CORBY SPIRIT AND WINE LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

Q1

CORBY SPIRIT AND WINE LIMITED
Management's Discussion and Analysis
September 30, 2022

The following Management's Discussion and Analysis ("MD&A") dated November 9, 2022 should be read in conjunction with the interim condensed consolidated financial statements and accompanying notes as at and for the three-month period ended September 30, 2022 ("first quarter", "the quarter", or "Q1"), prepared in accordance with International Financial Reporting Standards ("IFRS"). These interim condensed consolidated financial statements 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 interim financial statements by an entity's auditor. These unaudited interim condensed consolidated financial statements do not contain all disclosures required by IFRS for annual financial statements and, accordingly, should also be read in conjunction with the most recently prepared annual consolidated financial statements for the year ended June 30, 2022.

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", "Outlook and the COVID-19 Pandemic", "Liquidity, Contractual Obligations and Capital Resources", "Recent Accounting Pronouncements" and "Risks & 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; geopolitical events, including disputes between nations, war and international sanctions; 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 November 9, 2022. 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, can be found under the Company's profile on the System of Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

Unless otherwise indicated, all comparisons of results for the first quarter of fiscal 2023 (three months ended September 30, 2022) are against results for the first quarter of fiscal 2022 (three months ended September 30, 2021). 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.

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 Quebec) (collectively, the "Ungava Spirit 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, Quebec 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 who 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, Ontario, Manitoba and Quebec.

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 consumer purchase information it receives from the LBs to its industry members. Corby refers to this data throughout this MD&A as "retail sales", which are measured in 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).

Even prior to the COVID-19 pandemic, ("COVID-19", "COVID", or the "pandemic") Corby's operations were subject to seasonal fluctuations: sales typically were strong in the first and second quarters, while third-quarter sales usually declined after the end of the retail holiday season. Fourth-quarter sales typically increased again with the onset of warmer weather as consumers tend to increase their purchasing levels during the summer season. In addition, retail sales comparisons could be affected by timing of key holidays and LBs reporting calendars. With the onset of the COVID-19 pandemic, in addition to seasonal fluctuations, LBs order phasing, inventory management and global supply chain challenges have contributed to an alteration of our typical sales trends (impacting year over year comparability). It is not known at this time when we will return to more normal sales patterns (more information is provided in the "Outlook and the COVID-19 Pandemic" section of this MD&A).

Strategies

Corby's ambition is to be the leading spirits and wines 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 wines 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 rigor 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 across all 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. The Company has been pursuing a cross-functional digital transformation to build competitive advantage in the mid-term.

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 the acquisitions 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 with 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 talents, 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. The Company's diversity and inclusion pillar is a strategic focus and part of the Company's ongoing journey to have highly engaged and performing teams.

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 and the COVID-19 Pandemic

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. Restrictions on non-essential businesses have since been lifted. It is possible that the government may impose restrictions again if there is a resurgence of the pandemic.

Demand
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, were hard hit in the early phases of the pandemic. Those channel losses were compensated with growth in the Canadian retail channel led by consumer demand. In the current fiscal year, demand in the on-premise channel remains strong, albeit decelerating from the strong gains in the previous fiscal year. The travel retail sector is also seeing a robust recovery. Consumer demand in off-premise channel stabilized over the past months at a high level after a strong performance last year.

Supply Chain
The Company closely monitors the changing global environment to ensure LBs' order fulfillment is achieved across the various markets in which the Company operates. Consumer goods and materials traffic from worldwide ports continues to be affected by shipping container availability and port disruptions. Throughout the pandemic, suppliers and LBs have faced increasing volatility in both purchasing patterns and global supply chains.

Global supply chain volatility has resulted in logistics delays affecting the Company. Logistics delays have increased lead times on imported products and may have impacted stock availability and consumer purchasing behavior. Quarterly shipments do not reflect underlying depletions. It is anticipated that supply chains may remain unpredictable and continue to be a potential risk, both for the supply of finished goods and raw materials.

Financial Implications
To date, our overall financial results have not been negatively impacted by the COVID-19 pandemic. The first quarter is lapping a low comparison base seen in the same period last year and is also impacted positively by first signs of improvement in ongoing supply chain challenges for our imported PR brands.

Selected Financial Information
In the first quarter of Fiscal 2022 management introduced the use of certain Non-GAAP financial measures, including "Adjusted Revenue", "Adjusted Earnings from Operations", "Adjusted Net Earnings", "Adjusted Basic Earnings per Share" and "Adjusted Diluted Earnings per Share". Non-GAAP financial measures do not have any standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers. Management introduced these measures to allow for assessment of the Company's operating performance and financial condition on a basis that is more consistent and comparable between reporting periods.

In the first quarter results for Fiscal 2023, the amortization of representation rights is now consistent between this quarter and the prior year comparison period. As such, management believes these Non-GAAP financial measures related to adjusted metrics are no longer helpful to readers, nor provide additional information relevant to their understanding of the year-on-year performance of the first quarter of Fiscal 2023.

Brand Performance Review

Corby's portfolio of owned brands accounts for over 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 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 and the COVID-19 Pandemic" section of this MD&A, Corby's shipment volumes are impacted by volatility in LBs order phasing as well as global supply chain and logistics delays.

BRAND PERFORMANCE CHART - INCLUDES BOTH CANADIAN AND INTERNATIONAL SHIPMENTS

	Three Months Ended			
			Shipment Change	
	Sep. 30,	*Sep. 30,*	*Volume*	*Value*
(Volumes in 000's of 9L cases)	***2022***	*2021*	*%*	*%*
Brand				
J.P. Wiser's Canadian whisky	**145**	138	5%	8%
Polar Ice vodka	**87**	90	(3%)	1%
Lamb's rum	**100**	110	(9%)	(6%)
Wiser's Special Blend (1)	**62**	62	(1%)	(1%)
Mixable liqueurs	**44**	44	0%	10%
Ungava Spirits Brands	**49**	41	19%	17%
Other Corby-owned brands	**46**	46	(2%)	3%
Total Corby brands	**533**	531	0%	5%

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

Corby's owned brands increased by 5% in shipment value ahead of flat shipment volume for the three months ended September 30, 2022, when compared to the same period in the previous year. J.P. Wiser's benefitted from price increases and solid consumer demand as well as a lapping of a lower comparison basis last year. Performance of Cabot Trail maple cream liqueur (included with the Ungava Spirits Brands in the above chart) delivered strong growth in the quarter. Polar Ice Vodka and Mixable Liqueurs delivered value growth due to pricing initiatives, despite softer volumes.

