions	153	837	990
<b>BALANCE, END OF THE PERIOD</b>	<b>\$ 4,626</b>	<b>\$ 2,857</b>	<b>\$ 7,483</b>
<b>ACCUMULATED DEPRECIATION</b>			
Balance, beginning of the period	892	688	1,580
Depreciation	825	756	1,581
<b>BALANCE, END OF THE PERIOD</b>	<b>\$ 1,717</b>	<b>\$ 1,444</b>	<b>\$ 3,161</b>
<b>CARRYING AMOUNT AS AT JUNE 30, 2021</b>	<b>\$ 2,909</b>	<b>\$ 1,413</b>	<b>\$ 4,322</b>

	June 30, 2020		
	Building	Other	Total
<b>COST</b>			
Balance, beginning of the period	\$ 4,473	\$ 1,860	\$ 6,333
Lease additions	–	160	160
<b>BALANCE, END OF THE PERIOD</b>	<b>\$ 4,473</b>	<b>\$ 2,020</b>	<b>\$ 6,493</b>
<b>ACCUMULATED DEPRECIATION</b>			
Balance, beginning of the period	–	–	–
Depreciation	892	688	1,580
<b>BALANCE, END OF THE PERIOD</b>	<b>\$ 892</b>	<b>\$ 688</b>	<b>\$ 1,580</b>
<b>CARRYING AMOUNT AS AT JUNE 30, 2020</b>	<b>\$ 3,581</b>	<b>\$ 1,332</b>	<b>\$ 4,913</b>

The following is a continuity of lease liabilities as at and for the year ended June 30, 2021:

	June 30, 2021
Balance, beginning of the period	\$ 4,925
Lease additions	990
Lease payments	(1,678)
Interest expense on lease liabilities	126
Less: Accrued interest on lease liabilities	(2)
<b>BALANCE, END OF THE PERIOD</b>	<b>\$ 4,361</b>
Lease liabilities due within one year	\$ 1,385
Lease liabilities	2,976
<b>TOTAL LEASE LIABILITIES</b>	<b>\$ 4,361</b>
	June 30, 2020
Balance, beginning of the period	\$ 6,333
Lease additions	160
Lease payments	(1,714)
Interest expense on lease liabilities	154
Less: Accrued interest on lease liabilities	(8)
<b>BALANCE, END OF THE PERIOD</b>	<b>\$ 4,925</b>
Lease liabilities due within one year	\$ 1,362
Lease liabilities	3,563
<b>TOTAL LEASE LIABILITIES</b>	<b>\$ 4,925</b>

The expense related to leases with variable consideration, short-term leases and low value leases amounted to \$64 (2020 – \$243) and is recorded within marketing, sales and administration expenses.

## 11. Property, Plant and Equipment

	June 30, 2020	Additions	Depreciation	Disposals	June 30, 2021
Land	\$ 1,367	\$ –	\$ –	\$ –	\$ 1,367
Vines	867	20	–	–	887
Building	1,866	391	–	–	2,257
Leasehold improvements	1,335	81	–	–	1,416
Machinery and equipment	12,716	1,126	–	–	13,842
Casks	17,431	1,135	–	(2,375)	16,191
Gross value	35,582	2,753	–	(2,375)	35,960
Vines	(84)	–	(26)	–	(110)
Building	(278)	–	(74)	–	(352)
Leasehold improvements	(1,099)	–	(46)	–	(1,145)
Machinery and equipment	(6,937)	–	(1,059)	–	(7,996)
Casks	(8,399)	–	(1,298)	1,759	(7,938)
Accumulated depreciation	(16,797)	–	(2,503)	1,759	(17,541)
<b>PROPERTY, PLANT AND EQUIPMENT</b>	<b>\$ 18,785</b>	<b>\$ 2,753</b>	<b>\$ (2,503)</b>	<b>\$ (616)</b>	<b>\$ 18,419</b>

	June 30, 2019	Additions	Depreciation	Disposals	June 30, 2020
Land	\$ 1,367	\$ –	\$ –	\$ –	\$ 1,367
Vines	799	68	–	–	867
Building	1,866	–	–	–	1,866
Leasehold improvements	1,334	1	–	–	1,335
Machinery and equipment	11,802	1,237	–	(323)	12,716
Casks	16,448	1,038	–	(55)	17,431
Gross value	33,616	2,344	–	(378)	35,582
Vines	(59)	–	(25)	–	(84)
Building	(204)	–	(74)	–	(278)
Leasehold improvements	(1,057)	–	(42)	–	(1,099)
Machinery and equipment	(6,122)	–	(1,028)	213	(6,937)
Casks	(7,142)	–	(1,257)	–	(8,399)
Accumulated depreciation	(14,584)	–	(2,426)	213	(16,797)
<b>PROPERTY, PLANT AND EQUIPMENT</b>	<b>\$ 19,032</b>	<b>\$ 2,344</b>	<b>\$ (2,426)</b>	<b>\$ (165)</b>	<b>\$ 18,785</b>

