

Q4 FY24 Earnings Call

August 22nd, 2024

Nicolas Krantz, CEO
Juan Alonso, CFO

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TSX: CSW.A and CSW.B





NICOLAS KRANTZ
President & CEO



JUAN ALONSO
Vice-President & CFO

Favourite Drink:
Malibu Pina Colada

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Forward-Looking Statement



- Today's presentation contains forward-looking statements, including statements concerning possible or assumed future results of operations of Corby Spirit and Wine Limited. 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 competition, the impact and successful integration of acquisitions; business interruption; trademark infringement; consumer confidence and spending preferences, regulatory changes, general economic conditions, and the Company's ability to attract and retain qualified employees. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.
- Accordingly, readers should not place undue reliance on forward-looking statements. These factors are not intended to represent a complete list of the factors that could affect Corby. Additional factors are noted elsewhere in this presentation.
- This presentation contains certain information that is current as of August 21, 2024. 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.
- Additional information regarding Corby, including its Annual Information Form and Management's Discussion and Analysis Form, are available on SEDAR at www.sedarplus.com





Significant revenue growth in both Q4 and full-year FY24

- **Accretive impact of ABG and Nude acquisitions** to become one of the key Canada-wide players in the highly attractive and fast-growing RTD category
- Solid retail value growth of our diversified brand portfolio, consistently outpacing the overall spirits and RTD market for 2 years in a row

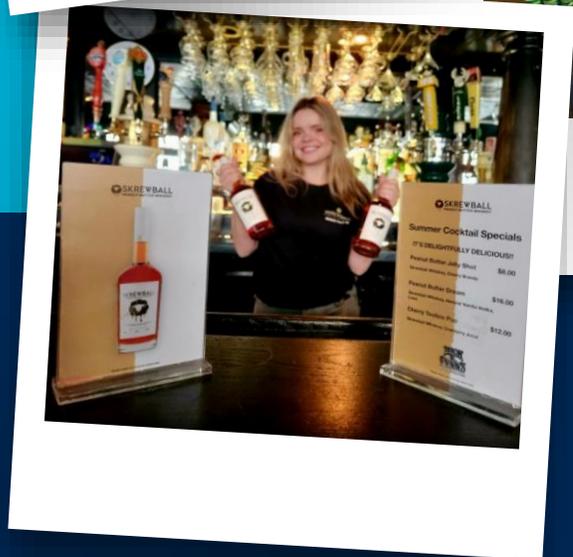
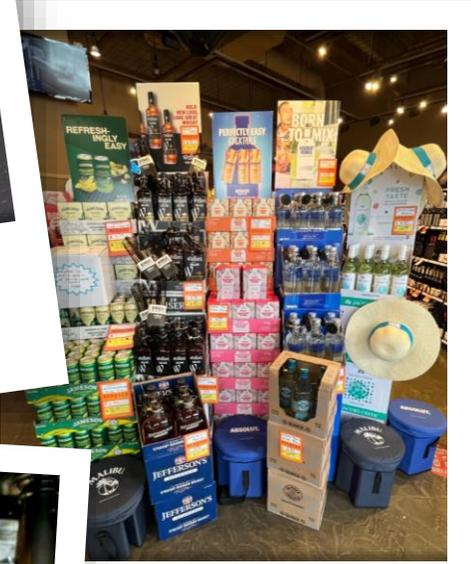
Corby 2.0 roadmap already bearing fruit

- Effectiveness of our **portfolio prioritization strategy**
- **Excellence in sales execution** focused on amplifying growth across our brands through diverse price points
- **Ongoing transformation momentum** with organization efficiencies

Strong Cash Flow generation supporting capital returns to shareholders

- A dividend payout ratio of **76%**
- Solid balance sheet with a Net Debt to adjusted EBITDA¹ ratio of **1.8**