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

	Three Months Ended			
			Shipment Change	
	Sep. 30,	*Sep. 30,*	*Volume*	*Value*
(Volumes in 000's of 9L cases)	***2022***	*2021*	*%*	*%*
Domestic	**473**	467	1%	6%
International	**60**	64	(8%)	(11%)
Total Corby brands	**533**	531	0%	5%

In the first quarter, domestic shipments increased by 6% in value ahead of volume growth at 1% compared to the same period last year, benefitting from pricing initiatives, optimization of trade promotional spend and favourable product mix. Retail sales performance for Corby owned brands remains stable with 1% growth in retail value despite small decline of 1% in retail volume (see “Retail Sales Performance / Spirit Market Trends” below for further discussion on Corby-owned brands retail performance).

Regarding our international markets’ performance, shipment volumes declined 8% while shipment value declined 11% on a quarter over quarter comparable basis, negatively impacted by supply chain constraints and logistics disruptions in the UK market. J.P. Wiser’s in the US market continued to benefit from healthy distributor sell-out and the introduction of innovations in the 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.

In the quarter ended September 30, 2022, the Canadian spirits industry experienced a retail sales volume decline of 1%, with growth of 2% 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 restaurants and bars reopened and off-premise purchases slowed. In the first quarter, the industry cycled increases in consumer demand seen in the early days of the pandemic. Core staples which enjoyed growth during the early stages of pandemic lockdown have now moderated, impacting vodka, Canadian whisky and rum. Industry trends were led by retail sales volume and value growth in tequila, liqueurs, and Irish whiskey 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. Our overall retail value increased 1% despite retail volume declining 1% in the quarter ended September 30, 2022 compared to the same period in the prior year. Retail value performance was largely driven by the continued success of Cabot Trail in the market (presented within Ungava Spirits Brands in the table below), boosted by its RTD innovation. Corby’s flagship brand, J.P. Wiser’s, grew value and volume as well as share in its category, while Polar Ice grew in value despite declining volumes.

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 and LBs, 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 on-site winery sales.

Retail Sales Performance / Summary of Corby’s Key Brands

RETAIL SALES FOR THE CANADIAN MARKET ONLY (AS PROVIDED BY THE ACD[1])

	Three Months Ended				*Twelve Months Ended*			
(Volumes in 000's of 9L cases)	***Sep 30, 2022***	*Sep 30, 2021*	*% Retail Volume Growth*	*% Retail Value Growth*	***Sep 30, 2022***	*Sep 30, 2021*	*% Retail Volume Growth*	*% Retail Value Growth*
Brand								
J.P. Wiser's Canadian whisky	**121**	119	2%	4%	**516**	512	1%	2%
Polar Ice vodka	**86**	87	(1%)	3%	**328**	325	1%	3%
Lamb's rum	**66**	68	(4%)	(4%)	**259**	273	(5%)	(5%)
Wiser's Special Blend [2]	**59**	63	(7%)	(4%)	**260**	264	(2%)	(1%)
Mixable liqueurs	**45**	48	(6%)	(4%)	**149**	159	(6%)	(6%)
Ungava Spirits Brands	**37**	33	11%	7%	**160**	141	14%	10%
Other Corby-owned brands	**40**	43	(4%)	(2%)	**173**	186	(7%)	(3%)
Total	**454**	461	(1%)	1%	**1,845**	1,860	(1%)	0%

[1] *Refers to sales at the retail store level in Canada, as provided by the Association of Canadian Distillers.*

[2] *For presentation purposes, Wiser's Special Blend has been presented to reflect the separation from premium variants of J.P. Wiser's.*

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 value grew 4% ahead of retail volumes which increased 2%, performing better than the category in the three-month period ended September 30, 2022. Retail sales volumes for the Canadian whisky category declined 2%, while retail value for the category remained flat over the same comparable 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. Polar Ice grew retail value by 3% despite retail volume declining 1% in the three months ended September 30, 2022 compared to the same period in the prior year. The overall vodka category in Canada declined 3% in retail volume but grew 1% in retail value on a comparable basis. The standard vodka category, where Polar Ice vodka competes, declined 3% in retail volume and 1% 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 declined 2% for the three months ended September 30, 2022, while retail values increased 1%. Retail value growth is attributed to increases in the Spiced rum segment. The economy rum category, however, saw retail volumes decline 4% while retail value declined 1% compared to the same period last year. Lamb's declined 4% in retail volumes and value for the three months ended September 30, 2022 compared to the same period in the prior year.

Wiser's Special Blend

Wiser's Special Blend retail volumes declined 7%, while retail value declined 4% in the three months ended September 30, 2022 compared to the same period last year. Retail sales volumes for the Canadian whisky category declined 2%, while retail value for the category remained flat over the same comparable period.

Mixable Liqueurs

Corby's mixable liqueur brands consist of McGuinness liqueurs (Canada's largest mixable liqueur brand family) and Meaghers liqueurs (available in Quebec). Retail volumes declined 6% while retail value declined 4% for the three months ended September 30, 2022 compared to the same period last year, affected by raw material constraints combined with the cycling of strong growth last year. Retail volume for the liqueurs category overall declined by 1% while value grew by 3% for the quarter ended September 30, 2022 compared to the same period last year.

