CORBY

CORBY SPIRIT AND WINE LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

2024

CORBY SPIRIT AND WINE LIMITED
Management's Discussion and Analysis
June 30, 2024

The following Management's Discussion and Analysis ("MD&A") dated August 21, 2024 should be read in conjunction with the audited consolidated financial statements and accompanying notes as at and for the year ended June 30, 2024 ("full year"), prepared in accordance with IFRS Accounting Standards ("IFRS"). Information for the three months ended June 30, 2024 and 2023 were not audited.

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", "Significant Events", "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", "will", "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; 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 "Risks and Risk Management" section of this MD&A.

This document has been reviewed by the Audit Committee of Corby's Board of Directors and contains certain information that is current as of August 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 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.sedarplus.ca.

Unless otherwise indicated, all comparisons of results for the fourth quarter of fiscal 2024 (three months ended June 30, 2024) are against results for the fourth quarter of fiscal 2023 (three months ended June 30, 2023). All dollar amounts are in Canadian dollars unless otherwise stated.

This MD&A includes references to "Adjusted Earnings from Operations", "Adjusted Net Earnings", "Adjusted Basic Earnings per Share", "Adjusted Diluted Earnings per Share", "Organic Revenue", "Adjusted EBITDA", "Total debt" and "Net debt" which are financial measures or financial ratios that are not calculated in accordance with IFRS. For a reconciliation of these non-IFRS measures to the most directly comparable IFRS financial measures, see the "Non-IFRS Financial Measures" and "Non-IFRS Financial Ratios" section of this MD&A.

Business Overview

Corby is a leading Canadian manufacturer, marketer and importer of spirits, wines and ready-to-drink cocktails. Corby's national leadership is sustained by a diverse brand portfolio that allows the Company to drive profitable 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, Cottage Springs®, Ace Hill® and Nude® ready-to-drink ("RTD") beverages (collectively, the "Ace Beverage Group Brands"), 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, Olmeca Altos® and Código 1530® tequilas, Jefferson's™ and Rabbit Hole® bourbons, 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.

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"). Corby's 90%-owned subsidiary, Ace Beverage Group Inc. ("ABG"), develops product recipes in-house at its innovation lab in Toronto, Ontario and partners with various third-party manufacturers across Canada for its production requirements. The Company's remaining production requirements have been outsourced to various third-party manufacturers, including 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).

Corby's operations are subject to seasonal fluctuations:

- Spirits sales typically are strong in the first and second quarters, while third-quarter sales usually are lower after the end of the retail holiday season. Fourth-quarter spirits sales typically increase again with the onset of warmer weather as consumers tend to increase their purchasing levels during the summer season;
- In contrast, the RTD segment benefits from outdoor gatherings and warmer months, leading typically to stronger sales in the spring and summer.

In addition, retail sales comparisons could be affected by timing of key holidays and LBs' reporting calendars. With lingering effects from previous or ongoing disruptions to the global supply chain, 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).

Strategies

Corby is a leading diversified beverage alcohol company in Canada. Our strategy is designed to strengthen our position with responsible, sustainable and profitable growth through targeted brand investment that the Company believes will also produce strong and consistent cash flows to sustain an on-going dividend payment to shareholders. Corby has a large portfolio of domestic and international brands, so the Company aims at allocating advertising and promotional investment to the brands and touchpoints with consumers that it believes will create sustained revenue and consistent cash flows. Brand investment is determined annually as part of Corby's overall strategic plan process using the targeted brand investment approach outlined above.

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 as well as the growing RTD category, 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 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. Corby continued to progress on several digital transformation initiatives, aiming to increase return on investment on advertising and promotion, optimize price promotion effectiveness, and improve sales execution and accelerate top line growth (by closing distribution gaps). Using a variety of digital tools and platforms, Corby converts consumer and market data into valuable insights to help build competitive advantage, deliver efficiencies and be more effective and impactful, while improving collaboration across the organization. Corby anticipates that these digital initiatives will contribute to improvements in the development of overall business strategy as well as certain aspects of its business and operations. Corby has invested, and expects to continue to invest, in various digital technologies to improve its business capabilities and efficiencies. Corby's investment in new technologies is an ongoing process intended to build and keep Corby's competitive edge. Typically, Corby pays an initial amount to acquire and/or use the technologies, together with, in some cases, external technical support, and implements the technologies in its business.

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, mergers and acquisitions ("M&A") remain a strategic option. This can encompass the acquisition of brands to develop the portfolio or adjacent businesses to complement our current business, such as the recent acquisition of ABG on July 4, 2023 (strengthened by the acquisition of the Nude brand and certain assets on May 13, 2024) to become a leading RTD player across Canada.

Export provides a clear growth opportunity, and the Company intends to continue actively developing its export business, including efforts to open new international markets, in addition to a continued focus on the US and UK markets for certain brands. In the US, Corby has a distribution agreement with a third-party distributor and has revised its approach to the market, focusing on certain states. In the UK, the Company intends to scale up the Lamb's Spiced rum brand, to introduce relevant new products and simplify the supply chain. Currently, as part of its strategic plan, Corby is expanding its business in European countries and other international markets on a transactional basis, where minimal investment and resources are required.

The Company believes its unique position in Canada, as well as its arrangement 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. Corby is committed to promoting sustainable practices, fostering responsible consumption and contributing to the well-being of communities and the environment. The Company's 2030 roadmap is aligned with the United Nations Sustainable Development Goals (SDGs) and aims to drive innovation, brand differentiation, and employee engagement across the organization. The platform is structured around four key pillars: Nurturing Terroir, Valuing People, Circular Making, and Responsible Hosting, which guide sustainability efforts from sourcing raw materials to serving customers.

SIGNIFICANT EVENTS

ABG ACQUISITION

On July 4, 2023, Corby acquired 90% of the outstanding shares of ABG. The purchase price of $148.5 million, which has been adjusted, as contemplated in the share purchase agreement, to $136.3 million to reflect the working capital and debt of ABG assumed as at the purchase date, was paid using available cash and financing from PR. The financing was provided on arm's-length terms at market rates and, as a related party transaction, was approved by Corby's independent directors, with external financial and legal advice (please refer to the "Related Party Transactions" section of this MD&A). Further, Corby entered into an agreement with the minority shareholders of ABG which provides Corby with the option to purchase 5% of the remaining outstanding shares of ABG in 2025 and then to purchase the final 5%, or 10% if the 2025 option is not exercised, of the remaining outstanding shares in 2028 ("ABG Shareholder Agreement"). Should Corby decide not to exercise the options to buy the outstanding minority shares, ABG is obligated to declare and pay an annual dividend equal to the cash balance, less an amount to satisfy the anticipated working capital and investment needs of ABG for the following fiscal year. This dividend would be subject to applicable law and Board approval addressing the ability of ABG to declare and pay. In connection with the closing of the transaction, Corby also signed a guarantee in favour of a Canadian Chartered Bank for payments of amounts owing under ABG's continuing operating loan.

ABG is a leader in the RTD and better-for-you beverages market in Canada. ABG's portfolio includes its flagship brand, Cottage Springs, and other innovative RTD offerings, adding significant scale to Corby's portfolio as well as expertise in the high-growth RTD category.

ABG ACQUISITION OF NUDE BEVERAGE BRANDS

On May 13, 2024, Corby's subsidiary, ABG, acquired the Nude RTD brand and certain assets of MXM Beverages Ltd. The purchase price of $11.8 million, was paid using available cash and financing from ABG's existing credit facilities.

Launched in Vancouver in 2017, Nude RTD has become one of the largest brands in the dynamic Canadian RTD category with a strong market share and footprint in Western Canada.

This bolt-on acquisition embodies our ambition to accelerate growth and become an RTD leader in Canada. The resulting more unified national presence is expected to help Corby and ABG to drive operational and sales synergies and to deliver enhanced RTD innovations to consumers across the country.

Three-Year Review of Selected Financial Information

Corby incurred several expenses in this fiscal year 2024 in relation to the acquisition of ABG and the Nude assets, distributor transitioning, restructuring, fair value adjustments to inventory following the business combinations of ABG, and interest charges related to non-controlling interest ("NCI") obligation. Expenses incurred in relation to the acquisition of ABG, distributor transition and restructuring also similarly impacted fiscal year 2023. Lastly, during the fourth quarter of 2022, Corby recognized a non-cash impairment charge on trademarks related to the Foreign Affair wine brands. These events have impacted our financial results for the three-months and year-end June 30, 2024, 2023 and 2022 respectively.

To better understand our underlying business performance and trends, Corby uses certain non-IFRS financial measures, which management believes, are important supplemental measures of operating performance and highlight trends in the core business that may not otherwise be apparent when relying solely on IFRS financial measures.

These non-IFRS financial measures exclude the transaction costs related to the acquisition of ABG and the Nude assets, one-time termination fees related to distributor transitions, organizational restructuring provisions, fair value adjustments to inventory related to business combinations as well as the non-cash impairment charge in fiscal year 2022 related to the recoverable value of the Foreign Affair Winery trademarks in comparative periods and are described as "Adjusted". At the Net Earnings level, non-IFRS financial measures also exclude the notional interest charges related to the NCI obligation.

With respect to costs incurred in relation to M&A activity (including transaction costs and fair value adjustments to inventory related to business combinations), while continuing business acquisition is part of Corby's business strategy and costs are incurred on a recurring and regular basis in the search and evaluation of prospective targets, the Company has adjusted for the costs associated with completed acquisition activity during fiscal years 2023 and 2024 in its adjusted metrics. The recent ABG acquisition was Corby's first acquisition since 2017. Corby has completed two acquisitions in the last seven years and has adjusted the one-time costs to complete these transactions in Adjusted Earnings from Operations and Adjusted Net Earnings.

Costs incurred in relation to distributor transitions, organizational restructuring, and non-cash impairment have been adjusted in Adjusted Earnings from Operations, and interest costs incurred in relation to the NCI obligation along with the aforementioned costs and has been adjusted in Adjusted Net Earnings. Management believes the exclusion of these costs allows for the measurement of the underlying financial performance of the business on a more consistent basis.

Non-IFRS financial measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. See the "Non-IFRS Financial Measures" section of this MD&A.

Adjusted Earnings from Operations is equal to earnings from operations before interest and taxes for the period adjusted to remove the costs incurred for business combination inventory fair value adjustments, restructuring provisions and the transaction costs related to the acquisition of ABG and Nude assets; in fiscal year 2023, adjusted to remove the transaction costs related to the acquisition of ABG, one-time termination fees related to distributor transitions and organizational restructuring provisions; and in fiscal year 2022 adjusted to remove the impairment on trademarks related the Foreign Affair Winery. Per-share amounts are calculated on the adjusted financial measure divided by the outstanding common shares.

Adjusted Net Earnings is equal to net earnings for the period adjusted to remove the costs incurred for business combination inventory fair value adjustments, restructuring provisions, the transaction costs related to the acquisition of ABG and Nude assets and the notional interest charges related to NCI obligation, net of tax calculated using the effective tax rate; in fiscal year 2023, adjusted to remove the transaction costs related to the acquisition of ABG, one-time termination fees related to distributor transitions, organizational restructuring provisions, net of tax calculated using the effective tax rate; and in fiscal year 2022 adjusted to remove the impairment on trademarks related the Foreign Affair Winery, net of tax calculated using the effective tax rate. Adjusted earnings per share and adjusted diluted earnings per share are computed in the same way as basic earnings per share.

The following table provides a summary of certain selected consolidated financial information for the Company for the years ending June 30, 2024, 2023 and 2022.