## 12. Goodwill

Changes in the carrying amount of goodwill are as follows:

	June 30, 2021	June 30, 2020
Balance, beginning of year	\$ 8,757	\$ 8,757
Acquisitions during the year	–	–
<b>BALANCE, END OF YEAR</b>	<b>\$ 8,757</b>	<b>\$ 8,757</b>

There has been no impairment recognized with respect to goodwill during 2021 (2020 – \$nil).



### 13. Intangible Assets

	2021					
	Opening Book Value	Movements in the Year			Ending Book Value	
		Additions	Amortization	Disposals		
Long-term representation rights	\$ 7,201	\$ –	\$ (7,201)	\$ –	\$ –	
Trademarks and licences	17,461	–	–	–	17,461	
IT software	2,776	588	(796)	–	2,568	
	<b>\$ 27,438</b>	<b>\$ 588</b>	<b>\$ (7,997)</b>	<b>\$ –</b>	<b>\$ 20,029</b>	

  

	2020					
	Opening Book Value	Movements in the Year			Ending Book Value	
		Additions	Amortization	Disposals		
Long-term representation rights	\$ 13,070	\$ –	\$ (5,710)	\$ (159)	\$ 7,201	
Trademarks and licences	17,461	–	–	–	17,461	
IT software	2,651	926	(801)	–	2,776	
	<b>\$ 33,182</b>	<b>\$ 926</b>	<b>\$ (6,511)</b>	<b>\$ (159)</b>	<b>\$ 27,438</b>	

### 14. Impairment

The Company tests goodwill and indefinite-life intangibles (trademarks and licences) for impairment on an annual basis. The carrying value of goodwill and indefinite-life intangibles at June 30, 2021, along with the data and assumptions applied to the CGUs of the Case Goods segment, are as follows:

	Carrying Value of Goodwill	Carrying Value of Trademarks and Licences	Discount Rate	Terminal Growth Rate
Case Goods segment	\$ 8,757	\$ 17,461	8.2% to 11.8%	1.1% to 2.0%

The Company's Commissions segment has no goodwill or indefinite-life intangibles.

For purposes of impairment testing, goodwill and intangibles with an indefinite life (trademarks and licences) were allocated to the group of CGUs that represent the lowest level within the group at which the goodwill is monitored for internal management purposes.

During the financial year ended June 30, 2021, the Company performed impairment testing on goodwill and indefinite-life intangible assets in accordance with its accounting policy and identified no impairment.

The discount rate used for these calculations is a pre-tax rate that corresponds to the weighted average cost of capital. Different discount rates were used to allow for risks specific to certain markets or geographical areas in calculating cash flows. Assumptions made in terms of future changes in sales and of terminal values are reasonable and in accordance with market data available for each of the CGUs. Additional impairment tests are applied where events or specific circumstances suggest that a potential impairment exists.

### 15. Accounts Payable and Accrued Liabilities

	June 30, 2021	June 30, 2020
Trade payables and accruals	\$ 37,145	\$ 24,938
Due to related parties	5,094	8,697
Other	1,726	1,399
	<b>\$ 43,965</b>	<b>\$ 35,034</b>

## 16. Income Taxes

	2021		2020	
<b>CURRENT INCOME TAX EXPENSE</b>				
Current period	\$	11,487	\$	9,493
Adjustments with respect to prior period tax estimates		(29)		6
	\$	11,458	\$	9,499
<b>DEFERRED INCOME TAX (RECOVERY) EXPENSE</b>				
Origination and reversal of temporary differences	\$	(511)	\$	311
Adjustments with respect to prior period tax estimates		2		(38)
	\$	(509)	\$	273
<b>TOTAL INCOME TAX EXPENSE</b>	<b>\$</b>	<b>10,949</b>	<b>\$</b>	<b>9,772</b>

There are no capital loss carry-forwards for tax purposes.