Ungava Spirits Brands

Retail volume and value for the Ungava Spirits Brands increased 11% in volume and 7% in value, for the three months ended September 30, 2022 compared to the same period last year. The flagship brand, Ungava gin, impacted by strong competition in the Quebec market, declined 7% in retail volume and 5% in retail value, lagging the Canadian gin category (which declined 2% in retail volume but grew 1% in retail value). Ready-to-drink innovations launched under the Quebec market are growing rapidly, more than doubling in volume, but resulting in a dilutive effect on the overall volume to value conversion of the Ungava Spirits Brands portfolio.

Cabot Trail maple-based liqueurs (in Quebec, Coureur des Bois) performed very well, benefiting from increased distribution and at-home consumption. Retail volume and value grew 10% and 16%, respectively, in the quarter ended September 30, 2022 compared to the same period last year. Cabot Trail benefitted from increased consumer interest in coffee and cream liqueurs.

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) declined 1% in retail volume but grew 3% in retail value for the three months ended September 30, 2022 compared to the same period in the prior year as performance cycled strong sales from innovation launches.

Royal Reserve® declined 4% in retail volume and 3% in retail value during the three months ended September 30, 2022 compared to the same period last year.

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

Financial and Operating Results

The following table presents a summary of certain selected consolidated financial information of the Company for the three months ended September 30, 2022 and 2021:

	Three Months Ended			
(in millions of Canadian dollars, except per share amounts)	***Sep. 30, 2022***	*Sept. 30, 2021*	*$ Change*	*% Change*
Revenue	**$ 41.1**	$ 38.5	$ 2.6	7%
Cost of sales	**(15.9)**	(15.2)	(0.7)	5%
Marketing, sales and administration	**(14.6)**	(13.6)	(1.0)	7%
Other income (expense)	**(0.1)**	0.0	(0.1)	n.a.
Earnings from operations	**10.5**	9.7	0.8	8%
Financial income	**0.2**	0.1	0.1	305%
Financial expenses	**(0.1)**	(0.1)	0.0	-21%
Net financial income	**0.1**	0.0	0.1	n.a.
Earnings before income taxes	**10.6**	9.7	0.9	10%
Income taxes	**(2.8)**	(2.7)	(0.1)	5%
Net earnings	**$ 7.8**	$ 7.0	$ 0.8	12%
Per common share				
- Basic net earnings	**$ 0.28**	$ 0.25	$ 0.03	12%
- Diluted net earnings	**$ 0.28**	$ 0.25	$ 0.03	12%

Overall Financial Results

Net earnings were $7.8 million, an increase of $0.8 million or 12% when compared to the same quarter last year. Q1 fiscal 2023 performance was uplifted by ongoing recovery in the Company's logistics and supply chain volatility, as well as last year's lower comparison base. Our sales, marketing and administration expenses were focused on increasing media and brand equity investments, and reinforced to support sales growth behind our key Corby-owned brands. The transformation momentum was also impacted by high inflation. Net Earnings has grown steadily as compared to pre-pandemic Q1 fiscal 2019 with a CAGR of +5% (See "Non-GAAP Financial Measures").

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

	Three Months Ended			
(in millions of Canadian dollars)	**Sept. 30, 2022**	Sept. 30, 2021	*$ Change*	*% Change*
Revenue streams:				
Case goods	**$ 32.5**	$ 31.0	$ 1.5	5%
Net Commissions	**7.9**	6.2	1.7	27%
Other services	**0.7**	1.3	(0.6)	-43%
Revenue	**$ 41.1**	$ 38.5	$ 2.6	7%

Case Goods revenue increased $1.5 million, or 5% for the quarter ended September 30, 2022 when compared to the same period last year. The strong performance was attributable to the company's pricing initiatives, as well as a lapping effect of last year's low comparison base from lower order patterns of the LBs. Revenue from international markets was negatively impacted by logistics and supply chain challenges in the UK.

Net commissions increased $1.7 million or 27% during the quarter ended September 30, 2022 when compared to the same period last year. Imported PR brands have benefited from improved shipments over the previous months, in addition the prior year was impacted by significant supply chain challenges and logistics interruptions. Retail performance on PR brands remained in growth as the portfolio benefitted 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 were also similarly impacted.

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 declined $0.6 million or 43% in the quarter ended September 30, 2022 when compared to the same period last year.

As a result, total Revenue increased $2.6 million or 7% in the quarter ended September 30, 2022 when compared to the prior year.

Cost of sales
Cost of sales in the quarter ended September 30, 2022 was $15.9 million, an increase of $0.7 million, or 5% when compared to same period last year. The overall increase in cost of sales results of stronger Case Goods shipments and product and market mix. On a case rate basis, our Case Goods costs have increased 6% due to rising component costs.

Marketing, sales and administration
For the quarter ended September 30, 2022, marketing, sales and administration expenses increased $1.0 million, or 7% when compared to the same period last year. Marketing and promotional investment for the first quarter focused on increased media and brand equity investments to sustain the growth of our key brands. Overhead expenses continue to lap a low base and although well-controlled, are impacted by rising inflation and reflect a return to more normal ways of working.

Net financial income
Net financial income is comprised of 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 quarter ended September 30, 2022 increased compared to the prior year due to increased deposits in cash management pools.

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

	Three Months Ended	
	Sep. 30, 2022	*Sep. 30, 2021*
Combined basic Federal and Provincial tax rates	**26.4%**	26.3%
Other	**0.2%**	1.4%
Effective tax rate	**26.6%**	27.7%

Liquidity, Contractual Obligations and Capital Resources

Corby's sources of liquidity are its deposits in cash management pools of $39.6 million as at September 30, 2022, and its cash generated from operating activities. A summary of the maturity of the Company's contractual obligations as at September 30, 2022 are represented in the table below:

	Less than 1 year	1 to 5 years	5 years and thereafter	Total
Trade payables and accrued liabilities	$ 44.7	$ -	$ -	$ 44.7
Lease liabilities	1.2	2.6	-	3.8
Pension liability	-	-	7.7	7.7
	$ 45.9	$ 2.6	$ 7.7	$ 56.2

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 & Risk Management" section of this MD&A for further information.