(in millions of Canadian dollars, except per share amounts)	**2024**	2023	2022
Revenue	**$ 229.7**	$ 163.0	$ 159.4
Earnings from operations	**40.7**	28.3	32.7
- Earnings from operations per common share	**1.43**	1.00	1.15
Adjusted earnings from operations (1)	**44.6**	32.4	34.8
- Adjusted earnings from operations per common share (1)	**1.57**	1.14	1.22
Net earnings	**23.9**	22.0	23.4
Adjusted net earnings (1)	**28.5**	25.3	25.5
- Basic earnings per share	**0.84**	0.77	0.82
- Diluted earnings per share	**0.84**	0.77	0.82
- Adjusted basic earnings per share (1)	**1.00**	0.89	0.89
- Adjusted diluted earnings per share (1)	**1.00**	0.89	0.89
Total assets	**420.5**	362.6	253.5
Total liabilities	**238.9**	182.6	70.3
Total shareholder's equity	**181.6**	180.0	183.2
Regular dividends paid per share	**0.84**	0.88	0.93

(1) See "Non-IFRS Financial Measures"

In 2024, revenue grew $66.7 million or 41% compared to 2023. The significant year-on-year growth was driven primarily by the inclusion of ABG and Nude revenue of $57.9 million and $2.9 million, respectively. Revenue growth was also driven by broad-based pricing initiatives and solid domestic commercial performance, with market share gains in value for most of Corby's key brands, along with strong export sales capitalizing on new market opportunities. When excluding ABG and Nude acquisitions, revenue has shown steady growth compared to 2022, despite evolving consumer trends and supply chain challenges.

In line with industry practice, the Company sells excess inventory from time to time to rebalance its maturation inventories and align with long-term strategies and forecasts. Bulk sales of excess inventory fluctuated, growing in fiscal year 2024 versus the prior year, while fiscal year 2023 was significantly lower when compared to fiscal year 2022.

Net earnings increased $1.9 million or 9% in fiscal year 2024 versus prior year due to the inclusion of ABG results, despite higher interest charges incurred related to the loan agreement entered into for the acquisition of ABG and NCI obligation. Adjusted net earnings grew by $3.2 million or 13% in fiscal year 2024 versus the prior year. The overall net earnings trend since fiscal year 2022 was primarily driven by strong sales from our expanded portfolio of brands and pricing initiatives offsetting the impact of rising costs of inputs from the inflationary environment and global supply chain disruptions and investments behind key brands and people.

Net assets (i.e. total assets less total liabilities) is a result of cash generated from operating activities less investing activity (acquisitions and additions to property, plant, equipment, and intangibles) proceeds and repayments on long term debt and dividends paid. Net assets are also impacted by changes in the valuation of Corby's employee benefits liabilities (primarily the result of net actuarial gains and losses and unrealized gains and losses on plan assets).

Corby received $120.0 million in proceeds from a term loan from PR which were used during fiscal 2024 to complete the acquisition of ABG on July 4, 2023 (see the "Significant Events" section of this MD&A), and in fiscal 2024, the Company received a further $22.0 million on this debt facility with PR. The term loan is due in full after a 10-year term, or June 20, 2033. For more details on the loan agreement and its terms please see the "Related Party" section of this MD&A.

Brand Performance Review

Corby's portfolio of owned brands accounts for 87% of the Company's total annual revenue in fiscal year 2024. 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, Ace Beverage Group Brands 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 and the Ungava Spirits Brands are also sold to international markets, particularly in the US and UK. As described in the "Business Overview" section of this MD&A, Corby's shipment volumes are subject to being 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				Year Ended			
			Shipment Change				Shipment Change	
	Jun. 30,	*Jun. 30,*	*Volume*	*Value*	***Jun. 30,***	*Jun. 30,*	*Volume*	*Value*
(Volumes in 000's of 9L cases)	***2024***	*2023*	*%*	*%*	***2024***	*2023*	*%*	*%*
Brand								
J.P. Wiser's Canadian whisky	**236**	238	(1%)	(5%)	**850**	861	(1%)	2%
Polar Ice vodka	**124**	91	35%	5%	**384**	342	12%	9%
Lamb's rum	**83**	99	(16%)	(15%)	**377**	401	(6%)	2%
Mixable liqueurs	**43**	44	(3%)	(6%)	**166**	167	(1%)	1%
Ace Beverage Group Brands[1]	**817**	-	N/A	N/A	**2,124**	-	N/A	N/A
Ungava Spirits Brands	**42**	35	21%	43%	**169**	161	5%	6%
Other Corby-owned brands	**43**	47	(8%)	(9%)	**178**	185	(3%)	7%
Total Corby brands	**1,388**	554	151%	62%	**4,248**	2,117	101%	50%

[1] Shipment volume and value for Nude Beverages brands are included within Ace Beverage Group Brands for the period which the Company has owned Nude Beverages for. Conversely, ABG & Nude Beverages were not owned by the Company during Fiscal year 2023, and as such, have no shipment volume or value in the comparative period.

Corby's owned-brands grew 151% in volume and 62% in value in the three-month period ended June 30, 2024 compared to the same period in the prior year, reflecting the inclusion of the Ace Beverage Group Brands portfolio, whose Cottage Springs product line contributed over 80% of Ace Beverage Group Brands' total volume and value.

J.P. Wiser Canadian whisky's performance declined 5% in value in the three-month period-ended June 30, 2024 compared to the same period in the prior year, with strength in the domestic market driven by increased shipments of J.P. Wiser's Deluxe to the Liquor Control Board of Ontario ("LCBO") resulting from customer stocking ahead of the labour strike, largely being offset by the customer pricing dispute impact (see "Customer risk" sub-section in "Risks and Risk Management" section) and softer overall US performance. Ungava Spirits Brands showed strong growth in both volume and value, with Ungava Gin & Chic Choc RTDs shipments growing in anticipation of the summer RTD season, amplified by recovering shipments of Ungava Gin. Cabot Trail maple cream liqueur was affected by inventory normalization while commercial trends remained positive. Polar Ice vodka delivered strong volume growth from the launch of RTD beverages and the LCBO pre-buying effect ahead of the labour strike, although the brand's performance was affected by negative product mix and the customer pricing dispute impact as well as the phasing of promotional spending. Lamb's rum's declined lapping the fourth quarter recovery of the Lamb's supply chain to the UK in the prior year, amplified by ongoing domestic declines. Mixable liqueurs and the Northern Border Collection whiskies (included in the Other Corby-owned brands in the above chart) declined in line with retail performance.

Full-year fiscal 2024 shipments of Corby's owned-brands significantly grew 101% in shipment volume and 50% in value, when compared to the year ended June 30, 2023, mostly driven by the aforementioned inclusion of the Ace Beverage Group Brands portfolio.

Excluding ABG and Nude sales, total case good revenue declined 2% in the fourth quarter of fiscal year 2024, negatively affected by the customer pricing dispute impact, and appeared in solid growth of 4% in the full-year of fiscal 2024, benefitting from broad-based price increases and promotional optimization, while volumes were impacted by the overall market deceleration along the fiscal year.

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

(Volumes in 000's of 9L cases)	Three Months Ended Jun. 30, 2024	Jun. 30, 2023	Shipment Change Volume %	Value %	Year Ended Jun. 30, 2024	Jun. 30, 2023	Shipment Change Volume %	Value %
Domestic	**1,325**	472	181%	79%	**3,980**	1,856	114%	54%
International	**63**	82	(23%)	(27%)	**268**	261	2%	16%
Total Corby brands	**1,388**	554	151%	62%	**4,248**	2,117	101%	50%

In the fourth quarter of fiscal year 2024, domestic shipments increased 181% in volume and 79% in value compared to the same period last year, while full year domestic shipments grew 114% in volume and 54% in value compared to the same period last year. Domestic shipments in the fourth quarter and full year fiscal 2024 benefitted from the inclusion of the Ace Beverage Group Brands, LCBO pre-buying patterns ahead of the labour strike, portfolio pricing initiatives, optimization of trade promotional spend while being offset by the customer pricing dispute impact (see "Customer Risk" section of this MD&A) and unfavourable product mix from the growth of RTDs in the portfolio.

Regarding our international markets' performance, shipment volumes declined 23% while shipment value declined 27% on a quarter-over-quarter comparable basis while full year international shipments grew 2% in volume and 16% in value compared to the same period last year. Export case good revenue in Q4 fiscal 2024 reflected a normalization of quarterly phasing in an otherwise strong full year result when compared to fiscal 2023, with performance lapping unusually strong shipments from new market pipeline fills and innovation launches in the US in the fourth quarter of fiscal 2023. In the year ended fiscal 2024, Corby capitalized on pricing initiatives and sales to new markets, while overall shipments growth was mainly driven by new markets, offsetting high inventory levels in the US. Despite shipments being impacted, 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 year ended June 30, 2024, the Canadian spirits industry retail sales declined 2% in volume and remained largely flat in retail value when compared to last year, with moderate growth in the on-premise channel offset by moderate declines in the retail channel. Industry trends were led by retail sales value declines in Single Malt Scotch whisky, Cognac, and gin categories, offset by growth in tequila and bourbon categories.

In the year ended June 30, 2024, the Canadian RTD category retail sales volume grew 2% while retail value grew 6% when compared to the prior year, remaining the fastest growing category overall. Retail sales for the period were driven by innovation and premiumization.

Corby's diversified portfolio includes products in many categories, the majority of which are within the RTD, Canadian whisky, rum and vodka categories. Corby's total represented spirits (including PR spirits) retail sales declined 2% in retail volume but grew 2% in value in the year ended June 30, 2024 as compared to the prior year, and outperformed the Canadian spirits market in value for the second consecutive quarter, gaining share in all key categories. Combining spirits, wines and RTDs, Corby outpaced the total beverage market by +1.9 percentage points of value growth in fiscal year 2024, reflecting our diversified product portfolio and successful new product launches.

Retail sales performance was largely driven by the continued strong momentum of ABG brands, as well as Mixable liqueurs lapping a low comparison basis after last year's production challenges which led to stock unavailability. Corby's flagship brand, J.P. Wiser's, declined 2% in volume and remained flat in value in fiscal year 2024 as a result of changing consumer trends partially offset by pricing increases and launch of premium innovations.

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)	***Jun 30, 2024***	*Jun 30, 2023*	*% Retail Volume Growth*	*% Retail Value Growth*	***Jun 30, 2024***	*Jun 30, 2023*	*% Retail Volume Growth*	*% Retail Value Growth*
Brand								
J.P. Wiser's Canadian whisky	**172**	176	(2%)	3%	**749**	767	(2%)	0%
Polar Ice vodka	**104**	82	28%	11%	**362**	340	7%	3%
Lamb's rum	**52**	55	(5%)	(4%)	**228**	246	(7%)	(4%)
Mixable liqueurs	**36**	38	(3%)	2%	**167**	172	(3%)	3%
Ace Beverage Group Brands[2]	**476**	476	0%	5%	**1,970**	1,947	1%	8%
Ungava Spirits Brands	**29**	31	(4%)	(5%)	**156**	155	1%	(1%)
Other Corby-owned brands	**36**	38	(4%)	(1%)	**157**	164	(5%)	(3%)
Total	**906**	895	1%	3%	**3,788**	3,790	0%	1%

[1] *Refers to sales at the retail store level in Canada, as provided by the Association of Canadian Distillers.*
[2] *As Nude brands were acquired on May 13, 2024, retail performance has not been included in the above chart as management does not consider this information useful for analysis for the period of time the brands were owned by Corby during the fiscal year*

<u>J.P. Wiser's Canadian Whisky</u>

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 remained flat despite retail volume declining 2% driven by pricing favourability and portfolio premiumization, with volume performing better than the category in the year ended June 30, 2024. Retail sales volumes for the Canadian whisky category declined 3%, while retail value for the category remained flat over the same comparable period.