The Company's effective tax rates comprise the following items:

	2021		2020		
Net earnings for the financial year	\$	30,591	\$	26,652	
Total income tax expense		10,949		9,772	
Earnings before income tax expense	\$	41,540	\$	36,424	
Income tax using the combined federal and provincial statutory tax rates	\$	10,940	26.3%	\$ 9,708	26.7%
Non-deductible expenses		30	0.1%	102	0.3%
Adjustments with respect to prior period tax estimates		(27)	0.0%	(33)	(0.2%)
Other		6	0.0%	(5)	0.0%
<b>EFFECTIVE INCOME TAX RATE</b>	<b>\$</b>	<b>10,949</b>	<b>26.4%</b>	<b>\$ 9,772</b>	<b>26.8%</b>

Deferred tax (liabilities) assets are broken down by nature as follows:

	June 30, 2020	Recognized in		June 30, 2021
		Earnings	OCI	
Provision for pensions	\$ 2,866	\$ (46)	\$ (3,087)	\$ (267)
Property, plant and equipment	(3,318)	517	–	(2,801)
Losses	545	(64)	–	481
Intangibles	(2,800)	–	–	(2,800)
Other	119	102	–	220
	\$ (2,588)	\$ 509	\$ (3,087)	\$ (5,167)

	June 30, 2019	Recognized in		June 30, 2020
		Earnings	OCI	
Provision for pensions	\$ 3,245	\$ 115	\$ (495)	\$ 2,866
Property, plant and equipment	(2,871)	(447)	–	(3,318)
Inventory	243	302	–	545
Intangibles	(2,811)	11	–	(2,800)
Other	373	(254)	–	119
	\$ (1,820)	\$ (273)	\$ (495)	\$ (2,588)

Income taxes payable include a provision for uncertain tax risks in the amount of \$636 at June 30, 2021 (\$636 – June 30, 2020).

Deferred tax assets include the expected benefit of operating losses from certain wholly-owned subsidiaries and are expected to be utilized against future taxable income.

## 17. Share Capital

	June 30, 2021	June 30, 2020
<b>NUMBER OF SHARES AUTHORIZED</b>		
Voting Class A Common Shares – no par value	<b>Unlimited</b>	Unlimited
Non-Voting Class B Common Shares – no par value	<b>Unlimited</b>	Unlimited
<b>NUMBER OF SHARES ISSUED AND FULLY PAID</b>		
Voting Class A Common Shares	<b>24,274,320</b>	24,274,320
Non-Voting Class B Common Shares	<b>4,194,536</b>	4,194,536
	<b>28,468,856</b>	28,468,856
Stated value	\$ <b>14,304</b>	\$ 14,304

## 18. Accumulated Other Comprehensive Gain (Loss)

	June 30, 2021	June 30, 2020
Actuarial gains (losses) on pension obligations	\$ <b>9,123</b>	\$ (2,606)
Less: Income taxes	<b>(2,349)</b>	738
<b>ACCUMULATED OTHER COMPREHENSIVE GAIN (LOSS)</b>	<b>\$ 6,774</b>	<b>\$ (1,868)</b>

## 19. Revenue

The Company's revenue consists of the following streams:

	2021	2020
Case Goods sales	\$ <b>125,247</b>	\$ 121,363
Commissions (net of amortization)	<b>28,438</b>	27,734
Other services	<b>6,093</b>	4,259
	<b>\$ 159,778</b>	<b>\$ 153,356</b>

Commissions for the year are shown net of amortization of long-term representation rights of \$7,201 (2020 – \$5,710). Other services include revenues incidental to the manufacture of Case Goods, such as logistics fees and miscellaneous bulk spirit sales.

## 20. Other Income

The Company's other income consists of the following amounts:

	2021	2020
Foreign exchange loss	\$ <b>(12)</b>	\$ (1)
Loss on disposal of property and equipment	<b>–</b>	(109)
Grants	<b>156</b>	161
Other	<b>–</b>	(3)
	<b>\$ 144</b>	<b>\$ 48</b>

## 21. Net Financial Income and Expense

The Company's financial income consists of the following amounts:

	2021	2020
Interest income	\$ <b>633</b>	\$ 1,280
Interest expense on lease liabilities	<b>(126)</b>	(154)
Net financial impact of pensions	<b>(454)</b>	(577)
	<b>\$ 53</b>	<b>\$ 549</b>

## 22. Earnings per Share

The following table sets forth the numerator and denominator utilized in the computation of basic and diluted earnings per share:

	2021	2020
Numerator:		
Net earnings	\$ 30,591	\$ 26,652
Denominator:		
Weighted average shares outstanding	28,468,856	28,468,856

## 23. Expenses by Nature

Earnings from operations include depreciation and amortization, as well as personnel expenses, as follows:

	2021	2020
Depreciation of property and equipment	\$ 2,503	\$ 2,426
Depreciation of right-of-use assets	1,581	1,580
Amortization of intangible assets	7,997	6,511
Salary and payroll costs	26,452	26,037
Expenses related to pensions and benefits	1,352	1,321

## 24. Restricted Share Units Plan

	2021		2020	
	Restricted Share Units	Weighted Average Grant Date Fair Value	Restricted Share Units	Weighted Average Grant Date Fair Value
Non-vested, beginning of year	63,115	\$ 20.84	60,136	\$ 20.95
Granted	20,334	16.43	23,532	17.58
Reinvested dividend-equivalent units	3,686	17.01	3,577	16.28
Performance adjustments	4,457	16.25	1,855	18.15
Vested	(19,323)	15.80	(25,985)	17.31
<b>NON-VESTED, END OF YEAR</b>	<b>72,269</b>	<b>\$ 20.47</b>	<b>63,115</b>	<b>\$ 20.84</b>

Compensation expense related to this plan for the year ended June 30, 2021 was \$481 (2020 – \$358).