Cash Flows

	Three Months Ended		
(in millions of Canadian dollars)	**Sep. 30, 2022**	*Sep. 30, 2021*	*$ Change*
Operating activities			
Net earnings, adjusted for non-cash items	**$ 14.1**	$ 13.4	$ 0.7
Net change in non-cash working capital	**(16.3)**	(9.1)	(7.2)
Net payments for interest and income taxes	**(2.6)**	(4.5)	1.9
	(4.8)	(0.2)	(4.6)
Investing activities			
Additions to property and equipment	**(0.8)**	(0.4)	(0.4)
Additions to intangible assets	**(0.1)**	(54.5)	54.4
Withdrawals from cash management pools	**12.8**	61.5	(48.7)
	11.9	6.6	5.3
Financing activities			
Payment of lease liabilities	**(0.3)**	(0.4)	0.1
Dividends paid	**(6.8)**	(6.0)	(0.8)
	(7.1)	(6.4)	(0.7)
Net change in cash	$ -	$ -	$ -

Operating activities
Net cash used in operating activities was $4.8 million during the quarter ended September 30, 2022, compared to $0.2 million used during the same period last year, representing an increase use of cash of $4.6 million on a quarter over quarter comparison basis. Cash flows were impacted by unfavourable working capital changes, offset by lower tax payments and increased earnings. Working capital was primarily driven by late phasing of advertising & promotional spend in fiscal 2022, increased receivables from customers, and inventory build-up in preparation for the holiday season.

Investing activities
Net cash from investing activities was $11.9 million for the quarter ended September 30, 2022 compared to $6.6 million in the same period of the prior year. Investing activities include the lapping of the use of cash in the amount of $54.5 million in the same period last year for the payment required under the 2021 Representation Agreement (defined below) with PR (see the Related Party Transactions section of this MD&A for further information) as well as payments related to additions to capital assets in both the current and the prior comparable periods. In the quarter ended September 30, 2022, $12.8 million was withdrawn from Corby's cash management pools.

Cash management pools represent cash on deposit with Citibank NA via Corby's Mirror Netting Service Agreement (defined below) 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 and the definition of "Mirror Netting Service Agreement", please refer to the "Related Party Transactions" section of this MD&A.

Financing activities
Cash used for financing activities was $7.1 million for the quarter ended September 30, 2022, compared to $6.4 million in the same period last year. Financing activity reflects dividend payments paid to shareholder and the payment of lease liabilities.

On November 9, 2022, subsequent to the quarter ended September 30, 2022, Corby's Board of Directors declared its regular quarterly dividend of $0.22 per common share, to be paid December 9, 2022, to shareholders of record as at the close of business on November 25, 2022. Despite the high inflationary context and an uncertain economic outlook, the Board of Directors decided to exercise their discretion to declare a quarterly dividend in excess of the dividend policy of 90% of net earnings of the preceding fiscal year ended June 30, 2022, normalizing dividends to pre-pandemic levels. 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, or $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
2023 - Q1	November 9, 2022	November 25, 2022	December 9, 2022	$ 0.22
2022 - Q4	August 24, 2022	September 16, 2022	September 30, 2022	0.24
2022 - Q3	May 12, 2022	May 27, 2022	June 10, 2022	0.24
2022 - Q2	February 10, 2022	February 24, 2022	March 4, 2022	0.24
2022 - Q1	November 10, 2021	November 26, 2021	December 10, 2021	0.24
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

Outstanding Share Data

As at November 9, 2022, 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 require approval from an Independent Committee of the Board of Directors.

The companies operate under the terms of agreements that initially 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, as well as providing for the continuing production of certain Corby brands by PR at its production facility in Windsor, Ontario. 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 but the rest of the services contemplated by the administrative services agreement continue to be provided and are governed by that agreement.

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 "2021 Representation Agreement"). This new representation agreement also renewed Corby's exclusive right to represent ABSOLUT vodka 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. The 2021 Representation Agreement required a payment of an up-front fee of $54.5 million which was paid September 28, 2021, which Corby funded through its deposits in cash management pools. Since the 2021 Representation 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.

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 distribution network throughout Great Britain. On March 28, 2019 the agreement was amended to include Ungava Gin, and 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"). 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 November 9, 2022, 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.

Selected Quarterly Information

Summary of Quarterly Financial Results

Seasonality factors cause Corby's operating results to fluctuate from quarter to quarter. 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.

The following table provides selected historical information and other data, which should be read in conjunction with the financial statements of the Company.

(in millions of Canadian dollars, except per share amounts)	**Q1 2023**	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Revenue	**$ 41.1**	$ 41.2	$ 34.5	$ 45.2	$ 38.5	$ 40.4	$ 33.8	$ 42.2
Earnings from operations	**10.5**	5.0	6.0	12.0	9.7	7.7	8.4	10.6
Net earnings	**7.8**	3.1	4.4	8.9	7.0	5.7	6.2	7.8
Basic EPS	**0.28**	0.11	0.15	0.31	0.25	0.20	0.22	0.28
Diluted EPS	**0.28**	0.11	0.15	0.31	0.25	0.20	0.22	0.28

Critical Accounting Estimates

These interim condensed consolidated financial statements have been prepared in accordance with IFRS using the accounting policies described in Note 4 of the annual audited consolidated financial statements for the year ended June 30, 2022 as well as in the Company's Annual MD&A. The preparation of the interim condensed 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 interim condensed consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period.

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 circumstance 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. These accounting policies and accounting estimates are critical to the understanding of the business and to the results of operations. For the three-month period ended September 30, 2022, there were no material changes to the critical accounting estimates used by the Company from those reported in the Annual MD&A and annual financial statements for the year ended June 30, 2022.