MARKET CONTEXT

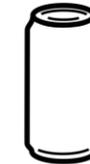


Canada beverage market was broadly flat in the last 12 months



CANADA BEVERAGE MARKET TRENDS

Rolling 12-month
period at the end of
June 2024



Rolling 3-month
period at the end of
June 2024



- A historically-mature domestic **spirits market, broadly flat** with moderate growth in On-Premise offset by moderate decline in Retail
- **RTDs** remained one of the **fastest growing categories overall**

Corby outperformed the Canadian market in value for the second consecutive year



	Market	Corby
Spirits	-0.1%	+1.9%
RTD	+6.4%	+13%
Spirits, RTD & Wine	+0.2%	+2.1%

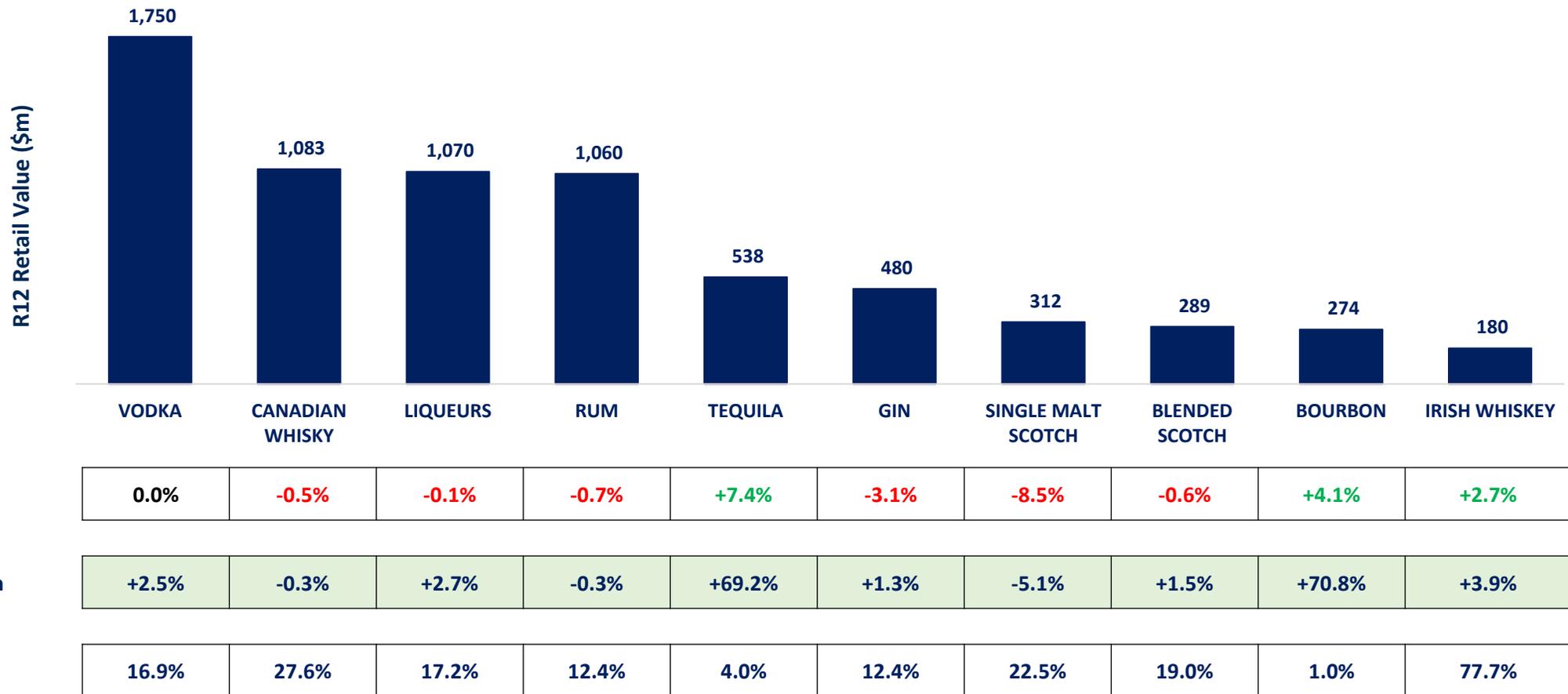
Combining spirits, wines and RTDs, Corby outpaced the total beverage market by +1.9% of value growth in the last 12 months...