<u>Polar Ice Vodka</u>

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 volume by 7% while retail value grew 3% in the year ended June 30, 2024 compared to the prior year. Successful innovation launches of ready-to-serve cocktails such as Polar Ice Orange Blizzard and new RTD offerings were offset by a competitive standard vodka market, particularly in Alberta. The overall vodka category in Canada declined 2% in retail volume and remained flat in retail value on a comparable basis. The standard vodka category, where Polar Ice vodka competes, grew 4% in retail volume and 3% in value in fiscal year 2024 compared to the prior year.

<u>Lamb's Rum</u>

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 volume for the overall rum category declined 4% for the year ended June 30, 2024, while retail value declined 1% in the same period. The economy rum category, however, saw retail volumes decline 5% while retail value declined 2% in the year ended June 30, 2024 compared to the same period last year. Lamb's rum declined 7% in retail volume and 4% in retail value for the year ended June 30, 2024 compared to the same period in the prior year.

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 3% while retail value grew 3% for the year ended June 30, 2024 compared to the same period last year. Performance was driven by mix premiumization, lapping last year's rebound from previous production constraints impacting certain premium products in this portfolio. Retail volume for the liqueurs category overall declined 3% while value remained flat for the year ended June 30, 2024 compared to last year.

Ace Beverage Group Brands

Retail volume for the Ace Beverage Group Brands portfolio (excluding the recently acquired Nude Brands portfolio) grew 1% in volume and grew 8% in retail value for the year ended June 30, 2024, when compared to the same period last year when Ace Beverage Group Brands was not owned by the Company.

The flagship brand Cottage Springs, top-selling RTD brand in Ontario, grew 4% in retail volume and 11% in retail value in the year ended June 30, 2024 compared to the same period last year driven by price optimization and successful innovation launches (Dock Day and Punched Up variety packs represented 2 of the top 3 new innovations in Ontario), outpacing the RTD category. Retail volume for the RTD category grew 2% while value grew by 6% for the year ended June 30, 2024 compared to the same period last year.

While Cottage Springs also leaned into national expansion efforts with successful launches in government and private channels in British Columbia and Quebec, another brand in the ABG portfolio, Casa Del Rey tequila cocktails, was the best-selling new-to-world RTD brand in Ontario in fiscal year 2024.

Ungava Spirits Brands

Retail volume and value for the Ungava Spirits Brands grew 1% volume but declined 1% in value, for the year ended June 30, 2024 compared to last year.

The flagship brand, Ungava gin, declined 16% in retail volume and 15% in retail value in the year ended June 30, 2024 compared to the prior year driven by intense gin competition in the Ontario and Quebec markets as well as category trends. The gin category declined 6% in retail volume and 3% in retail value in the year ended June 30, 2024 compared to the prior year. RTD innovations launched in the Quebec market are growing rapidly but resulted 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) maintained appeal from consumers, emphasized by the Maple Whisky Excellence innovation successful launch. Retail volume declined 3% but value grew 1% in the year ended June 30, 2024 compared to last year.

Other Corby-Owned Brands

Other Corby-Owned Brands include premium offerings in Canadian whisky such as Lot No. 40®, Pike Creek®, and Gooderham & Worts® (collectively known as the "Northern Border Collection"), Royal Reserve® and the Foreign Affair Brands. Collectively this group of brands declined 5% in retail volume and 3% in retail value for the year ended June 30, 2024 when compared to the prior year.

The Northern Border Collection declined 16% in volume and 13% in value for the year ended June 30, 2024 when compared to the prior year as performance cycled sales from innovation launches last year.

Royal Reserve declined 3% in retail volume and was flat in retail value during the year ended June 30, 2024 compared to 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 year ended June 30, 2024 and 2023:

(in millions of Canadian dollars, except per share amounts)		Year Ended June 30 2024		June 30 2023 (1)		$ Change	% Change
Revenue	**$**	**229.7**	$	163.0	$	66.7	41%
Cost of sales		**(113.9)**		(68.8)		(45.0)	65%
Marketing, sales and administration		**(75.2)**		(65.3)		(9.9)	15%
Other income (expenses)		**0.2**		(0.4)		0.6	(141%)
Earnings from operations		**40.7**		28.3		12.4	44%
Adjusted Earnings from operations(2)		**44.6**		32.4		12.1	37%
Financial income		**1.3**		2.0		(0.7)	(36%)
Financial expenses		**(9.1)**		(0.3)		(8.8)	3202%
Net financial (expenses) income		**(7.8)**		1.7		(9.5)	(562%)
Earnings before income taxes		**32.9**		30.0		2.9	10%
Income taxes		**(9.0)**		(8.1)		(0.9)	11%
Net earnings	**$**	**23.9**	$	22.0	$	1.9	9%
Adjusted Net Earnings(2)	**$**	**28.5**	$	25.3	$	3.2	13%
Per common share							
- Basic net earnings	**$**	**0.84**	$	0.77	$	0.07	9%
- Diluted net earnings	**$**	**0.84**	$	0.77	$	0.07	9%
- Adjusted Basic, net earnings per share(2)	**$**	**1.00**	$	0.89	$	0.12	13%
- Adjusted Diluted, net earnings per share(2)	**$**	**1.00**	$	0.89	$	0.12	13%

(1) Certain comparative information has been reclassified to conform to the current year's presentation. Please refer to the Company's consolidated financial statements for details.

(2) See "Non-IFRS Financial Measures"

Overall Financial Results

Significant year-over-year revenue growth, including the contribution of ABG portfolio and the Nude brand, in addition to the realization of operating efficiencies, also helped to drive strong earnings and profitability growth in fiscal year 2024. Full-year reported earnings from operations of $40.7 million and adjusted earnings from operations of $44.6 million increased by 44% and 37%, respectively, compared to full-year fiscal 2023. In addition, while fiscal year 2024 included interest charges related to the loan contracted to acquire ABG, reported net earnings of $23.9 million and adjusted net earnings of $28.5 million increased by 9% and 13%, respectively, when compared to full-year fiscal 2023.

Revenue

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

(in millions of Canadian dollars)		Year Ended June 30 2024			June 30 2023	$ Change	% Change	$ Change	% Change
Revenue streams:		*Consolidated*		*Organic* [1]		*Consolidated*		*Organic* [1]	
Case goods	**$**	**198.8**	**$**	**137.9**	$ 132.9	$ 65.9	50%	$ 5.0	4%
Gross commissions		**37.0**		**37.0**	37.3	(0.3)	-1%	(0.3)	-1%
Amortization of representation rights		**(10.4)**		**(10.4)**	(10.4)	-	0%	-	0%
Total commissions		**26.6**		**26.6**	26.9	(0.3)	-1%	(0.3)	-1%
Other services		**4.3**		**4.3**	3.2	1.2	37%	1.2	37%
Revenue	**$**	**229.7**	**$**	**168.8**	$ 163.0	$ 66.7	41%	$ 5.9	4%

(1) See "Non-IFRS Financial Measures"

Organic revenue growth is measured as the difference between revenue excluding case goods revenue from acquired or disposed entities compared to revenue in the preceding fiscal period during which the acquisition or disposal had not yet occurred. Organic revenue growth is not a standardized financial measure and might not be comparable to similar measures disclosed by other issuers (refer to the “Non-IFRS Financial Measures” section of this MD&A).

Case Goods revenue increased $65.9 million, or 50% for the year ended June 30, 2024 compared to the prior year, driven by the addition of the ABG portfolio of brands to Corby’s results. Organic case goods revenue grew $5.0 million or 4% in fiscal year 2024 compared to the prior year, attributable to the Company’s overall pricing initiatives leading to solid domestic case goods sales despite the overall domestic market deceleration and dynamic export sales through new market opportunities, partially offset by high inventory levels in the US and the customer pricing dispute impact.

Net commissions reached $26.6 million and declined $0.3 million, or 1% in the year ended June 30, 2024, when compared to the same period last year, with dynamic performance from key strategic PR brands despite a year-over-year headwind from stock levels normalization at liquor boards. However, this strength was fully offset by lower agency sales, owing to the inclusion of revenue in the prior year from certain third-party wine brands no longer represented by Corby during fiscal 2024. Retail performance on PR spirits continued to grow at a faster pace than the market as the portfolio benefitted from its positioning within growing categories along with PR’s investment to build these brands in Canada, partially offset by destocking in liquor boards and softer performance on PR wines from strong competition in certain categories. Commissioned sales were largely unaffected by customer pricing dispute impact and labour action in the fiscal year.

Other services represent ancillary revenue incidental to Corby’s core business activities, such as logistical fees, merchandise sales, and occasional bulk whisky sales. Revenue from other services increased $1.2 million in the year ended June 30, 2024, when compared to the same period last year and are mostly attributable to increased non-core business bulk whisky sales.

As a result, total Revenue increased $66.7 million, or 41% during the year ended June 30, 2024 when compared to last year, and organic revenue grew $5.9 million or 4% compared to 2023.

Cost of sales

Cost of sales increased $45.0 million or 65% for the year ended June 30, 2024, when compared to the same period last year. Performance in the year is primarily driven by inclusion of ABG’s cost of sales and rising input costs due to high inflation on production lines salaries and on raw materials. In addition, the cost of sales includes the $3.2 million accounting impact of the fair value adjustment to inventory acquired in the ABG acquisition. Cost of sales increases have been mitigated by continued broad-based price increases and trade promotion optimization.

Marketing, sales and administration

In full-year fiscal 2024, marketing, sales and administrative expenses grew 15% versus the prior year, primarily reflecting the inclusion of marketing investments and overheads related to the ABG portfolio and Nude brand.

While Corby made strategic investments in J.P. Wiser's (package redesign), Polar Ice (media campaign) and the RTD portfolio during the year, the Company also realized efficiencies across the organization. The combined impact of these factors resulted in marketing, sales and administrative expenses for the full-year increasing at a slower pace than full-year revenue for fiscal year 2024.

Net financial expense

Net financial expense was impacted by the ABG acquisition during the year ended June 30, 2024. On June 12, 2023, with the purpose to provide financing for the completion of the ABG acquisition, Corby entered into a loan agreement with PR in the amount of $120.0 million. Corby incurred interest charges of $6.0 million on this loan agreement during the year ended June 30, 2024 (2023 - $nil). Furthermore, Corby assumed ABG's existing debt facilities effective as of the acquisition date of July 4, 2023, which incurred interest charges of $0.8 million during the fiscal year.

In addition, and as a result of the acquisition of ABG, Corby has recognized an NCI obligation of $14.4 million at the acquisition date as Corby entered into the ABG Shareholder Agreement. Interest accrued on the NCI obligation amounted to $1.8 million during the year ended June 30, 2024.

Net financial expense also reflects interest earned on deposits in cash management pools as well as interest expense associated with the Company's pension and post-retirement benefit plans and interest charges on leased assets.

In the comparative periods, financial income and expense resulted in net financial income as interest earned from deposits in cash management pools exceeded interest charges associated with the Company's pension and post-retirement benefit plans and leased assets.

Income taxes

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

	2024	2023
Combined basic Federal and Provincial tax rates	**26.4%**	26.4%
Other	**0.9%**	0.5%
Effective tax rate	**27.3%**	26.9%

Liquidity, Contractual Obligations and Capital Resources

Corby's sources of liquidity are its cash of $4.6 million, deposits in cash management pools of $27.4 million as at June 30, 2024, cash generated from its future operating activities, and remaining credit available under its revolving operating credit facilities of $9.0 million. On June 12, 2023, Corby entered into a loan agreement with PR with a total available credit amount of $120.0 million. The loan provided Corby with the required funding to complete the ABG acquisition which closed on July 4, 2023 (see the ***"****Significant Event – ABG acquisition"* section of this MD&A for further information). As at June 30, 2024, the balance payable under this term loan was $120.0 million. The term loan accrues interest at a fixed rate of 5.43% which is payable quarterly at the end of each quarter. Principal under the term loan is due in full at maturity on June 20, 2033, with early repayment options available without penalty.