Recent Accounting Pronouncements

Recent accounting pronouncements
A number of new standards, amendments to standards and interpretations are effective for the financial period ended September 30, 2022, and accordingly, have been applied in preparing these interim condensed consolidated financial statements:

a) IAS 16, Property, Plant and Equipment – Proceeds Before Intended Use

In May 2020, the IASB issued an amendment to IAS 16, “Property, Plant and Equipment – Proceeds Before Intended Use” (“IAS 16”). The amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity is required to recognize the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after January 1, 2022. For Corby, the amendment became effective July 1, 2022. This amendment did not have an impact on the Company’s interim condensed consolidated financial statements.

b) IAS 37, Onerous Contracts – Cost of Fulfilling a Contract

In May 2020, the IASB issued an amendment to IAS 37, “Provisions, Contingent Liabilities and Contingent Assets” (“IAS 37”), specifically with regard to onerous contracts. The amendment clarifies the meaning of costs to fulfil a contract and specifies the costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. The amendment is effective for annual reporting periods beginning on or after January 1, 2022. For Corby, the amendment became effective July 1, 2022. This amendment did not have an impact on the Company’s interim condensed consolidated financial statements.

c) IAS 38, Intangible Assets

In December 2020 and March 2021, the IFRS Interpretations Committee (the “Committee”) discussed the configuration or customization of costs in cloud computing arrangements. This decision clarifies IAS 38 Intangible Assets with respect to the accounting treatment for configuration or customization costs on software as a service (“SaaS”) contracts. Based on the agenda decision published by the Committee, Corby reviewed its intangible assets to determine if all assets have been recorded in line with the interpretation. As a result of the review, Corby retroactively applied the accounting policy and adjusted amounts previously recorded in its financial statements, please refer to the June 30, 2022 annual financial statements for further information.

The following table outlines the impact the retroactive application of this accounting policy change had on the comparative balance sheet for the period, as at September 30, 2021:

Balance sheet impacts		Sept. 30, 2021
Decrease in Intangible assets		(1,203)
Increase in Prepaid expenses		1,022
Decrease in Deferred income taxes		48
Decrease in retained earnings	$	(133)

Recent accounting pronouncements not in effect
Emissions, carbon and other regulations impacting climate and climate related matters are constantly evolving. With respect to Environmental, Social and Governance ("ESG") and climate reporting, the International Sustainability Standards Board has issued an IFRS Sustainability Disclosure Standard with the goal to develop sustainability disclosure standards that are globally consistent, comparable and reliable. The Canadian Securities

Administrators have also issued a proposed National Instrument 51-107 Disclosure of Climate-related Matters which details the additional reporting requirements for Canadian Public Companies. The Company continues to monitor progress on these reporting requirements and assess their impact on the Company's financial statements.

The below standards have been issued but are not yet effective for the financial period ended September 30, 2022, and accordingly, have not been applied in preparing these interim condensed consolidated financial statements:

IFRS 17	*Insurance Contracts*
Amendments to IFRS 17	*Insurance Contracts*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*
Amendments to IAS 1	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The Company is assessing the impact these standards and amendments to standards will have on its financial statements and related disclosures.

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.

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.

Non-GAAP Financial Measures

In addition to using financial measures prescribed under GAAP, references are made in this MD&A to "CAGR", a Non-GAAP financial measure. Non-GAAP financial measures do not have any standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers.

CAGR is the compounded annual growth rate at which a quantity or amount grows over time. Throughout this MD&A, CAGRs for Q1 FY23 were calculated with reference to the same financial measure of Q1 FY19.

Management believes the non-GAAP measure defined above is an important supplemental measure of operating performance and highlight trends in the core business that may not otherwise be apparent when relying solely on GAAP financial measures. Management believes that this measure allows for assessment of the Company's operating performance and financial condition on a basis that is more consistent and comparable between reporting periods.

Risks & 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 supply chains in particular remain uncertain as its duration is not known. 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 has remained open for business throughout the majority of the pandemic.

Corby monitors the remaining 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. 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 and resulting evolution of economic impacts (see below, "Consumer Consumption Patterns" for more information).

Geo-Political Risk
Geo-political and other events, such as the ongoing situation in Ukraine, and the sanctions imposed in connection therewith, have led, and in the future may lead, to disruptions in Canadian and global economies and markets generally. The political and civil situations both domestically and in other countries cannot be accurately predicted. National and international political activities remain fluid and beyond our control. While we continue to monitor economic and political situations in Canada and other countries closely, any new, prolonged or expanded unrest, military activities, or sanctions, could increase financial market volatility and have significant adverse direct or indirect effects on global economies and on our business, results of operations or financial results. Such events may indirectly impact the performance of the Company due to increased cost of inputs and supply chain volatility.

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. Uncertainty and adverse changes in general economic conditions including high inflation, fuel and energy costs and interest rates may negatively impact consumer spending and consumer demand for the Company's products and services which could adversely affect the Company's operations or financial performance.

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 programmes and proactively manages production and supply chains to mitigate any potential risk to consumer safety or Corby's reputation and profitability.

The Company closely monitors the changing global environment to ensure LBs' order fulfillment is achieved across the various markets. Consumer traffic from worldwide ports continues to be affected by shipping container availability issues and port disruptions. Global supply chains continue to be a potential risk, both for the supply of finished goods, and for raw materials.

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 15, "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 counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of its counterparties, 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 programme 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 and Inflation 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. Inflation as well as other economic factors including demand, global events and supply chain challenges could impact the cost of production inputs and negatively impact the Company's results from operations. 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.

<u>USD Exposure</u>
The Company's demand for USD has traditionally outpaced its supply, due to USD sourcing of production inputs and Advertising & 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.

<u>GBP Exposure</u>
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.

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 Indefinite-life 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-lived intangible assets such as software and representation rights).

Goodwill and indefinite-lived 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 of the Company's reportable segments as at September 30, 2022:

		Carrying Values as at Sept. 30, 2022		
Segment	Associated Market	Goodwill	Intangibles	Total
Case Goods - Domestic	Canada	7.4	3.6	11.0
Case Goods - International	United Kingdom[1]	1.3	11.8	13.1
		$ 8.7	$ 15.4	$ 24.1

[1] The Case Goods - International segment relates to Lamb's rum which 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.