## 25. Net Change in Non-Cash Working Capital Balances

	2021	2020
Accounts receivable	\$ (9,385)	\$ 5,928
Inventories	559	568
Prepaid expenses	149	115
Accounts payable and accrued liabilities	8,931	2,028
	<b>\$ 254</b>	<b>\$ 8,639</b>

## 26. Dividends

On August 25, 2021, subsequent to the year ended June 30, 2021, the Board of Directors declared its regular quarterly dividend of \$0.21 per common share, to be paid on September 29, 2021, to shareholders of record as at the close of business on September 15, 2021. This dividend is in accordance with the Company's dividend policy.

## 27. Related Party Transactions

### Transactions with Parent, Ultimate Parent and Affiliates

The majority of Corby's issued and outstanding Voting Class A Common Shares are owned by HWSL. HWSL is a wholly-owned subsidiary of PR. Therefore, HWSL is Corby's parent and PR is Corby's ultimate parent. Affiliated companies are subsidiaries, which are controlled by Corby's parent and/or ultimate parent.

The companies operate under the terms of agreements that became effective on September 29, 2006 (the “2006 Agreements”). These agreements provide the Company with the exclusive right to represent PR’s brands in the Canadian market for 15 years, as well as providing for the continuing production of certain Corby brands by PR at its production facility in Windsor, Ontario, for 10 years. On August 26, 2015, Corby entered into an agreement with PR and certain affiliates amending the September 29, 2006 Canadian representation agreements, pursuant to which Corby agreed to provide more specialized marketing, advertising and promotion services for the PR and affiliate brands under the applicable representation agreements in consideration of an increase to the rate of commission payable to Corby by such entities. On November 11, 2015, Corby and PR entered into agreements for the continued production and bottling of Corby’s owned-brands by Pernod Ricard at the HWSL production facility in Windsor, Ontario, for a 10-year term commencing September 30, 2016.

In addition to the aforementioned agreements, Corby signed an agreement on September 26, 2008, with its ultimate parent to be the exclusive Canadian representative for the Absolut vodka and Plymouth gin brands for a five-year term, which expired October 1, 2013 and was extended as noted below. These brands were acquired by PR subsequent to the original representation rights agreement dated September 29, 2006.

On November 9, 2011, Corby entered into an agreement with a PR affiliate for a new term for Corby’s exclusive right to represent Absolut vodka in Canada from September 30, 2013 to September 29, 2021, which is consistent with the term of Corby’s Canadian representation of the other PR brands in Corby’s portfolio. On September 30, 2013, Corby paid \$10.3 million for the additional eight years of the new term pursuant to an agreement entered into between Corby and The Absolut Company Aktiebolag, an affiliate of PR and owner of the Absolut brand, to satisfy the parties’ obligations under the 2011 agreement.

On March 21, 2016, the Company entered into an agreement with Pernod Ricard UK Ltd. (“PRUK”), an affiliated company, which provides PRUK the exclusive right to represent Lamb’s rum in Great Britain effective July 1, 2016. Previously, Lamb’s rum was represented by an unrelated third party in this market. The agreement is effective for a five-year period ending June 30, 2021. The agreement was amended again on March 21, 2021 to modify the list of products represented by PRUK and to extend the term of the agreement for a five-year period ending June 30, 2026.

On September 24, 2020, Corby renewed its exclusive right to represent PR’s brands in Canada for a further five years and three months, effective July 1, 2021 until September 29, 2026, with a potential for automatic renewal for a further three years thereafter, subject to the achievement of performance criteria. The end of the term of the new Canadian representation agreement aligns with those of existing production and administrative services agreements with PR, renewed in 2016. Since the 2021 Agreement is a related party transaction, the agreement was approved by the Independent Committee of the Corby Board of Directors, in accordance with Corby’s related party transaction policy.