In connection with the closing of the ABG acquisition on July 4, 2023, Corby signed a guarantee in favour of a Canadian Chartered Bank for payment amounts owing under ABG's continuing operating loan; this guarantee is limited to $31.9 million. As at June 30, 2024, $17.8 million has been drawn on the ABG credit facilities.

During the year ended June 30, 2024, Corby paid a total of $7.1 million in interest, related to its total debt of $140.8 million, which includes bank indebtedness and credit facilities payable, lease liabilities and long-term debt.

Further, the Company entered into an agreement with the minority shareholders of ABG which provides the Company with options to purchase the remaining outstanding shares of ABG in the future. In the event that the

Company does not exercise the options, the Company is obligated to declare and pay an annual dividend to the minority shareholders equal to the cash balance, less an amount to satisfy the anticipated working capital and investment needs of ABG for the following fiscal year subject to applicable law and approval by the Board of Directors of ABG addressing the ability of ABG to declare and pay such dividends. The Company classified the minority shares as a financial liability and recognized $14.4 as non-controlling interest obligation at the acquisition date. Interest accrued on the Non-controlling Interest Obligation amounted to $1.8 during the year ended June 30, 2024, bringing the total obligation to $16.2 million at the end of June 30, 2024.

A summary of the maturity of the Company's contractual obligations as at June 30, 2024 are represented in the table below:

	Less than 1 year	1 to 5 years	5 years and thereafter	Total
Trade payables and accrued liabilities	$ 57.4	$ -	$ -	$ 57.4
Lease liabilities	1.4	1.6	-	3.0
Credit facilities payable	2.3	8.1	7.4	17.8
Long-term debt	-	-	120.0	120.0
	$ 61.1	$ 9.7	$ 127.4	$ 198.2

The Company believes that its cash and 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

(in millions of Canadian dollars)	**2024**	2023	$ Change
Operating activities			
Net earnings, adjusted for non-cash items	**$ 55.9**	$ 43.0	$ 12.9
Net change in non-cash working capital	**(7.1)**	(4.2)	(2.9)
Net payments for interest and income taxes	**(17.3)**	(3.4)	(13.9)
	31.5	35.4	(3.9)
Investing activities			
Additions to property, plant & equipment	**(2.7)**	(3.9)	1.2
Additions to intangible assets	**(0.6)**	(0.8)	0.2
Proceeds from disposition of capital assets	**-**	0.3	(0.3)
Business acquisitions	**(148.1)**	-	(148.1)
(Deposits in) / withdrawals from cash management pools	**127.7**	(102.6)	230.3
	(23.7)	(107.0)	83.3
Financing activity			
Proceeds from long-term debt	**22.0**	98.0	(76.0)
Payment of lease liabilities	**(1.4)**	(1.4)	-
Draws on credit facilities payable, net	**9.8**	-	9.8
Repayment of acquired bank debt	**(9.7)**	-	(9.7)
Dividends paid	**(23.9)**	(25.1)	1.2
	(3.2)	71.6	(74.8)
Net change in cash	**$ 4.6**	$ -	$ 4.6

Operating activities

Net cash generated from operating activities was $31.5 million for the year ended June 30, 2024, compared to $35.4 million generated from operating activities in the prior year, representing a decrease in cash generated from operating activities of $3.9 million on a year over year comparison basis. Operating cash flows benefitted from higher earnings but were offset by unfavourable working capital changes as well as higher interest and tax payments. Net interest payments increased by $7.7 million compared to the same period last year as a result of Corby's term loan with PR, as well as interest payments related to ABG operating loans. Taxes paid increased by $6.2 million compared to the same period last year primarily due to the addition of ABG net tax installments, and a refund of taxes paid in fiscal 2023 that did not recur in the current fiscal year.

Corby closed fiscal year 2024 with a strong balance sheet, with a Net debt over adjusted EBITDA ratio at 1.8 and financial flexibility to execute on its strategic initiatives to drive long-term shareholder value (refer to the "Non-IFRS Financial Measures" section of this MD&A for further details).

Investing activities

Net cash used in investing activities was $23.7 million for the year ended June 30, 2024 compared to $107.0 million last year. Investing activities include investments in property plant and equipment and intangible assets in both periods. The current year includes $148.1 million related to the acquisitions of the ABG and Nude brands (see the *"Significant Event – ABG acquisition"* and *"Significant Event – ABG acquisition of Nude Beverage Brands"* sections of this MD&A for further information).

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. Withdrawals from cash management pools during the year ended June 30, 2024 were $127.7 million and reflect proceeds used to complete the acquisition of the ABG brands (see the *"Significant Event – ABG acquisition"* section of this MD&A for further information). During the year ended June 30, 2023, the significant deposits in cash management pools reflect the proceeds on the term loan payable to PR in the amount of $98.0 million. As previously mentioned, the term loan agreement was entered into on June 20, 2023 and was used to fund the acquisition of Ace on July 4th 2023 (see the *"Significant Event – ABG acquisition"* section of this MD&A for further information).

Financing activities

Financing activities includes such items as dividend payments, payments on lease obligations, proceeds and payments from long-term debt and draws on credit facilities payable. For the year ended June 30, 2024, cash used in financing activities totalled $3.2 million which included $22 million in proceeds from the term loan, dividend payments of $23.9 million, draws on credit facilities payable of $9.8 million, payments on bank indebtedness of $9.7 million and payments on Corby's lease obligations of $1.4 million. Comparatively, cash from financing activities for the year ended June 30, 2023, was $71.6 million which included $98.0 million in proceeds from the term loan, dividend payments of $25.1 million and payments on lease obligations of $1.4 million.

As previously mentioned, on June 20, 2023 Corby entered into a loan agreement with PR with a total available credit amount of $120.0 million, of which $98.0 million was drawn as at June 30, 2023 and included in Corby's deposits in cash management pools. The loan provided Corby with the required funding to complete the acquisition of Ace which closed on July 4, 2023.

On August 21, 2024, subsequent to the year ended June 30, 2024, Corby's Board of Directors declared its regular quarterly dividend of $0.22 per common share, to be paid September 27, 2024, to shareholders of record as at the close of business on September 11, 2024.

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
2024 - Q4	August 21, 2024	September 11, 2024	September 27, 2024	$ 0.22
2024 - Q3	May 9, 2024	May 29, 2024	June 12, 2024	0.21
2024 - Q2	February 7, 2024	February 27, 2024	March 13, 2024	0.21
2024 - Q1	November 8, 2023	November 24, 2023	December 8, 2023	0.21
2023 - Q4	August 23, 2023	September 15, 2023	September 29, 2023	0.21
2023 - Q3	May 8, 2023	May 23, 2023	June 6, 2023	0.21
2023 - Q2	February 8, 2023	February 23, 2023	March 3, 2023	0.21
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

Outstanding Share Data

As at August 21, 2024, 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

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 PR 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 September 26, 2008 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.

On June 12, 2023, Corby entered into a loan agreement with PR with a total available credit amount of $120 million, of which the full amount of credit available under the term loan agreement was utilized as of June 30, 2024. The loan provides Corby with the required funding to complete the ABG acquisition which closed on July 4, 2023. The loan bears interest at a fixed rate of 5.43% per annum and matures June 20, 2033. Interest is payable on a quarterly basis. The term loan along with any accrued interest is due in full at the maturity date, June 20, 2033, with Corby provided the option to voluntarily make partial or total repayment at any time before the maturity date. The loan agreement is on arm's-length terms at market rates and, as a related party transaction, was approved by Corby's Independent Committee of the Board of Directors, with external financial and legal advice.

PR also represents certain Corby-owned brands in the UK. 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.

On July 17, 2024, PR announced the sale of its international strategic wine brands to Australian Wine Holdco Limited (AWL). The transaction includes the sale of a wide portfolio of international wine brands owned and produced by Pernod Ricard Winemakers from three origins including Jacob's Creek® from Australia; Stoneleigh®, Brancott Estate® from New Zealand; and Campo Viejo® from Spain. The closing of the transaction remains subject to fulfilment of customary closing conditions, including regulatory clearances, with the transaction expected to close in the second half of fiscal year 2025. Corby will continue to represent these brands in the normal course of business at least until the end of the distribution agreement in September 2026, subject to the terms of the agreement and discussion with the new owner, regarding the opportunity to continue their representation in Canada.

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 August 21, 2024, 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. During the fiscal year ended June 30, 2024, Corby earned market rates of interest, based upon the 30-day CDOR rate plus 0.40%, on its deposits in cash management pools. As of July 2024, Corby will transition to using CORRA rates to calculate its interest earned on deposits in cash management pools. The transition to CORRA is not expected to have a significant impact on Corby's net earnings. Corby accesses these funds on a daily basis and has the contractual right to withdraw these funds or terminate these cash management arrangements upon providing five days' written notice.

Results of Operations – Fourth Quarter of Fiscal 2024

The following table presents a summary of certain selected consolidated financial information for the Company for the three-month periods ended June 30, 2024 and 2023:

(in millions of Canadian dollars, except per share amounts)	Three Months Ended ***June 30 2024***	 *June 30 2023* [(1)]	*$ Change*	*% Change*
Revenue	**$ 66.5**	$ 44.2	$ 22.3	50%
Cost of sales	**(34.1)**	(19.3)	(14.8)	77%
Marketing, sales and administration	**(24.0)**	(22.7)	(1.3)	6%
Other income (expenses)	**0.3**	(0.4)	0.7	(169%)
Earnings from operations	**8.7**	1.8	6.9	385%
Adjusted Earnings from operations[(2)]	**9.2**	5.9	3.3	56%
Financial income	**0.4**	0.6	(0.3)	(44%)
Financial expenses	**(2.4)**	(0.1)	(2.3)	2,690%
Net financial (expenses) income	**(2.1)**	0.5	(2.6)	(480%)
Earnings before income taxes	**6.6**	2.3	4.3	184%
Income taxes	**(1.8)**	(0.7)	(1.1)	160%
Net earnings	**$ 4.8**	$ 1.6	$ 3.2	194%
Adjusted Net Earnings[(2)]	**$ 5.4**	$ 4.9	$ 0.5	10%
Per common share				
- Basic net earnings	**$ 0.17**	$ 0.06	$ 0.11	194%
- Diluted net earnings	**$ 0.17**	$ 0.06	$ 0.11	194%
- Adjusted Basic, net earnings per share[(2)]	**$ 0.19**	$ 0.18	$ 0.02	10%
- Adjusted Diluted, net earnings per share[(2)]	**$ 0.19**	$ 0.18	$ 0.02	10%

[(1)] Certain comparative information has been reclassified to conform to the current year's presentation. Please refer to the Company's consolidated financial statements for details.