- ... reflecting our **diversified product portfolio** and successful new product launches
- **Corby** is the **second largest player** in the Canadian spirits market with 16.8% value share (+33 bps vs. FY23)
- 3 of the top 10 spirits brands in Canada by value: Absolut, J.P. Wiser's and Jameson
- ABG's flagship brand, **Cottage Springs**, was the **top-selling RTD brand** in Ontario in FY24



Corby's spirits brands gained value share in every category in FY24 **CORBY**

CANADIAN SPIRITS MARKET RETAIL VALUE



Q4 FY24 RESULTS



Resilient Q4 FY24 financial results despite some headwinds



Revenue

\$66.5m

Reported +50%

Organic¹ -1%



Adj. Earnings from Operations¹

\$9.2m

(Reported \$8.7m)

Reported +385%

Adjusted +56%



Adj. Net Earnings per share¹

\$0.19 / share

(Reported \$0.17)

Reported +194%

Adjusted +10%



Cash from Operating Activities

\$16.9m

-\$2.1m / -11%



Quarterly dividend declared

\$0.22

+\$0.01 / +5% vs. previous quarters



Corby's Q4 FY24 Revenue was \$66.5m, growing +50% vs PY



Domestic Case Goods
\$53.5 million
80%
of Total Revenue

Reported +79%

Organic +3%



- Domestic case goods organic revenue grew **+11%** excluding the **negative \$2.4m** impact of the customer pricing dispute
- **ABG / Nude** contributing **\$22.7m**

Net Commissions
\$7.1 million
11%
of Total Revenue

Reported -4%



- **Flat PR brands sales** and **lower agency sales**, reflecting the lapping of sales from certain third-party wine brands no longer represented by Corby

International Case Goods
\$4.3 million
7%
of Total Revenue

Reported -27%



- **Unfavourable phasing** with performance lapping unusually strong shipments from new market pipeline fills and innovation launches in the US in Q4 FY23

Solid Q4 FY24 adjusted EPS growth of +10%



+50%

Reported revenue

\$19c
+10%

Adjusted EPS¹

C\$m	Q4 FY23	Q4 FY24	% change
Revenue	44.2	66.5	+50%
Total operating expenses ²	(42.4)	(57.8)	+36%
Earnings from Operations	1.8	8.7	+385%
Adj. Earnings from Operations ¹	5.9	9.2	+56%
Net financial expenses	0.5	(2.1)	(480)%
Income taxes	(0.7)	(1.8)	+160%
Net Earnings	1.6	4.8	+194%
Adj. Net Earnings ¹	4.9	5.4	+10%

- **Diligent internal cost management** compared to a high expense base last year
- **Increased interest charges** in Q4 FY24 related to the loan contracted to acquire ABG
- Reported Q4 FY23 financial results impacted by **ABG acquisition costs**

FULL-YEAR FY24 RESULTS



Strong full-year FY24 earnings and profitability growth, bolstered by acquisitions

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Revenue
\$229.7m

Reported +41%
Organic¹ +4%



Adj. Earnings from Operations¹
\$44.6m
(Reported \$40.7m)

Reported +44%
Adjusted +37%



Adj. Net Earnings per share¹
\$1.00 / share
(Reported \$0.84)

Reported +9%
Adjusted +13%



Cash from Operating Activities
\$31.5m
-\$3.9m / -11%



Yearly dividend declared
\$0.85



Net Debt / Adjusted EBIDTA¹
1.8x



Corby's FY24 Revenue was \$230m, growing +41% vs PY



Domestic Case Goods
\$181.8 million
 79%
 of Total revenue

Reported +54%

Organic +2%



- **Solid domestic organic revenue** despite deceleration in the spirits market and the negative \$2.4 million impact of the customer pricing dispute
- **ABG / Nude contributing \$60.8m**

Net Commissions
\$26.6 million
 12%
 of Total Revenue

Reported -1%



- **Dynamic key strategic PR brands** despite stock levels normalization at liquor boards...
- ... fully offset by the lapping of wine brands agency sales