Therefore, economic factors (such as consumer consumption patterns) specific to these segments 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, 2022.

CORBY SPIRIT AND WINE LIMITED
INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS
(not audited or reviewed by the Company's external auditor)
(in thousands of Canadian dollars)

As at	Notes	**Sept. 30, 2022**	Sept. 30, 2021 (1)	June 30, 2022
ASSETS				
Deposits in cash management pools		**$ 39,610**	$ 32,900	$ 52,459
Accounts receivable	4	**39,294**	32,059	35,845
Income taxes recoverable		**2,259**	-	2,442
Inventories	5	**65,714**	61,938	61,090
Prepaid expenses		**833**	1,370	647
Total current assets		**147,710**	128,267	152,483
Other assets		**6,811**	11,849	6,764
Right-of-use assets		**3,784**	3,944	3,644
Property, plant and equipment		**20,407**	18,267	20,601
Goodwill		**8,757**	8,757	8,757
Intangible assets		**58,368**	70,540	61,264
Total assets		**$ 245,837**	$ 241,624	$ 253,513
LIABILITIES				
Accounts payable and accrued liabilities	6	**$ 44,724**	$ 32,438	$ 53,403
Income and other taxes payable		**-**	477	-
Current lease liabilities		**1,224**	1,309	1,215
Total current liabilities		**45,948**	34,224	54,618
Provision for employee benefits		**7,720**	10,274	7,722
Deferred income taxes		**5,305**	5,435	5,480
Long-term lease liabilities		**2,624**	2,622	2,488
Total liabilities		**61,597**	52,555	70,308
Shareholders' equity				
Share capital		**14,304**	14,304	14,304
Accumulated other comprehensive gain		**5,269**	6,984	5,243
Retained earnings		**164,667**	167,781	163,658
Total shareholders' equity		**184,240**	189,069	183,205
Total liabilities and shareholders' equity		**$ 245,837**	$ 241,624	$ 253,513

(1) In preparing its comparative information, the Company has adjusted amounts reported previously in the financial statements as a result of the retrospective application of an accounting policy change in line with IAS 38. Refer to Note 2 for details regarding adjusted amounts.

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

CORBY SPIRIT AND WINE LIMITED
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

(not audited or reviewed by the Company's external auditor)
(in thousands of Canadian dollars, except per share amounts)

	Notes	For the Three Months Ended Sept. 30, 2022	Sept. 30, 2021
Revenue	7	**$ 41,063**	$ 38,496
Cost of sales		**(15,921)**	(15,182)
Marketing, sales and administration		**(14,561)**	(13,584)
Other (expense) income	8	**(87)**	3
Earnings from operations		**10,494**	9,733
Financial income	9	**243**	60
Financial expense	9	**(59)**	(75)
		184	(15)
Earnings before income taxes		**10,678**	9,718
Current income taxes		**(3,020)**	(2,449)
Deferred income taxes		**184**	(242)
Income taxes		**(2,836)**	(2,691)
Net earnings		**$ 7,842**	$ 7,027
Basic earnings per share		**$ 0.28**	$ 0.25
Diluted earnings per share		**$ 0.28**	$ 0.25
Weighted average common shares outstanding			
Basic		**28,468,856**	28,468,856
Diluted		**28,468,856**	28,468,856

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

CORBY SPIRIT AND WINE LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(not audited or reviewed by the Company's external auditor)

(in thousands of Canadian dollars)

		For the Three Months Ended	
	Notes	**Sept. 30, 2022**	Sept. 30, 2021
Net earnings		**$ 7,842**	$ 7,027
Other Comprehensive Income:			
Amounts that will not be subsequently reclassified to earnings:			
Net actuarial gains		**35**	284
Income taxes		**(9)**	(74)
		26	210
Total comprehensive income		**$ 7,868**	$ 7,237

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(not audited or reviewed by the Company's external auditor)

(in thousands of Canadian dollars)

	Share Capital	Accumulated Other Comprehensive Income	Retained Earnings	Total
Balance as at June 30, 2022	$ 14,304	$ 5,243	$ 163,658	$ 183,205
Total comprehensive income	-	26	7,842	7,868
Dividends	-	-	(6,833)	(6,833)
Balance as at September 30, 2022	**$ 14,304**	**$ 5,269**	**$ 164,667**	**$ 184,240**
Balance as at June 30, 2021 (1)	$ 14,304	$ 6,774	$ 166,732	$ 187,810
Total comprehensive income	-	210	7,027	7,237
Dividends	-	-	(5,978)	(5,978)
Balance as at September 30, 2021	$ 14,304	$ 6,984	$ 167,781	$ 189,069

(1) In preparing its comparative information, the Company has adjusted amounts reported previously in the financial statements as a result of the retrospective application of an accounting policy change in line with IAS 38. Refer to Note 2 for details regarding adjusted amounts.

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

CORBY SPIRIT AND WINE LIMITED
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW
(not audited or reviewed by the Company's external auditor)
(in thousands of Canadian dollars)

	Notes	For the Three Months Ended **Sept. 30, 2022**	Sept. 30, 2021
Operating activities			
Net earnings		**$ 7,842**	$ 7,027
Adjustments for:			
Amortization and depreciation	10	**3,662**	3,686
Net financial (income) expense	9	**(184)**	15
Loss on disposal of property and equipment		**-**	(1)
Income tax expense		**2,836**	2,691
Provision for employee benefits		**(61)**	(27)
		14,095	13,391
Net change in non-cash working capital balances	11	**(16,303)**	(9,080)
Interest received		**229**	37
Income taxes paid		**(2,838)**	(4,569)
Net cash used in operating activities		**(4,817)**	(221)
Investing activities			
Additions to property and equipment		**(813)**	(374)
Additions to intangible assets		**(58)**	(54,496)
Withdrawals from deposits in cash management pools		**12,849**	61,499
Net cash from investing activities		**11,978**	6,629
Financing activities			
Payment of lease liabilities		**(328)**	(430)
Dividends paid		**(6,833)**	(5,978)
Net cash used in financing activities		**(7,161)**	(6,408)
Net increase in cash		**-**	-
Cash, beginning of year		**-**	-
Cash, end of year		**$ -**	$ -

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

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 September 30, 2022.