[(2)] See "Non-IFRS Financial Measures"

Revenue

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

(in millions of Canadian dollars)	Three Months Ended June 30 2024		June 30 2023	Consolidated $ Change	Consolidated % Change	Organic $ Change	Organic % Change
Revenue streams:	*Consolidated*	*Organic* [1]		*Consolidated*		*Organic* [1]	
Case goods	**$ 57.9**	**$ 35.1**	$ 35.8	$ 22.1	62%	$ (0.6)	-2%
Gross commissions	**9.7**	**9.7**	10.0	(0.3)	-3%	(0.3)	-3%
Amortization of representation rights	**(2.6)**	**(2.6)**	(2.6)	-	0%	-	0%
Total Commissions	**7.1**	**7.1**	7.4	(0.3)	-4%	(0.3)	-4%
Other services	**1.6**	**1.6**	1.1	0.5	46%	0.5	46%
Revenue	**$ 66.5**	**$ 43.8**	$ 44.2	$ 22.3	50%	$ (0.4)	-1%

(1) See "Non-IFRS Financial Measures"

Case goods revenue significantly increased $22.1 million, or 62% for the three-months period ended June 30, 2024 when compared to the same period last year, driven primarily by the inclusion of ABG and Nude revenue of $19.8 million and $2.9 million, respectively, acquired during fiscal 2024. Organic case goods revenue decreased $0.6 million or 2% in the three-month period ended June 30, 2024 compared to the same period last year, reflecting resilient domestic case goods benefitting from LCBO pre-buying effect ahead of labour strike action, but more than offset by the customer pricing dispute impact (see "Customer Risk" section of this MD&A) and unfavourable phasing in international markets from lapping unusually strong shipments from new market pipeline fills and innovation launches in the US in the fourth quarter of fiscal year 2023.

Net commission income declined $0.3 million or 4% during the three-month period ended June 30, 2024 when compared to the same period last year, with growth from PR RTD shipments and pricing optimization offset by declining agency commissions, lapping sales from certain brands no longer represented in the same period last year. Retail performance on PR spirits continued to grow at a faster pace than the market as the portfolio benefitted from its positioning within growing categories along with PR's investment to build these brands in Canada.

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 grew $0.5 million or 46% during the three-month period ended June 30, 2024 when compared to the same period last year as result of a one-time bulk whisky sale.

As a result, total revenue increased $22.3 million or 50% during the three-month period ended June 30, 2024, while organic operating revenue decreased $0.4 million or 1%.

Cost of sales

Cost of goods sold was $34.1 million during the three-month period ended June 30, 2024, increasing $14.8 million or 77% when compared with the same three-month period last year. Case Goods input costs were impacted by the inclusion of ABG's results.

Marketing, sales and administration

In the fourth quarter of fiscal 2024, marketing, sales and administrative expenses grew $1.3 million, or 6% as compared to the prior year period. This increase primarily reflected new marketing activities and overheads related to the ABG portfolio and Nude brand, with these expenses increasing at a more modest rate than the corresponding increase in revenue stemming from these acquisitions. This increase in marketing, sales and administrative expenses was partially offset by diligent internal cost management compared to a high expense base last year.

Net earnings and earnings per share

Net earnings for the fourth quarter of fiscal year 2024 were $4.8 million, or $0.17 per share, which is an increase of $3.2 million over the same quarter last year driven by the aforementioned reasons and the lapping of costs incurred related to the acquisition of ABG last year's quarter, despite higher interest costs incurred in relation to the loan contracted to acquire ABG and the NCI obligation along this quarter.

Selected Quarterly Information

Summary of Quarterly Financial Results

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

- Sales of spirits and wines are typically strong in the first and second quarters of the fiscal year, while third-quarter sales are usually lower after the end of the retail holiday season. Fourth-quarter sales of spirits and wines typically increase again with the onset of warmer weather, as consumers tend to increase their purchasing levels during the summer season;
- This contrasts with the seasonality trends of RTDs, with the strongest sales typically occurring in the third and fourth quarter to align with the onset of warmer months, while first and second quarter are comparatively lower.

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)	**Q4 2024**	Q3 2024	Q2 2024	Q1 2024	**Q4 2023**	Q3 2023	Q2 2023	Q1 2023
Revenue	**$ 66.5**	$ 48.5	$ 56.0	$ 58.6	**$ 44.2**	$ 32.2	$ 45.4	$ 41.1
Earnings from operations	**8.7**	9.2	11.4	11.4	**1.8**	4.8	11.2	10.5
Adjusted Earnings from Operations(1)	**9.2**	9.2	12.0	14.3	**5.9**	4.8	11.2	10.5
Net earnings	**4.8**	4.3	7.3	7.5	**1.6**	3.9	8.6	7.8
Basic EPS	**0.17**	0.15	0.26	0.26	**0.06**	0.14	0.30	0.28
Diluted EPS	**0.17**	0.15	0.26	0.26	**0.06**	0.14	0.30	0.28
Adjusted Net earnings(1)	**5.4**	5.4	7.8	9.6	**4.9**	3.9	8.6	7.8
Adjusted Basic EPS(1)	**0.19**	0.19	0.27	0.33	**0.18**	0.14	0.30	0.28
Adjusted Diluted EPS(1)	**0.19**	0.19	0.27	0.33	**0.18**	0.14	0.30	0.28

(1) See "Non-IFRS Financial Measures" & "Non-IFRS Financial Ratios".

Critical Accounting Estimates

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

Judgment is commonly used in determining whether a balance or transaction should be recognized in the consolidated financial statements and estimates, and assumptions are more commonly used in determining the measurement of recognized transactions and balances. However, judgment and estimates are often interrelated. Estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Estimates are made on the assumption the Company will continue as a going concern and are based on information available at the time of preparation. Estimates may be revised where the 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.

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

(i) Impairment

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

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

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

(ii) Business combinations

Business combinations are accounted for using the acquisition method of accounting. The Company determines the fair value of the identifiable assets acquired and the liabilities assumed using income approach valuation techniques corroborated by other valuation techniques. The process of determining these fair values requires the Company to make estimates and assumptions of a long-term nature regarding discount rates, projected revenues, royalty rates and margins derived from past experience, actual operating results and budgets. These estimates and assumptions may change in the future due to uncertain competitive and economic market conditions or changes in business strategies.

(iii) Income and other taxes

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

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

(iv) Post-employment benefits

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

(v) Non-controlling interest obligation

The non-controlling interest obligation involves uncertainty in estimating the underlying future cash flows related to the obligation, their expected fluctuations and timing, on a recurring basis. See Note 20, “Non-controlling interest obligation”, in the Company’s consolidated financial statements for further details.

(vi) Other

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

Recent Accounting Pronouncements

Recent accounting pronouncements

A number of new standards, amendments to standards and interpretations are effective for the financial year ended June 30, 2024, and accordingly, have been applied in preparing these consolidated financial statements:

a) IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors

In February 2021, the IASB issued an amendment to IAS 8, “Accounting Policies, Changes in Accounting Estimates and Errors” (“IAS 8”). The amendment replaces the definition of a change in accounting estimates with a definition of accounting estimates. The amendment also clarifies that a change in accounting estimate that results from new information or new developments is not the correction of an error. The amendment is effective for annual reporting periods beginning on or after January 1, 2023. For Corby, the amendment became effective July 1, 2023 and did not have a significant impact on the Company’s consolidated financial statements and disclosures.

b) IAS 1, Presentation of Financial Statements

In February 2021, the IASB issued an amendment to IAS 1, “Presentation of Financial Statements” (“IAS 1”), regarding the disclosure of accounting policies. The amendment clarifies that an entity will be required to disclose its material accounting policy information instead of its significant accounting policies. This amendment is effective for annual periods beginning on or after January 1, 2023. For Corby, the amendment became effective July 1, 2023 and did not have a significant impact on the Company’s consolidated financial statements and disclosures.

c) IAS 12, Income Taxes

In May 2021, the IASB issued an amendment to IAS 12, “Income Taxes” (“IAS 12”). The amendment requires companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendment is effective for annual reporting periods beginning on or after January 1, 2023. For Corby, the amendment became effective July 1, 2023 and did not have a significant impact on the Company’s consolidated financial statements and disclosures.

In May 2023, the IASB issued amendments to IAS 12 – “Income Taxes”. The amendments require entities to disclose information relating to income tax arising from implementation of Pillar Two Model Rules published by the Organization for Economic Co-operation and Development which are expected to be enacted in local tax jurisdictions. The amendments are effective for Corby’s year ended June 30, 2024. Adopting the amendments had no material impact on the Company’s consolidated financial statements for the year ended June 30, 2024 and the Company is applying the exception to recognizing and disclosing information regarding deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12.

The following standards and amendments to standards are also effective for the financial reporting year but were not applicable to Corby:

New or Revised Pronouncement		Effective Date	Company Effective Date
IFRS 17	*Insurance Contracts*	January 1, 2023	July 1, 2023
Amendments to IFRS 17	*Insurance Contracts*	January 1, 2023	July 1, 2023

Recent accounting pronouncements not in effect

The below standards and amendments to standards have been issued but are not yet effective for the fiscal year ending June 30, 2024, and accordingly, have not been applied in preparing these consolidated financial statements:

a) Environmental, Social and Governance ("ESG") and climate reporting

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.

b) IAS 1, Presentation of Financial Statements

In January 2020, the IASB issued an amendment to IAS 1, “Presentation of Financial Statements” (“IAS 1”). The amendment clarifies the classification of liabilities as current or non-current depending on the rights that exist at the end of the reporting period. The amendment also clarifies the meaning of settlement of a liability. This amendment is effective for annual periods beginning on or after January 1, 2024. For Corby, the amendment will become effective July 1, 2024. The Company is currently assessing the impact that the amendment will have on its financial statements and disclosures.

Other upcoming standards and amendments to standards that are not expected to have an impact on the Company’s disclosures and financial results are as follows:

New or Revised Pronouncement		Effective Date	Company Effective Date
Amendments to IAS 7 & IFRS 7	*Supplier financing arrangements*	January 1, 2024	July 1, 2024
Amendments to IAS 1	*Non-current liabilities with covenants*	January 1, 2024	July 1, 2024
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*	January 1, 2024	July 1, 2024
Amendments to IAS 21	*Lack of exchangeability of currencies*	January 1, 2025	July 1, 2025

Internal Controls Over Financial Reporting

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

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

Management, with the participation of the CEO and CFO, has evaluated the effectiveness of the Company’s internal controls over financial reporting as at June 30, 2024, and has concluded that internal control over financial reporting is designed and operating effectively to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Management's assessment was based on the framework established in Internal Control – Integrated Framework (2013), published by the Committee of Sponsoring Organizations of the Treadway Commission.

Acquisition of Ace Beverage Group and Nude Beverage Brands

In accordance with the provisions of National Instrument 52-109 – *Certification of disclosure in Issuers' Annual and Interim Filings*, the Company has limited the design of its disclosure controls and procedures and internal control over financial reporting to exclude controls, policies and procedures of ABG. Corby acquired 90% ownership of ABG on July 4, 2023. Similarly, on May 13, 2024, Corby's subsidiary, ABG, acquired the Nude Beverage brands and certain assets of MXM, which will be operated and managed by ABG.

Further details related to the acquisition of ABG and Nude Beverage Brands is disclosed under "Significant Events" section in this MD&A and in Note 7 in the notes to the consolidated financial statements for the year ended June 30, 2024.

Since the completion of the acquisition of ABG on July 4, 2023 and Nude Beverage Brands on May 13, 2024, the acquired brands and assets have contributed $60.8 million to revenue and net earnings of $3.5 million (Adjusted net earnings were $6.2 million which excludes the impact of costs incurred for business combination and the fair value adjustment to inventory acquired). At June 30, 2024, ABG's current and non-current assets were $35.6 million and $160.2 million, respectively, and ABG's current and long-term liabilities were $26.9 million and $29.1 million, respectively. The purchase price for these acquisitions has been allocated as described in Note 7 to the consolidated financial statements for the year ended June 30, 2024.

The scope limitation discussed under this section is primarily based on the time required to assess ABG's disclosure controls and procedures and internal controls over financial reporting in a manner that is consistent with the Company's other operations. Subsequent to the acquisition on July 4, 2023, the Company began to integrate ABG into our internal processes and control framework. The assessment on the design effectiveness of disclosure controls and procedures and internal controls over financial reporting is on track for completion by the first quarter of fiscal 2025 and the assessment of operating effectiveness thereafter.