International Case Goods
\$17.0 million
 7%
 of Total Revenue

Reported +16%



- **Strong performance in international markets** as Corby capitalized on new market opportunities

Total Case Goods revenue growth over volume led by JP. Wisers, Polar Ice and Cottage Springs brands



J.P. WISER'S

Volume
-1%
Revenue
+2%



UNGAVA SPIRITS BRANDS

Volume
+5%
Revenue
+6%



POLAR ICE VODKA

Volume
+12%
Revenue
+9%

COMMISSION INCOME

-1%



MIXABLE LIQUEURS

Volume
-1%
Revenue
+1%



LAMB'S RUM

Volume
-6%
Revenue
+2%



ACE BEVERAGE GROUP

~1/3rd
of
Total Revenue



Strong earnings delivery with adjusted EPS growth of +13%



+41%

Reported revenue

\$1.00
+13%

Adjusted EPS¹

C\$m	Full-Year FY23	Full-Year FY24	% change
Revenue	163.0	229.7	+41%
Total operating expenses ²	(134.6)	(188.9)	+40%
Earnings from Operations	28.3	40.7	+44%
Adj. Earnings from Operations ¹	32.4	44.6	+37%
Net financial expenses	1.7	(7.8)	(562)%
Income taxes	(8.1)	(9.0)	+11%
Net Earnings	22.0	23.9	+9%
Adj. Net Earnings ¹	25.3	28.5	+13%

- **Strategic investments** in J.P. Wiser's, Polar Ice and the RTD portfolio and efficiencies realized across the organization
- **Increased interest charges** related to the loan contracted to acquire ABG and the non-controlling interest obligation
- Reported FY24 financial results impacted by Nude brand and assets acquisition while Reported FY23 financial results impacted by ABG acquisition costs

Solid operating Cash Flow generation allowing for financial flexibility to drive long-term shareholder value

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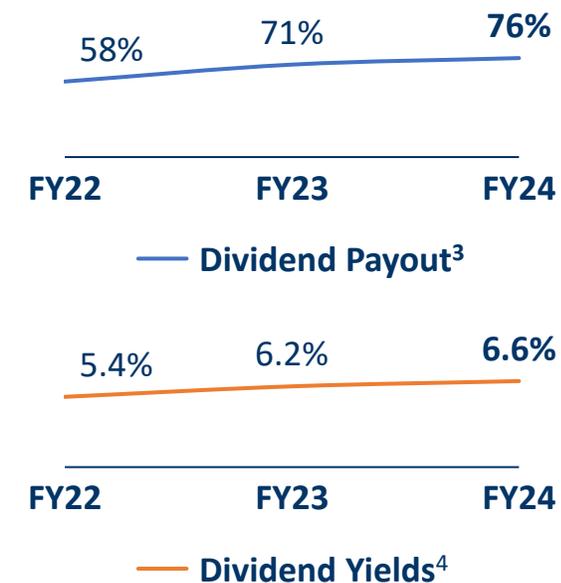
1.8x

**FY24 Net Debt /
Adjusted EBITDA¹**

1.3x

**FY24 Cash
conversion²**

CA\$M	FY23	FY24	Δ
Net cash and debt, beginning of period	52.5	39.4	(13.1)
Net earnings adjusted for non-cash items	43.0	55.9	+12.9
Net change in non-cash working capital balances	(4.2)	(7.1)	(2.9)
Net payments for interest and income taxes	(3.4)	(17.2)	(13.9)
Cash Flow from Operating Activities	35.4	31.5	(3.9)
Additions to PP&E	(4.4)	(3.3)	+1.2
Investments in ABG & MXM		(148.1)	(148.1)
Dividends Paid	(25.1)	(23.9)	+1.1
Lease payments	(1.4)	(1.4)	(0.0)
Free Cash Flow	4.6	(145.2)	(149.8)
Cash in bank, end of year		4.6	+4.6
Cash in cash management pools, end of year	155.0	27.4	(127.7)
Bank indebtedness and long-term debt, end of year	(98.0)	(137.8)	(39.8)
Net cash and debt, end of period	57.0	(105.8)	(162.8)