Transactions between Corby and its parent, ultimate parent and affiliates during the period are as follows:

	2021	2020
<b>SALES TO RELATED PARTIES</b>		
Commissions – parent, ultimate parent and affiliated companies	\$ 33,425	\$ 31,509
Products for resale at an export level – affiliated companies	7,576	5,390
Bulk spirits – affiliated companies	641	–
	<b>\$ 41,642</b>	<b>\$ 36,899</b>
<b>COST OF GOODS SOLD, PURCHASED FROM RELATED PARTIES</b>		
Distilling, blending and production services – parent	\$ 21,502	\$ 21,029
<b>ADMINISTRATIVE SERVICES PURCHASED FROM RELATED PARTIES</b>		
Marketing, sales and administration services – parent	\$ 2,277	\$ 2,089

Balances outstanding with related parties are due within 60 days, are to be settled in cash and are unsecured.

During the year ended June 30, 2021, Corby sold casks to its parent company for net proceeds of \$616 (2020 – \$55).

In the prior year, Corby entered into a transaction with its parent company whereby Corby exchanged bulk whisky with a fair value of \$431 for differing vintages and varieties of bulk whisky with an equivalent fair value in an effort to balance each company’s future inventory requirements. The exchange was not a culmination of the earnings process and as such did not impact Corby’s net earnings nor its financial position. No such transaction occurred in the current year periods.

## Deposits in Cash Management Pools

Corby participates in a cash pooling arrangement under the Mirror Netting Service Agreement together with PR's other Canadian affiliates, the terms of which are administered by Citibank N.A. The Mirror Netting Service Agreement acts to aggregate each participant's net cash balance for the purposes of having a centralized cash management function for all of PR's Canadian affiliates, including Corby.

As a result of Corby's participation in this agreement, Corby's credit risk associated with its deposits in cash management pools is contingent upon PR's credit rating. PR's credit rating as at August 25, 2021, as published by Standard & Poor's and Moody's, was BBB+ and Baa1, respectively. PR compensates Corby for the benefit it receives from having the Company participate in the Mirror Netting Service Agreement by paying interest to Corby based upon the 30-day CDOR rate plus 0.40%. During the year ended June 30, 2021, Corby earned interest income of \$740 from PR (2020 – \$1,377). Corby has the right to terminate its participation in the Mirror Netting Services Agreement at any time, subject to five days' written notice.

## Key Management Personnel

Key management personnel are those individuals having authority and responsibility for planning, directing and controlling the activities of the Company, including members of the Company's Board of Directors. The Company considers key management to be the members of the Board of Directors and the senior management team (which includes the CEO, CFO and Vice-Presidents).

Certain key management personnel also participate in the Company's RSU plan.

Key management personnel compensation comprises:

	2021	2020
Wages, salaries and short-term employee benefits	\$ 4,937	\$ 4,193
Other long-term benefits	963	904
Share-based payment transactions	169	346
	<b>\$ 6,069</b>	<b>\$ 5,443</b>

Certain members of the Board and key management personnel are provided benefits and/or salary and wages through the parent company or the ultimate parent company in addition to the amounts reported above.

## 28. Segment Information

Corby has two reportable segments: Case Goods and Commissions. Corby's Case Goods segment derives its revenue from the production and distribution of its owned beverage alcohol brands. Corby's portfolio of owned-brands includes some of the most renowned and respected brands in Canada, such as J.P. Wiser's Canadian whisky, Lamb's rum, Polar Ice vodka, McGuinness liqueurs, Ungava Spirits Brands and Foreign Affair Brands.

Corby's Commissions segment earns commission income from the representation of non-owned beverage alcohol brands in Canada. Corby represents leading international brands such as Absolut vodka, Chivas Regal, The Glenlivet and Ballantine's scotches, Jameson Irish whiskey, Beefeater gin, Malibu rum, Kahlúa liqueur, Mumm champagne, and Jacob's Creek and Wyndham Estate wines.

The Commissions segment's financial results are fully reported as "Commissions" in Note 19 of the consolidated financial statements. Therefore, a table detailing operational results by segment has not been provided as no additional meaningful information would result.

Geographic information regarding the Company is as follows:

	2021				
	Canada	United States of America	United Kingdom	Rest of World	Total
Revenue	\$ 144,773	\$ 5,784	\$ 6,711	\$ 2,510	\$ 159,778
Property, plant and equipment	18,245	–	174	–	18,419
Goodwill and intangible assets	15,660	–	13,126	–	28,786

  

	2020				
	Canada	United States of America	United Kingdom	Rest of World	Total
Revenue	\$ 142,773	\$ 3,620	\$ 5,084	\$ 1,879	\$ 153,356
Property, plant and equipment	18,586	–	199	–	18,785
Goodwill and intangible assets	23,069	–	13,126	–	36,195

In 2021, revenue from three major customers accounted for 43%, 15% and 14% of total revenue, respectively (2020 – 44%, 16% and 12%). These major customers are located in Canada and revenues are derived from the Case Goods segment.