The scope limitation discussed under this section also applies to the acquired Nude RTD brand and assets given the recency of this acquisition and the time required to assess the disclosure controls and procedures and internal controls over financial reporting in a manner that is consistent with the Company's other operations.

Except for the preceding changes, there were no changes in internal control over financial reporting during the Company's most recent annual period that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

Non-IFRS Financial Measures

In addition to using financial measures prescribed under IFRS, references are made in this MD&A to "Adjusted Earnings from Operations", "Adjusted Net Earnings", "Adjusted Basic Earnings per Share", "Adjusted Diluted Earnings per Share", "Organic Revenue", "Adjusted EBITDA", "Total debt", and "Net debt" which are non-IFRS financial measures. Non-IFRS financial measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers.

To better understand our underlying business performance and trends, Corby uses certain non-IFRS financial measures, which management believes, are important supplemental measures of operating performance and highlight trends in the core business that may not otherwise be apparent when relying solely on IFRS financial measures. Management believes these measures allow for the measurement of the underlying financial performance of the business.

Adjusted Earnings from Operations is equal to earnings from operations before interest and taxes for the period adjusted to remove the costs incurred for business combination inventory fair value adjustments, restructuring provisions and the transaction costs related to the acquisition of ABG and Nude assets; in fiscal year 2023, adjusted to remove the transaction costs related to the acquisition of ABG, one-time termination fees related to distributor transitions and organizational restructuring provisions; and in fiscal year 2022 adjusted to remove the impairment on trademarks related the Foreign Affair Winery. Per-share amounts are calculated on the adjusted financial measure divided by the outstanding common shares.

Adjusted Net Earnings is equal to net earnings for the period adjusted to remove the costs incurred for business combination inventory fair value adjustments, restructuring provisions, the transaction costs related to the acquisition of ABG and Nude assets and the notional interest charges related to NCI obligation, net of tax calculated using the effective tax rate; in fiscal year 2023, adjusted to remove the transaction costs related to the acquisition of ABG, one-time termination fees related to distributor transitions, organizational restructuring provisions, net of tax calculated using the effective tax rate; and in fiscal year 2022 adjusted to remove the impairment on trademarks related the Foreign Affair Winery, net of tax calculated using the effective tax rate.

Organic revenue growth is measured as the difference between revenue excluding case goods revenue from acquired or disposed entities compared to revenue in the preceding fiscal period during which the acquisition or disposal had not yet occurred.

Adjusted EBITDA refers to Adjusted Earnings from Operations adjusted to remove amortization and depreciation disclosed in Corby's financial statements.

Total Debt refers to debt of the Company, which includes bank indebtedness and credit facilities payable, lease liabilities and long-term debt.

Net Debt refers to the cash and deposits in cash management pools of the Company, less bank indebtedness and credit facilities payable and long-term debt.

These non-IFRS financial measures exclude the transaction costs related to the acquisition of ABG and the Nude assets, one-time termination fees related to distributor transitions, organizational restructuring provisions, fair value adjustments to inventory related to business combinations as well as the non-cash impairment charge in fiscal year 2022 related to the recoverable value of the Foreign Affair Winery trademarks in comparative periods and are described as "Adjusted". At Net Earnings level, non-IFRS financial measures also exclude the notional interest charges related to the NCI obligation.

With respect to costs incurred in relation to M&A activity (including transaction costs and fair value adjustments to inventory related to business combinations), while continuing business acquisition is part of Corby's business strategy and costs are incurred on a recurring and regular base in the search and evaluation of prospective targets, the Company has adjusted for the costs associated with completed acquisition activity during fiscal years 2023 and 2024 in its adjusted metrics. The recent ABG acquisition was Corby's first acquisition since 2017. Corby has completed two acquisitions in the last seven years and has adjusted the one-time costs to complete these transactions in Adjusted Earnings from Operations and Adjusted Net Earnings.

Costs incurred in relation to distributor transitions, organizational restructuring, and non-cash impairment have been adjusted in Adjusted Earnings from Operations, and interest costs incurred in relation to the NCI obligation along with the aforementioned costs in has been adjusted in Adjusted Net Earnings. Management believes the exclusion of these costs allows for the measurement of the underlying financial performance of the business.

To reiterate, Management believes the non-IFRS measures defined above are important supplemental measures of operating performance and highlight trends in the core business that may not otherwise be apparent when relying solely on IFRS financial measures. Management believes that these measures allow for assessment of the Company's operating performance and financial condition on a basis that is more consistent and comparable between reporting periods. Using these non-IFRS measures allows management to more concisely describe the key factors that have impacted Corby's financial results.

Reconciliation Tables

The following table presents a reconciliation of Earnings from Operations to Adjusted Earnings from Operations and Net Earnings to Adjusted Net Earnings, being their most directly comparable financial measures prescribed by IFRS for the three and twelve-months ended June 30, 2024 and 2023:

(in millions of Canadian dollars)		Three months ended June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2024 vs 2023 $ Change	% Change
Earnings from operations	**$**	**8.7**	1.8	5.0	$ 6.9	385%
Adjustments:						
Transaction related costs[1]		**0.6**	3.0	-	(2.4)	(81%)
Restructuring costs[2]		**(0.3)**	0.7	-	(1.0)	(137%)
Fair value adjustment to inventory[3]		**0.2**	-	-	0.2	n.a.
Distributor transition[4]		**-**	0.4	-	(0.4)	(100%)
Impairment charge[5]		**-**	-	2.1	-	n.a.
Adjusted Earnings from operations	**$**	**9.2**	5.9	7.1	$ 3.3	56%
Net earnings	**$**	**4.8**	1.6	3.1	$ 3.2	194%
Adjustments:						
Transaction related costs[1]		**0.3**	2.5	-	(2.1)	(86%)
Restructuring costs[2]		**(0.3)**	0.5	-	(0.8)	(150%)
Fair value adjustment to inventory[3]		**0.1**	-	-	0.1	n.a.
Distributor transition[4]		**-**	0.3	-	(0.3)	(100%)
Impairment charge[5]		**-**	-	2.1	-	n.a.
NCI Obligation[6]		**0.5**	-	-	0.5	n.a.
Adjusted Net earnings	**$**	**5.4**	4.9	5.3	$ 0.5	10%

(in millions of Canadian dollars)		Year ended June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2024 vs 2023 $ Change	% Change
Earnings from operations	**$**	**40.7**	28.3	32.7	$ 12.4	44%
Adjustments:						
Transaction related costs[1]		**1.2**	3.0	-	(1.8)	(60%)
Restructuring costs[2]		**(0.3)**	0.7	-	(1.0)	(137%)
Fair value adjustment to inventory[3]		**3.2**	-	-	3.2	n.a.
Distributor transition[4]		**(0.3)**	0.4	-	(0.7)	(171%)
Impairment charge[5]			-	2.1	-	n.a.
Adjusted Earnings from operations	**$**	**44.6**	32.4	34.8	$ 12.1	37%
Net earnings	**$**	**23.9**	22.0	$ 23.4	$ 1.9	9%
Adjustments:						
Transaction related costs[1]		**0.9**	2.5	-	(1.6)	(63%)
Restructuring costs[2]		**(0.3)**	0.5	-	(0.8)	(150%)
Fair value adjustment to inventory[3]		**2.4**	-	-	2.4	n.a.
Distributor transition[4]		**(0.2)**	0.3	-	(0.5)	(171%)
Impairment charge[5]			-	2.1	-	n.a.
NCI Obligation[6]		**1.8**	-	-	1.8	n.a.
Adjusted Net earnings	**$**	**28.5**	25.3	25.5	$ 3.2	13%

(1) Costs related to the acquisitions of ABG and Nude Beverages brands
(2) (Income) / costs related to organizational restructuring and provisions
(3) Costs related to fair value adjustments to inventory due to business combination
(4) (Income) / costs related to one-time fee for distributor transition
(5) Non-cash impairment charge on trade marks related to the Foreign Affairs wine brands
(6) Notional interest costs related to non controlling interest obligations for ABG

The following table presents a reconciliation of total debt and net debt to their most directly comparable financial measures for the years ended June 30, 2024 and 2023:

(in millions of Canadian dollars)	**June 30, 2024**	June 30, 2023
Credit facilities payable	**$ (17.8)**	$ -
Lease liabilities	**(3.0)**	(3.6)
Long-term debt	**(120.0)**	(98.0)
Total debt	**$ (140.8)**	$ (101.6)
Cash	**$ 4.6**	$ -
Deposits in cash management pools	**27.4**	155.0
Credit facilities payable	**(17.8)**	-
Long-term debt	**(120.0)**	(98.0)
Net debt	**$ (105.8)**	$ 57.0

The following table presents a reconciliation of total organic revenue and organic case goods revenue to their most directly comparable financial measures for the three-and-twelve-month periods ended June 30, 2024, and 2023:

	Three Months Ended			
(in millions of Canadian dollars)	**June 30, 2024**	June 30, 2023	*$ Change*	*% Change*
Case goods revenue	**$ 57.9**	35.8	$ 22.1	62%
Adjusted for revenue from acquired or disposed entities	**(22.7)**	-	(22.7)	n.a.
Organic case goods revenue	**35.1**	35.8	(0.6)	(2%)
Total commissions	**7.1**	7.4	(0.3)	(4%)
Other services	**1.6**	1.1	0.5	46%
Total organic revenue	**$ 43.8**	**$ 44.2**	$ (0.4)	(1%)

	Year Ended			
(in millions of Canadian dollars)	**June 30, 2024**	June 30, 2023	*$ Change*	*% Change*
Case goods revenue	**$ 198.8**	132.9	$ 65.9	50%
Adjusted for revenue from acquired or disposed entities	**(60.8)**	-	(60.8)	n.a.
Organic case goods revenue	**137.9**	132.9	5.0	4%
Total commissions	**26.6**	26.9	(0.3)	(1%)
Other services	**4.3**	3.2	1.2	37%
Total organic revenue	**$ 168.8**	**$ 163.0**	$ 5.9	4%

The following table presents a reconciliation of adjusted EBITDA to their most directly comparable financial measures for the twelve-month periods ended June 30, 2024, and 2023:

	Year Ended						
	June 30,		June 30,				
(in millions of Canadian dollars)		**2024**	2023		*$ Change*	*% Change*
Adjusted Earnings from operations	**$**	**44.6**	32.4	$	12.1	37%
Adjusted for depreciation & amortization		**15.4**	14.8		0.6	4%
Adjusted EBITDA	**$**	**60.0**	**$ 47.2**	$	12.8	27%

Non-IFRS Financial Ratios

In addition to using financial ratios prescribed under IFRS, references are made in this MD&A to "Adjusted Basic Net Earnings Per Share" and "Adjusted Diluted Net Earnings Per Share" which are non-IFRS financial ratios. Non-IFRS financial ratios do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar ratios presented by other issuers.

"Adjusted Basic Net Earnings Per Share" is computed in the same way as basic net earnings per share, using the aforementioned Adjusted Net Earnings non-IFRS financial measure in place of reported Net Earnings.

"Adjusted Diluted Net Earnings Per Share" is computed in the same way as diluted net earnings per share, using the aforementioned Adjusted Net Earnings non-IFRS financial measure in place of reported Net Earnings.