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. SIGNIFICANT ACCOUNTING POLICIES

(i) Basis of Preparation

Statement of compliance
These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"). These interim condensed consolidated financial statements follow the same accounting policies as the most recent annual consolidated financial statements, except for changes in accounting policies and methods described below. These interim condensed consolidated financial statements should be read in conjunction with the Company's 2022 annual consolidated financial statements.

These interim condensed consolidated financial statements were approved by the Company's Board of Directors on November 9, 2022.

Functional and presentation currency
The Company's interim condensed consolidated financial statements are presented in Canadian dollars, which is the Company's, and its subsidiaries, 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 interim condensed 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 described in the most recent annual consolidated financial statements, except for recently adopted policies and methods described below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Use of Estimates and Judgements

The preparation of these interim condensed consolidated financial statements in conformity with IFRS requires management to make certain judgements, 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 interim condensed consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period.

Judgement is commonly used in determining whether a balance or transaction should be recognized in the interim condensed consolidated financial statements, and estimates and assumptions are more commonly used in determining the measurement of recognized transactions and balances. However, judgement 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 changes 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 Company has assessed significant accounting judgements and estimates in preparing these interim condensed consolidated financial statements for the three months ended September 30, 2022 and September 30, 2021. Management's most critical estimates in determining the value of assets and liabilities and the most critical judgements in applying accounting policies that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next year have been described in Note 2 of the Company's most recent annual consolidated financial statements and have been applied consistently in the preparation of these condensed consolidated interim financial statements except for the impact of the adoption of the new and revised standards and interpretations described below.

Seasonality

The interim condensed consolidated financial statements should not be taken as indicative of the performance to be expected for the full fiscal year due to the seasonal nature of the spirits business. Corby's operations are typically subject to seasonal fluctuations in that the retail holiday season generally results in an increase in consumer purchases over the course of October, November and December. Further, the summer months traditionally result in higher consumer purchases of spirits as compared to the winter and spring months. As a result, the Company's first and second quarter of each fiscal year tend to reflect the impact of seasonal fluctuations in that more shipments are typically made during those quarters.

(ii) 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 September 30, 2022, and accordingly, have been applied in preparing these interim condensed consolidated financial statements:

a) IAS 16, Property,Plant and Equipment – Proceeds Before Intended Use

In May 2020, the IASB issued an amendment to IAS 16, "Property, Plant and Equipment – Proceeds Before Intended Use" ("IAS 16"). The amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity is required to recognize the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after January 1, 2022. For Corby, the amendment became effective July 1, 2022. This amendment did not have an impact on the Company's interim condensed consolidated financial statements.

b) IAS 37, Onerous Contracts – Cost of Fulfilling a Contract

In May 2020, the IASB issued an amendment to IAS 37, "Provisions, Contingent Liabilities and Contingent Assets" ("IAS 37"), specifically with regard to onerous contracts. The amendment clarifies the meaning of costs to fulfil a contract and specifies the costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. The amendment is effective for annual reporting periods beginning on or after January 1, 2022. For Corby, the amendment became effective July 1, 2022. This amendment did not have an impact on the Company's interim condensed consolidated financial statements.

c) IAS 38, Intangible Assets

In December 2020 and March 2021, the IFRS Interpretations Committee (the "Committee") discussed the configuration or customization of costs in cloud computing arrangements. This decision clarifies IAS 38 Intangible Assets with respect to the accounting treatment for configuration or customization costs on software as a service ("SaaS") contracts. Based on the agenda decision published by the Committee, Corby reviewed its intangible assets to determine if all assets have been recorded in line with the interpretation. As a result of the review, Corby retroactively applied the accounting policy and adjusted amounts previously recorded in its financial statements, please refer to the June 30, 2022 annual financial statements for further information.

The following table outlines the impact the retroactive application of this accounting policy change had on the comparative balance sheet for the period, as at September 30, 2021:

Balance sheet impacts		Sept. 30, 2021
Decrease in Intangible assets		(1,203)
Increase in Prepaid expenses		1,022
Decrease in Deferred income taxes		48
Decrease in retained earnings	$	(133)

Recent accounting pronouncements not in effect

Emissions, carbon and other regulations impacting climate and climate related matters are constantly evolving. With respect to Environmental, Social and Governance ("ESG") and climate reporting, the International Sustainability Standards Board has issued an IFRS Sustainability Disclosure Standard with the goal to develop sustainability disclosure standards that are globally consistent, comparable and reliable. The Canadian Securities Administrators have also issued a proposed National Instrument 51-107 Disclosure of Climate-related Matters which details the additional reporting requirements for Canadian Public Companies. The Company continues to monitor progress on these reporting requirements and assess their impact on the Company's financial statements.

The below standards have been issued but are not yet effective for the financial period ended September 30, 2022, and accordingly, have not been applied in preparing these interim condensed consolidated financial statements:

IFRS 17	*Insurance Contracts*
Amendments to IFRS 17	*Insurance Contracts*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*
Amendments to IAS 1	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The Company is assessing the impact these standards and amendments to standards will have on its financial statements and related disclosures.

3. FAIR VALUE

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 its 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.