## 29. Commitment

On September 24, 2020, Corby signed an agreement with its ultimate parent whereby Corby will continue to represent PR brands for a five-year-and-three-month period beginning July 1, 2021. The agreement requires a payment of \$54.5 million on or before October 1, 2021. Corby will fund the payment of the upfront fee through its deposits in cash management pools. See Note 27, “Related Party Transactions” for further details.

## 30. Contingency

On June 16, 2021, a claim was filed regarding a proposed class action against Corby related to black discoloration near ageing warehouses owned by our parent company, for which Corby acted as manager until June 30, 2020, pursuant to an agreement with our parent company, HWSL. Corby believes the claim is without merit and intends to vigorously defend itself. Due to the inherent uncertainties of litigation, it is not possible to predict the final outcome of this class action, or determine the amount of any potential losses resulting therefrom, if any.

# TEN-YEAR REVIEW

	Year Ended June 30									
<i>(in millions of Canadian dollars, except per share amounts)</i>	2021	2020	2019 <sup>(1)</sup>	2018 <sup>(2)</sup>	2017	2016	2015	2014	2013 <sup>(3)</sup>	2012
Revenue	\$ 159.8	\$ 153.4	\$ 149.9	\$ 145.7	\$ 143.9	\$ 140.0	\$ 132.1	\$ 137.3	\$ 132.7	\$ 146.7
Earnings from operations	41.5	35.9	34.2	34.9	35.0	34.6	27.2	33.5	37.0	58.9
Net earnings excluding after-tax restructuring costs, impairment charges, and gain/loss on disposed brands	30.6	26.7	25.7	25.7	25.6	25.4	20.4	25.0	27.0	28.4
Net earnings	30.6	26.7	25.7	25.7	25.6	25.4	20.4	25.0	27.0	46.0
Cash provided from operations	40.9	49.5	34.0	31.3	27.8	33.3	27.1	31.4	32.8	46.3
Working capital	\$ 143.3	\$ 129.4	\$ 121.9	\$ 131.3	\$ 132.7	\$ 136.6	\$ 145.7	\$ 158.9	\$ 158.8	\$ 161.6
Total assets <sup>(4)</sup>	254.4	234.4	218.3	230.0	227.8	228.5	233.7	254.9	247.8	253.4
Long-term debt <sup>(5)</sup>	3.0	3.6	–	–	–	–	–	–	–	–
Shareholders' equity	187.9	172.6	169.1	184.7	177.3	170.8	188.1	209.1	201.3	215.8
Per common share:										
Earnings from operations	\$ 1.46	\$ 1.26	\$ 1.20	\$ 1.23	\$ 1.23	\$ 1.22	\$ 0.96	\$ 1.18	\$ 1.30	\$ 2.07
Net earnings excluding after-tax restructuring costs, impairment charges, and gain/loss on disposed brands	1.07	0.94	0.90	0.90	0.90	0.89	0.72	0.88	0.95	1.00
Net earnings	1.07	0.94	0.90	0.90	0.90	0.89	0.72	0.88	0.95	1.62
Cash provided from operations	1.44	1.74	1.19	1.10	0.98	1.17	0.95	1.10	1.15	1.63
Shareholders' equity	6.60	6.06	5.94	6.49	6.23	6.00	6.61	7.35	7.07	7.58
Special dividend paid	–	–	0.44	–	–	0.62	0.62	–	0.54	1.85
Dividends paid	0.84	0.86	0.88	0.87	0.82	0.76	0.75	0.71	0.66	0.59
Market value per voting common share										
High	\$ 18.86	\$ 18.33	\$ 21.10	\$ 23.24	\$ 24.59	\$ 21.49	\$ 24.69	\$ 22.21	\$ 21.25	\$ 18.44
Low	14.48	13.46	17.25	19.01	19.84	17.50	19.50	19.07	16.25	14.90
Close at end of year	18.02	16.25	18.15	20.68	21.21	20.30	21.33	21.24	19.81	16.65
Working capital ratio	4.0	4.2	4.6	5.0	5.1	5.1	6.7	6.7	7.3	7.2
Pre-tax return on average capital employed (%)	22.2	20.8	19.7	19.4	20.2	19.5	14.1	16.7	18.0	26.4
Return on average shareholders' equity (%)	17.0	15.6	14.5	14.2	14.7	14.2	10.2	12.0	13.0	20.2
Number of shareholders	447	453	461	472	482	497	508	532	551	557
Number of shares outstanding (000s)	28,469	28,469	28,469	28,469	28,469	28,469	28,469	28,469	28,469	28,469

<sup>(1)</sup> In fiscal year 2020, the Company adopted IFRS 16, "Leases," without restating prior year comparatives.