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

Reconciliation Tables

The following table presents a reconciliation of Adjusted Basic Net Earnings Per Share and Adjusted Diluted Net Earnings Per Share to their most directly comparable financial measures for the three and twelve-months ended June 30, 2024 and 2023:

					Three months ended			
		June 30,	June 30,	June 30,		*June 30, 2024 vs 2023*		
(in Canadian dollars)		**2024**	2023	2022		*$ Change*	*% Change*
Per common share							
- Basic net earnings	**$**	**0.17**	0.06	0.11	$	0.11	194%
- Diluted net earnings	**$**	**0.17**	0.06	0.11	$	0.11	194%
Basic net earnings per share	**$**	**0.17**	0.06	0.11	$	0.11	194%
Adjustments:							
Transaction related costs[1]		**0.01**	0.09	-		(0.08)	(86%)
Restructuring costs[2]		**(0.01)**	0.02	-		(0.03)	(150%)
Fair value adjustment to inventory[3]		**0.00**	-	-		0.00	n.a.
Distributor transition[4]		**-**	0.01	-		(0.01)	(100%)
Impairment charge[5]		**-**	-	0.07		-	n.a.
NCI Obligation[6]		**0.02**	-	-		0.02	n.a.
Adjusted Basic, net earnings per share	**$**	**0.19**	0.18	0.18	$	0.02	10%
Dilluted net earnings per share	**$**	**0.17**	0.06	0.11	$	0.11	194%
Adjustments:							
Transaction related costs[1]		**0.01**	0.09	-		(0.08)	(86%)
Restructuring costs[2]		**(0.01)**	0.02	-		(0.03)	(150%)
Fair value adjustment to inventory[3]		**0.00**	-	-		0.00	n.a.
Distributor transition[4]		**-**	0.01	-		(0.01)	(100%)
Impairment charge[5]		**-**	-	0.07		-	n.a.
NCI Obligation[6]		**0.02**	-	-		0.02	n.a.
Adjusted Diluted, net earnings per share	**$**	**0.19**	0.18	0.18	$	0.02	10%

(in Canadian dollars)		Year ended June 30, 2024	June 30, 2023	June 30, 2022		June 30, 2024 vs 2023 $ Change	% Change
Per common share							
- Basic net earnings	**$**	**0.84**	0.77	0.82	$	0.07	9%
- Diluted net earnings	**$**	**0.84**	0.77	0.82	$	0.07	9%
Basic net earnings per share	**$**	**0.84**	0.77	0.82	$	0.07	9%
Adjustments:							
Transaction related costs[1]		**0.03**	0.09	-		(0.05)	(63%)
Restructuring costs[2]		**(0.01)**	0.02	-		(0.03)	(150%)
Fair value adjustment to inventory[3]		**0.08**	-	-		0.08	n.a.
Distributor transition[4]		**(0.01)**	0.01	-		(0.02)	(171%)
Impairment charge[5]		**-**	-	0.07		-	n.a.
NCI Obligation[6]		**0.06**	-	-		0.06	n.a.
Adjusted Basic, net earnings per share	**$**	**1.00**	0.89	0.89	$	0.12	13%
Dilluted net earnings per share	**$**	**0.84**	0.77	0.82	$	0.07	9%
Adjustments:							
Transaction related costs[1]		**0.03**	0.09	-		(0.05)	(63%)
Restructuring costs[2]		**(0.01)**	0.02	-		(0.03)	(150%)
Fair value adjustment to inventory[3]		**0.08**	-	-		0.08	n.a.
Distributor transition[4]		**(0.01)**	0.01	-		(0.02)	(171%)
Impairment charge[5]		**-**	-	0.07		-	n.a.
NCI Obligation[6]		**0.06**	-	-		0.06	n.a.
Adjusted Diluted, net earnings per share	**$**	**1.00**	$ 0.89	0.89	$	0.12	13%

(1) Costs related to the acquisitions of ABG and Nude Beverages brands
(2) (Income) / costs related to organizational restructuring and provisions
(3) Costs related to fair value adjustments to inventory due to business combination
(4) (Income) / costs related to one-time fee for distributor transition
(5) Non-cash impairment charge on trade marks related to the Foreign Affairs wine brands
(6) Notional interest costs related to non controlling interest obligations for ABG

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.

On July 15, 2024, the Ontario government announced accelerated plans for regulatory changes allowing the sale of alcoholic beverages excluding spirits in grocery, convenience, and big-box stores. While the exclusion of spirits from such channels may potentially negatively impact consumer purchasing and consumption patterns for spirits and will be monitored by the Company going forward, the modernization of the route-to-market ("RTM") in Ontario presents an opportunity for consumers to purchase a wider range of beverages with greater convenience. The Company remains agile in its approach to the RTM modernization in Ontario to capitalize on this strategic opportunity for the business as well as continuing to cater to the needs of our consumers with the best of our product offerings.

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.

Geo-Political Risk

Geo-political and other events, such as the ongoing situation in Ukraine, and the sanctions imposed in connection therewith, and the situation in the Middle East, 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, health trends and government alcohol consumption guidelines, as well as 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. 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, 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 33, “Contingencies” in the Company’s consolidated 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.

Customer Risk

The beverage alcohol retail sector in Canada is subject to government policy and extensive regulatory requirements. As a result, provincial LB customers, who form the majority of Corby’s Canadian customer base, may implement changes which could affect Corby’s sales or impact 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 Corby’s financial results.

In November 2023, the LCBO advised suppliers that it will be enforcing a pricing term included in its standard purchase terms and conditions that requires suppliers to ensure prices sold to the LCBO are the same or lower than prices sold to any other customer in Canada. This in suppliers’ view, is in contradiction to other pricing policies imposed by the LCBO, particularly “minimum pricing” that increases every year in Ontario.

Corby, together with a collective of spirits suppliers representing almost 70% of the spirits products sold in Ontario, filed a court application with the Ontario Superior Court of Justice to declare such pricing term invalid and unenforceable. The matter will be heard by the Commercial List with the decision expected during fiscal year 2025. The suppliers have simultaneously alerted the Competition Bureau of Canada as to how the enforcement of this pricing term by the LCBO is, in their view, an abuse of dominance, and can have major anti-competitive implications for all Canadian consumers, with respect to pricing and product choice.

The financial impact of this customer pricing dispute for Corby was $2.4 million in revenue and $0.4 million in other income and expenses (for the last quarter of fiscal year 2023), both booked into fourth quarter and year-end of fiscal year 2024. In addition, the LCBO threatened to calculate penalties on sales it believes were not in compliance for the period before April 2023. Corby cannot quantify the potential charge and no provision has been recorded in these financial statements for any exposure before April 2023.

The Company will continue to monitor the potential risks associated with any proposed changes by its customers, and as an industry leader, actively participates in trade association discussions relating to new developments in this area.

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

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk to the extent that its cash in cash management pools, bank indebtedness and credit facilities payable are based upon variable rates of interest. The Company's long term loan payables bear interest at a fixed rate. Corby does not conduct an active risk management program, as management believes that changes in interest rates would not have a material impact on Corby's financial position over the long term.

On the Company's deposits in cash management pools, a 50 basis points ("bps") increase or decrease in the interest rate would impact the company's earnings by approximately $144 (2023 – $247).

The Company's bank indebtedness and credit facilities payable bear interest based on variable market rates. A 50 bps increase or decrease in the interest rate would impact the company's earnings by approximately $95 (2023 – nil).

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 spirits 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 June 30, 2024:

		Carrying Values as at June 30, 2024		
Segment	Associated Market	Goodwill	Intangibles	Total
Case Goods - Domestic	Canada	116.0	53.7	169.7
Case Goods - International	United Kingdom[1]	1.3	11.8	13.1
		$ 117.3	$ 65.5	$ 182.8

[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 2020, the Company initiated a pension de-risking strategy for Corby’s defined benefit salaried pension plan, using securities investments held in the salaried plan to purchase a buy-in annuity for retirees and deferred vested plan members. The buy-in annuity transaction in 2020 effectively reduced Corby’s exposure to pension related risks financial risks. Effective January 1, 2024, Corby converted the buy-in annuities held for its salaried pension plan to buy-out annuities. By converting to a buy-out annuity Corby now effectively reduces administrative costs, including maintenance of pensioner records, benefit payments and regulatory requirements for the group impacted. For further details related to Corby’s defined benefit pension plans, please refer to Note 10 of the annual audited consolidated financial statements for the year ended June 30, 2024.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Corby Spirit and Wine Limited

Opinion

We have audited the consolidated financial statements of Corby Spirit and Wine Limited (the Entity), which comprise:

- the consolidated balance sheet as at June 30, 2024
- the consolidated statement of earnings for the year then ended
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in shareholders' equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at June 30, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended June 30, 2024.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG

We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Evaluation of fair value measurement of trademarks acquired and accounting of non-controlling interest obligation in the Ace Beverage Group Inc. acquisition

Description of the matter

We draw attention to notes 2(ii) and 7 to the financial statements. On July 4, 2023, the Entity acquired 90% of the outstanding shares of Ace Beverage Group Inc. ('ABG') for a purchase price of $136,321 thousand, including trademarks of $45,041 thousand. The fair value of the trademarks was determined using an income approach and required the Entity to make significant assumptions, which include, forecasted revenues, royalty rate and the discount rate.

Further, the Entity entered into an agreement with the minority shareholders of ABG which provides the Entity with options to purchase remaining outstanding shares of ABG in the future. In the event that the Entity does not exercise the options, the Entity is obligated to declare and pay an annual dividend to the minority shareholders equal to the cash balance, less an amount to satisfy the anticipated working capital and investment needs of ABG for the following fiscal year subject to applicable law and approval by the Board of Directors of ABG addressing the ability of ABG to declare and pay such dividends. The Entity classified the minority shares as a financial liability and recognized $14,405 thousand as non-controlling interest obligation at the acquisition date.

Why the matter is a key audit matter

We identified the evaluation of fair value measurement of trademarks acquired and accounting of non-controlling interest obligation in the ABG acquisition as a key audit matter. This matter represented a significant risk of material misstatement due to the magnitude of the balances and the high degree of estimation uncertainty in determining the fair value of trademarks and complexity in the accounting of the non-controlling interest obligation. Changes in the assumptions used in the determination of the fair value of trademarks could have had a significant impact on the acquisition date fair value. In addition, the involvement of those with specialized skills and knowledge were required in evaluating the results of our audit procedures.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

- We evaluated the forecasted revenues by comparing to historical results, planned business initiatives and industry data
- We involved valuations professionals with specialized skills and knowledge, who assisted with the evaluation of the royalty rate and discount rate by comparing against a range that was independently developed using publicly available market data for comparable entities
- We evaluated the Entity's assessment of the accounting for the non-controlling interest obligation by reading the underlying agreements to understand the relevant terms and conditions.

Other Matter - Comparative Information

The consolidated financial statements of the Entity for the year ended June 30, 2023 were audited by another auditor who expressed an unmodified opinion on those financial statements on August 23, 2023.

Other Information

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

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.
- the information, other than the financial statements and our auditor's report thereon, included in a document likely to be entitled "2024 Annual Report".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

The information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "2024 Annual Report" is expected to be made available to us after the date of this auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for

the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditor's report is Bryant William Ramdoo.