4. ACCOUNTS RECEIVABLE

	Sept. 30, 2022	Sept. 30, 2021	June 30, 2022
Trade receivables	**$ 20,912**	$ 15,126	$ 22,369
Due from related parties	**16,218**	15,165	11,605
Other	**2,164**	1,768	1,871
	$ 39,294	$ 32,059	$ 35,845

5. INVENTORIES

	Sept. 30, 2022	Sept. 30, 2021	June 30, 2022
Raw materials	**$ 4,736**	$ 4,599	$ 4,790
Work-in-progress	**47,843**	45,578	47,005
Finished goods	**13,135**	11,761	9,295
	$ 65,714	$ 61,938	$ 61,090

The cost of inventory recognized as an expense and included in cost of goods sold during the three-month period ended September 30, 2022 was $14,444 (2021 - $13,889). During the three-month period ended September 30, 2022 there were write-downs of $45 (2021 - $41) on inventory as a result of net realizable value being lower than cost. No inventory write-downs recognized in previous years were reversed.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Sept. 30, 2022	Sept. 30, 2021	June 30, 2022
Trade payables and accruals	**$ 33,307**	$ 23,967	$ 43,155
Due to related parties	**9,662**	7,201	8,473
Other	**1,755**	1,270	1,775
	$ 44,724	$ 32,438	$ 53,403

7. REVENUE

The Company's revenue consists of the following streams:

		Three months ended		
		Sept. 30, 2022		Sept. 30, 2021
Case goods sales	**$**	**32,449**	$	31,043
Gross commissions		**10,489**		8,790
Amortization of representation rights		**(2,593)**		(2,593)
Commissions, net		**7,896**		6,197
Other services		**718**		1,256
	$	**41,063**	$	38,496

Other services include revenues incidental to the manufacture of Case Goods, such as logistics fees, miscellaneous bulk spirit sales, and on-premise spirit and merchandise sales.

8. OTHER (EXPENSE) INCOME

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

		Three months ended		
		Sept. 30, 2022		Sept. 30, 2021
Foreign exchange (loss) gain	**$**	**(106)**	$	4
Loss on disposal of property and equipment		**-**		(1)
Grants		**19**		-
	$	**(87)**	$	3

9. NET FINANCIAL INCOME AND EXPENSE

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

		Three months ended		
		Sept. 30, 2022		Sept. 30, 2021
Interest income	**$**	**243**	$	60
Interest expense on lease liabilities		**(14)**		(27)
Net financial impact of pensions		**(45)**		(48)
	$	**184**	$	(15)

10. EXPENSES BY NATURE

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

		Three months ended		
		Sept. 30, 2022		Sept. 30, 2021
Depreciation of property and equipment	**$**	**614**	$	526
Depreciation of right-of-use assets		**335**		378
Amortization of intangible assets		**2,713**		2,782
Salary and payroll costs		**7,189**		6,847
Expenses related to pensions and benefits		**167**		267

11. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES

	Three months ended	
	Sept. 30, 2022	Sept. 30, 2021
Accounts receivable	**$ (3,449)**	$ 3,658
Inventories	**(4,624)**	(1,153)
Prepaid expenses	**(186)**	(58)
Accounts payable and accrued liabilities	**(8,044)**	(11,527)
	$ (16,303)	$ (9,080)

12. DIVIDENDS

On November 9, 2022 subsequent to the quarter ended September 30, 2022, the Board of Directors declared its regular quarterly dividend of $0.22 per common share, to be paid on December 9, 2022, to shareholders of record as at the close of business on November 25, 2022. The Board of Directors has exercised their discretion to declare a dividend beyond the Company's dividend policy which 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, or $0.60 per share.

13. RELATED PARTY TRANSACTIONS

Transactions with parent, ultimate parent, and affiliates

The majority of Corby's issued and outstanding Voting Class A 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.

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 the Canadian market. Furthermore, Corby outsources the large majority of its distilling, maturing, storing, blending, bottling and related production activities to its parent company, HWSL. A significant portion of Corby's bookkeeping, recordkeeping services, data processing and other administrative services are also outsourced to its parent company, HWSL. Significant 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 require approval from an Independent Committee of the Board of Directors.

The companies operate under the terms of agreements that initially 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, as well as providing for the continuing production of certain Corby brands by PR at its production facility in Windsor, Ontario. 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.

The 2006 Agreements have been 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 but the rest of the services contemplated by the administrative services agreement continue to be provided and are governed by that agreement.

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 2021 Agreement"). This new representation agreement also renewed Corby's exclusive right to represent ABSOLUT vodka 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.The 2021 Agreement required a payment of an up-front fee of $54.5 million which was paid September 28, 2021, which Corby funded through its deposits in cash management pools. 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.

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. 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.

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

	Three months ended	
	Sept. 30, 2022	Sept. 30, 2021
Sales to related parties		
Commissions - parent, ultimate parent and affiliated companies	**$ 10,185**	$ 8,344
Products for resale at an export level - affiliated companies	**1,617**	2,121
Bulk spirits - affiliated companies	**-**	288
	$ 11,802	$ 10,753
Cost of goods sold, purchased from related parties		
Distilling, blending, and production services - parent	**$ 8,280**	$ 5,507
Administrative services purchased from related parties		
Marketing, selling and administration services - parent	**$ 909**	$ 684

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

During the three-month period ended September 30, 2022, Corby entered into a transaction with its parent whereby Corby exchanged certain vintages and varieties of bulk whiskey inventory with a fair value of $1,950 (2021-$nil) for differing vintage and varieties of bulk whisky with an equivalent fair value in an effort to balance each companies' 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.

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 November 9, 2022, 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 three-months ended September 30, 2022, Corby earned interest income of $270 from PR (2021 – $199). Corby has the right to terminate its participation in the Mirror Netting Service Agreement at any time, subject to five days' written notice.

14. 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, and McGuinness liqueurs.

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 7 of the interim condensed consolidated financial statements. Commission revenue is reported net of the amortization of the Long-term Representation Rights which are included in Intangible assets. Amortization for the three month period ended September 30, 2022 was $2,593 (2021 – $2,593). Therefore, a table detailing operational results by segment has not been provided as no additional meaningful information would result.

15. CONTINGENCY

On June 16, 2021, a claim was filed regarding a proposed class action against Corby related to black discoloration near aging 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.

Affiliated with Pernod Ricard

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