- **Higher Net Earnings** bolstered by **recent acquisitions** and **solid commercial performance**
- **Higher interests** and **income taxes** due to the loan contracted to acquire ABG and tax payment timing difference over year, coupled with ABG tax payment inclusion
- **ABG acquisition** on July 4th, 2023 for total consideration of **\$136.3m** and **Nude assets acquisition** on May 13th, 2024 by ABG for total consideration of **\$11.8m**
- As a result, a **strong balance sheet** to execute on Corby's strategic initiatives to **drive long-term shareholder value**, with a Net debt over adjusted EBITDA at 1.8x and dividend yields of 6.6%

1. See "Non-IFRS Financial Measures" in Corby's Q4 FY24 MD&A / 2. Cash flow from operating activities divided by reported net earnings from full-year FY24

3. Dividends paid divided by Cash Flow from Operating Activities / 4. Dividend paid divided by fiscal year-end closing price of TSE: CSW.A

GROWTH STRATEGY & OUTLOOK



Our strategy to generate long-term sustainable growth



Sustainably grow our portfolio above the spirits market in value

- Supported by **best-in-class brand activation** and **excellence in commercial execution**
- **Impactful Innovation** launches to **deliver** roughly **one third** of our **annual revenue growth**
- **Efficiency** and **effectiveness improvement** in each \$ invested in **Advertising** and **Promotion**

Accelerate growth and penetration in fast pace moving categories

- **Scale up Cottage Springs** brand outside of **Ontario**
- **Take fair share** in growing **Tequila** category

Expand Export business with a focus on Canadian Whisky to US

- **Targeted state approach** with regional activations to embed J.P. Wiser's in local culture
- **Leverage** the **depth of J.P. Wiser's portfolio** to answer consumer needs (rural vs. metro area)

Continue to Grow Value ahead of Volume

- **Targeted price increase** approach to **protect margins**
- Full leverage of our **Promotional Efficiency AI** internal tool

Dynamic Portfolio Management

- **Acquire** brands **competing** in **fast moving segments** and **dispose assets** in less attractive segments

Building off a solid foundation and a well-defined strategy, Corby is well-positioned for the coming years



In a challenging customer environment, we anticipate for FY25:

- **Additional market share gains** in a slightly growing spirits market, supported by the implementation of our portfolio strategic priorities and ongoing broad-based digital transformation
- **Unlocking the full potential** of our **RTD portfolio**, including the realization of ABG and Nude sales and operational synergies through a successful integration
- Continued focus on **revenue growth management** and **disciplined investments** in structure, with the ambition to **protect our margins levels**
- **Dividend payment increase** (subject to Board approval) and progressive improvement of the net debt to EBITDA ratio as our earnings grow
- Agility in our approach to the **RTM modernization** in **Ontario** to capitalize on this strategic business opportunity to continue catering to the needs of our consumers
- Close monitoring of the **ongoing customer pricing dispute**

WHY INVEST IN CORBY?



Why invest in Corby?



1



Largest publicly-listed, multi-beverage alcohol company in Canada

- The most comprehensive and diverse portfolio of the industry
- 3 of the top 10 spirits brands in Canada by value

2



Close partnership with Pernod-Ricard, a global industry leader

- Bringing numerous strategic advantages, best practices, and operational and financial support to Corby

3



Clear strategic priorities to continuing gaining value share

- Corby outpaced the spirits market in value for two consecutive years
- Executing on multiple opportunities to keep growing ahead of the broader spirits industry

4



Operational excellence execution

- Strong track-record of impactful innovations and unparalleled marketing capabilities leveraging digital transformation
- Opportunities for cost synergies through recent acquisitions

5



Financial consistency

- Resilient revenues and strong cash flow generation underpin financial stability

6



Appealing financial policy and attractive valuation

- Established track-record of generous dividend payments and active portfolio management to drive shareholder value