<sup>(2)</sup> Results are adjusted for the retrospective application of IFRS 15, "Revenue from Contracts with Customers."

<sup>(3)</sup> Results adjusted for retrospective application of amendments to IAS 19, "Employee Benefits."



# BOARD OF DIRECTORS

**GEORGE F. MCCARTHY**

Chair and Director of the Corporation

**HELGA REIDEL**

Director of the Corporation;  
Chair, Audit Committee

**CLAUDE BOULAY**

Director of the Corporation

**DONALD V. LUSSIER**

Director of the Corporation; Chair,  
Management Resources Committee

**EDWARD MAYLE**

Director of the Corporation;  
Vice-President & Chief Financial  
Officer of the Corporation

**KATE THOMPSON**

Director of the Corporation; General  
Counsel for Chivas Brothers Ltd.

**NICOLAS KRANTZ**

Director of the Corporation;  
President & Chief Executive  
Officer of the Corporation;  
Chair, Retirement Committee

**PATRICIA L. NIELSEN**

Director of the Corporation;  
Chair, Corporate Governance &  
Nominating Committee; Chair,  
Independent Committee

**LANI MONTOYA**

Director of the Corporation; Senior  
Vice President, Human Resources,  
PRNA

# MANAGEMENT TEAM

**NICOLAS KRANTZ**

President & Chief Executive Officer

**CAROLINE BEGLEY**

Vice-President, Marketing

**VALERIE BRIVE-TURTLE**

Senior Director, Communications,  
PR & SR

**STÉPHANE CÔTÉ**

Vice-President, New Business Ventures

**MELISSA HANESWORTH**

Vice-President, Production

**VANITA KAKKAR**

Senior Director, Human Resources

**EDWARD MAYLE**

Vice-President & Chief Financial Officer

**MARK THORNE**

Vice-President, Sales

**MARC A. VALENCIA**

General Counsel, Corporate Secretary  
& Vice-President, Public Affairs

# GENERAL CORPORATE INFORMATION

## EXECUTIVE OFFICE

225 King Street West, Suite 1100  
Toronto, ON M5V 3M2  
(416) 479-2400

## SALES OFFICES

225 King Street West, Suite 1100  
Toronto, ON M5V 3M2  
(416) 479-2400

84 Chain Lake Drive, Suite 405  
Halifax, NS B3S 1A2  
(902) 445-0705

111 Robert Bourassa Boulevard  
Suite 1600  
Montréal, QC H3B 3B8  
(514) 856-4320

320 – 23 Avenue SW, Unit 300  
Calgary, AB T2S 0J2  
(403) 796-4165

395 Park Street, Unit 14  
Regina, SK S4N 5B2  
(306) 201-9746

13353 Commerce Parkway  
Unit 2168  
Richmond, BC V6V 3A1  
(778) 296-4500

## DISTILLERIES

Hiram Walker & Sons Limited  
2072 Riverside Drive East  
Windsor, ON N8Y 4S5  
(519) 254-5171

Ungava Spirits Co. Ltd.  
Les Spiritueux Ungava Cie Ltée  
291, rue Miner  
Cowansville, QC J2K 3Y6  
(450) 263-5835

## WINERY

The Foreign Affair Winery Limited  
4890 Victoria Avenue North  
Vineland Station, ON L0R 2E0  
(905) 562-9898

## INTERNATIONAL INQUIRIES

Corby exports its products to numerous international markets. Should you have inquiries about our brands in the US, please contact our Toronto sales office.

For inquiries about our brands in the UK, please contact:

Pernod Ricard UK, Ltd.  
Building 12, Chiswick Park  
566 Chiswick High Road  
London W4 5AN  
+44 (0)20 8538 4484  
[www.pernod-ricard-uk.com](http://www.pernod-ricard-uk.com)

## AUDITORS

Deloitte LLP  
[www.deloitte.ca](http://www.deloitte.ca)

## REGISTRAR & TRANSFER AGENT

Computershare Investor Services Inc.  
[www.investorcentre.com](http://www.investorcentre.com)

## ELECTRONIC DELIVERY OF SHAREHOLDER DOCUMENTS

If you would like to receive your shareholder and financial documents electronically, please enrol in Computershare's electronic delivery program at [www.investorcentre.com](http://www.investorcentre.com).

## SHARES

Corby's Voting Class A Common Shares and Non-Voting Class B Common Shares are traded on the Toronto Stock Exchange under the symbols CSW.A and CSW.B, respectively.

## INVESTOR RELATIONS INQUIRIES

Email:  
[investors.corby@pernod-ricard.com](mailto:investors.corby@pernod-ricard.com)  
[www.corby.ca](http://www.corby.ca)

## ANNUAL MEETING

November 10, 2021  
at 11:00 a.m. (Toronto time)

Due to the uncertain public health impact of the coronavirus outbreak (COVID-19) and in consideration of the health and safety of our shareholders and colleagues, this year's meeting will be held in a virtual meeting format only, by way of a live webcast at <https://web.lumiagm.com/460584568>

# BRAND PORTFOLIO

## BROWN SPIRITS

### Canadian

J.P. Wiser's (*Deluxe, Triple Barrel, Old Fashioned, Manhattan, Apple, Vanilla, 15 Years Old, 18 Years Old, 22 Years Old*)

Alumni Whisky Series by J.P. Wiser's

Lot No. 40 (*Cask Strength: Third Edition*)

Pike Creek (*21 Year Old Oloroso Cask Finish, 15 Year Old Ontario Cabernet Sauvignon Finish*)

Gooderham & Worts (*49 Wellington*)

Royal Reserve

Special Blend by Wiser's

Hiram Walker Special Old

Cabot Trail (*in Québec, Coureur des Bois*)

Canadian Shield

### Blended Scotch

Ballantine's (*Finest, 12, 15, 17, 21*)

Chivas Regal (*12, 18, 25, Mizunara*)

Royal Salute (*21*)

### Single Malt

The Glenlivet (*Founder's Reserve, Caribbean Reserve, Captain's Reserve, 15, 18, 21, XXV, 50 Spectra, Nàdurra First Fill*)

Aberlour (*12, 16, 18, A'bunadh*)

### Irish

Jameson (*Original, Cold Brew, Caskmates Stout, Caskmates IPA, Black Barrel, 18 Years Old*)

Redbreast (*12, 15, 21*)

Midleton (*Very Rare*)

Spot Range (*Green Spot, Yellow Spot, Blue Spot, Red Spot*)

### Bourbon

Rabbit Hole (*Cavehill, Dareringer*)

### Cognac and Brandy

Martell (*VSSD, VSOP, XO, Blue Swift, Cordon Bleu*)

Maciera

## WHITE SPIRITS

### Vodka

Absolut (*Absolut Flavours, Juice, Elyx, Pride Limited Edition, Holiday Limited Edition*)

Polar Ice (*Arctic Extreme*)

Quartz

### Rum

Lamb's (*Classic, Navy, Palm Breeze, Spiced, Pineapple*)

Havana Club (*3 Years Old, Añejo Reserva, 7 Years Old*)

Chic Choc Spiced

### Gin

Beefeater (*London Dry, 24, Pink Strawberry, Blood Orange*)

Malfy (*Con Limone, Rosa, Con Arancia*)

Monkey 47

Plymouth

Ungava & Ungava Ginger

### Tequila

Olmecca (*Altos Plata, Altos Reposado, Blanco, Gold*)

## LIQUEURS

McGuinness (*Amaretto Dell'Amorosa, Peach Schnapps, Peppermint Schnapps, Blue Curacao, Crème de Banane, Orange & Brandy, Cherry Brandy, Crème de Menthe Green, Crème de Menthe White, Apricot Brandy, Cherry Whisky, Melon, Triple Sec, Apple Whisky, Butterscotch, McGuinness Ruby Red Grapefruit*)

Meaghers (*Crème de Menthe White, Crème de Menthe Green, Apricot Brandy, Crème de Cacao White, Crème de Cacao Brown, Cherry Brandy, TripleSec*)

Kahlúa (*Original, Mint Mocha and Salted Caramel Limited Edition Holiday Flavours*)

Malibu (*Coconut, Mango*)

Ramazotti (*Amaro, Black Sambuca, Sambuca*)

Ricard Pastis

Pernod

Pernod Absinthe

SOHO

Cabot Trail Maple Cream

(*in Québec, Coureur des Bois Maple Cream*)

## Ready to Drink

Absolut Mango Mule

Chic Choc Libre

Jameson Ginger and Lime

Lamb's Sociable (*Pineapple & Soda, Green Apple & Soda*)

Ungava Gin & Tonic (*QC only*)

## WINES

Foreign Affair

Jacob's Creek

George Wyndham

Stoneleigh

Brancott Estate

Campo Viejo

Kenwood

The Wine Group (*including Benziger, Cupcake, Big House, Stave & Steel, Ava Grace, Slow Press, 7 Deadly Zins*)

## Champagne and Sparkling Wine

G.H. Mumm

Perrier-Jouët

Mumm Napa

## Aperitif

Dubonnet

Lillet (*Blanc, Rosé*)

Please enjoy our products responsibly.



IN SPIRIT AND WINE  
**CORBY**

Affiliated with  Pernod Ricard

**corby.ca**

For our full 2021 Annual Report,  
please visit [reports.corby.ca](https://reports.corby.ca)