Vaughan, Canada

August 21, 2024

CORBY SPIRIT AND WINE LIMITED
CONSOLIDATED BALANCE SHEETS
for the years ended June 30, 2024 and 2023
(in thousands of Canadian dollars)

As at	Notes		**June 30, 2024**		June 30, 2023
ASSETS					
Cash		**$**	**4,648**	$	-
Deposits in cash management pools			**27,352**		155,014
Accounts receivable	8		**48,629**		39,565
Income taxes recoverable			**2,892**		-
Inventories	9		**94,728**		75,241
Prepaid expenses			**1,061**		694
Total current assets			**179,310**		270,514
Other assets	10		**8,015**		6,954
Right-of-use assets	11		**2,942**		3,559
Property, plant and equipment	12		**21,908**		21,635
Goodwill	13		**117,351**		8,757
Intangible assets	14		**90,952**		51,182
Total assets		**$**	**420,478**	$	362,601
LIABILITIES					
Accounts payable and accrued liabilities	16	**$**	**57,441**	$	67,112
Income and other taxes payable			**-**		1,299
Credit facilities payable	18		**17,816**		-
Current lease liabilities	11		**1,419**		1,286
Total current liabilities			**76,676**		69,697
Provision for employee benefits	10		**6,824**		8,047
Long-term debt	19		**120,000**		98,014
Deferred income taxes	17		**17,571**		4,514
Long-term lease liabilities	11		**1,600**		2,334
Non-controlling interest obligation	20		**16,206**		-
Total liabilities			**238,877**		182,606
Shareholders' equity					
Share capital	21		**14,304**		14,304
Accumulated other comprehensive income	22		**8,448**		5,127
Retained earnings			**158,849**		160,564
Total equity			**181,601**		179,995
Total liabilities and shareholders' equity		**$**	**420,478**	$	362,601

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

CORBY SPIRIT AND WINE LIMITED
CONSOLIDATED STATEMENTS OF EARNINGS
for the years ended June 30, 2024 and 2023
(in thousands of Canadian dollars, except per share amounts)

	Notes	June 30, 2024	June 30, 2023 [1]
Revenue	23	**$ 229,659**	$ 162,955
Cost of sales		**(113,887)**	(68,840)
Marketing, sales and administration		**(75,213)**	(65,348)
Other income (expense)	24	**177**	(427)
Earnings from operations		**40,736**	28,340
Financial income	25	**1,273**	1,974
Financial expense	25	**(9,113)**	(276)
		(7,840)	1,698
Earnings before income taxes		**32,896**	30,038
Current income taxes	17	**(7,245)**	(9,003)
Deferred income taxes	17	**(1,742)**	924
Income taxes		**(8,987)**	(8,079)
Net earnings		**$ 23,909**	$ 21,959
Basic earnings attributable to each share	26	**$ 0.84**	$ 0.77
Diluted earnings attributable to each share	26	**$ 0.84**	$ 0.77
Weighted average common shares outstanding			
Basic		**28,468,856**	28,468,856
Diluted		**28,468,856**	28,468,856

[1] Certain comparative information has been reclassified to conform to the current year's presentation. See Note 7 and Note 25 to the consolidated financial statements for further details.

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

CORBY SPIRIT AND WINE LIMITED

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

for the years ended June 30, 2024 and 2023
(in thousands of Canadian dollars)

	Notes		June 30, 2024		June 30, 2023
Net earnings		**$**	**23,909**	$	21,959
Other Comprehensive Income:					
Amounts that will not be subsequently reclassified to earnings:					
Net actuarial gains (losses)	10		**2,187**		(158)
Income taxes	17		**(576)**		42
			1,611		(116)
Total comprehensive income		**$**	**25,520**	$	21,843

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

for the years ended June 30, 2024 and 2023
(in thousands of Canadian dollars)

		Share Capital		Accumulated Other Comprehensive Income		Retained Earnings		Total
Balance as at June 30, 2023	$	14,304	$	5,127	$	160,564	$	179,995
Total comprehensive income		-		1,611		23,909		25,520
Exercise of option to convert buy-in to buy-out annuity relating to the Company's defined benefit pension plan		-		1,710		(1,710)		-
Dividends		-		-		(23,914)		(23,914)
Balance as at June 30, 2024	**$**	**14,304**	**$**	**8,448**	**$**	**158,849**	**$**	**181,601**
Balance as at June 30, 2022	$	14,304	$	5,243	$	163,658	$	183,205
Total comprehensive income		-		(116)		21,959		21,843
Dividends		-		-		(25,053)		(25,053)
Balance as at June 30, 2023	$	14,304	$	5,127	$	160,564	$	179,995

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

CORBY SPIRIT AND WINE LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
for the years ended June 30, 2024 and 2023
(in thousands of Canadian dollars)

	Notes	For the Year Ended June 30, 2024	June 30, 2023 [1]
Operating activities			
Net earnings		**$ 23,909**	$ 21,959
Adjustments for:			
Amortization and depreciation	27	**15,443**	14,817
Net financial expense (income)	25	**7,840**	(1,698)
Loss on disposal of property and equipment		**39**	64
Income tax expense		**8,987**	8,079
Provision for employee benefits		**(322)**	(203)
		55,896	43,018
Net change in non-cash working capital balances	29	**(7,130)**	(4,219)
Interest paid		**(7,086)**	(183)
Interest received		**1,273**	2,076
Income taxes paid		**(11,436)**	(5,262)
Net cash from operating activities		**31,517**	35,430
Investing activities			
Additions to property and equipment	12	**(2,713)**	(3,876)
Additions to intangible assets	14	**(566)**	(841)
Proceeds from disposition of property and equipment		**-**	271
Business acquisitions	7	**(148,120)**	-
Withdrawals from (deposits in) cash management pools		**127,662**	(102,555)
Net cash used in investing activities		**(23,737)**	(107,001)
Financing activities			
Proceeds from long-term debt		**22,000**	98,000
Payment of lease liabilities		**(1,403)**	(1,376)
Draws on credit facilities payable, net		**9,816**	-
Repayment of acquired bank debt		**(9,631)**	-
Dividends paid		**(23,914)**	(25,053)
Net cash (used in) from financing activities		**(3,132)**	71,571
Net increase in cash		**4,648**	**-**
Cash, beginning of year		**-**	-
Cash, end of year		**$ 4,648**	$ -

[1] Certain comparative information has been reclassified to conform to the current year's presentation. See Note 7 and Note 25 to the consolidated financial statements for further details.

The accompanying notes are an integral part of these 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, wines and ready-to-drink cocktails. 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 market. Revenues predominantly consist of sales made to each of the provincial liquor boards in Canada. The Company also supplements these primary sources of revenue with other ancillary activities incidental to its core business, such as logistics fees.

Corby is controlled by Hiram Walker & Sons Limited ("HWSL"), which is a wholly-owned subsidiary of Pernod Ricard, S.A. ("PR"), a French public limited company that controls 51.6% of the outstanding Voting Class A Common Shares of Corby as at June 30, 2024.

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

2. BASIS OF PREPARATION

Statement of Compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") and using the accounting policies described herein.

These consolidated financial statements were approved by the Company's Board of Directors on August 21, 2024.

Functional and Presentation Currency

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

Foreign Currency Translation

Transactions denominated in foreign currencies are translated into the functional currency using the exchange rate applicable 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 applicable at the balance sheet date. Foreign currency differences related to operating activities are recognized in earnings from operations for the year.

Basis of Measurement

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

Use of Estimates and Judgments

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

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

Estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Estimates are made on the assumption the Company will continue as a going concern and are based on information available at the time of preparation. Estimates may be revised where the 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.

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

(i) Impairment

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

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

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

(ii) Business combinations

Business combinations are accounted for using the acquisition method of accounting. The Company determines the fair value of the identifiable assets acquired and the liabilities assumed using income approach valuation techniques corroborated by other valuation techniques. The process of determining these fair values requires the Company to make estimates and assumptions of a long-term nature regarding discount rates, projected revenues, royalty rates and margins derived from past experience, actual operating results and budgets. These estimates and assumptions may change in the future due to uncertain competitive and economic market conditions or changes in business strategies.

(iii) Income and other taxes

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

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

(iv) Post-employment benefits

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

(v) Non-controlling interest obligation

The non-controlling interest obligation involves uncertainty in estimating the underlying future cash flows related to the obligation, their expected fluctuations and timing, on a recurring basis. See Note 20, "Non-controlling interest obligation", for further details.

(vi) Other

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

3. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

Recent accounting pronouncements

A number of new standards, amendments to standards and interpretations are effective for the financial year ended June 30, 2024, and accordingly, have been applied in preparing these consolidated financial statements:

a) IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors

In February 2021, the IASB issued an amendment to IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors" ("IAS 8"). The amendment replaces the definition of a change in accounting estimates with a definition of accounting estimates. The amendment also clarifies that a change in accounting estimate that results from new information or new developments is not the correction of an error. The amendment is effective for annual reporting periods beginning on or after January 1, 2023. For Corby, the amendment became effective July 1, 2023 and did not have a significant impact on the Company's consolidated financial statements and disclosures.

b) IAS 1, Presentation of Financial Statements

In February 2021, the IASB issued an amendment to IAS 1, "Presentation of Financial Statements" ("IAS 1"), regarding the disclosure of accounting policies. The amendment clarifies that an entity will be required to disclose its material accounting policy information instead of its significant accounting policies. This amendment is effective for annual periods beginning on or after January 1, 2023. For Corby, the amendment became effective July 1, 2023 and did not have a significant impact on the Company's consolidated financial statements and disclosures.

c) IAS 12, Income Taxes

In May 2021, the IASB issued an amendment to IAS 12, "Income Taxes" ("IAS 12"). The amendment requires companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendment is effective for annual reporting periods beginning on or after January 1, 2023. For Corby, the amendment became effective July 1, 2023 and did not have a significant impact on the Company's consolidated financial statements and disclosures.

In May 2023, the IASB issued amendments to IAS 12 – "Income Taxes". The amendments require entities to disclose information relating to income tax arising from implementation of Pillar Two Model Rules published by the Organization for Economic Co-operation and Development which are expected to be enacted in local tax jurisdictions. The amendments are effective for Corby's year ended June 30, 2024. Adopting the amendments had no material impact on the Company's consolidated financial statements for the year ended June 30, 2024 and the Company is applying the exception to recognizing and disclosing information regarding deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12.

The following standards and amendments to standards are also effective for the financial reporting year but were not applicable to Corby:

New or Revised Pronouncement		Effective Date	Company Effective Date
IFRS 17	*Insurance Contracts*	January 1, 2023	July 1, 2023
Amendments to IFRS 17	*Insurance Contracts*	January 1, 2023	July 1, 2023

Recent accounting pronouncements not in effect

The below standards and amendments to standards have been issued but are not yet effective for the fiscal year ending June 30, 2024, and accordingly, have not been applied in preparing these consolidated financial statements:

a) Environmental, Social and Governance ("ESG") and climate reporting

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.

b) IAS 1, Presentation of Financial Statements

In January 2020, the IASB issued an amendment to IAS 1, "Presentation of Financial Statements" ("IAS 1"). The amendment clarifies the classification of liabilities as current or non-current depending on the rights that exist at the end of the reporting period. The amendment also clarifies the meaning of settlement of a liability. This amendment is effective for annual periods beginning on or after January 1, 2024. For Corby, the amendment will become effective July 1, 2024. The Company is currently assessing the impact that the amendment will have on its financial statements and disclosures.

Other upcoming standards and amendments to standards that are not expected to have an impact on the Company's disclosures and financial results are as follows:

New or Revised Pronouncement		Effective Date	Company Effective Date
Amendments to IAS 7 & IFRS 7	*Supplier financing arrangements*	January 1, 2024	July 1, 2024
Amendments to IAS 1	*Non-current liabilities with covenants*	January 1, 2024	July 1, 2024
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*	January 1, 2024	July 1, 2024
Amendments to IAS 21	*Lack of exchangeability of currencies*	January 1, 2025	July 1, 2025

4. MATERIAL ACCOUNTING POLICIES

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

Basis of Consolidation

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

The following list outlines, as of August 21, 2024, each of Corby's material subsidiaries:

Name	***Governing Jurisdiction***	***Ownership Percentage***
Ace Beverage Holdco Inc.	Canada	90%
Ace Beverage Group Inc.	Canada	90%
The Foreign Affair Winery Limited	Canada	100%
Ungava Spirits Co. Ltd.	Canada	100%

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

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

Cash
Cash represents cash in bank.

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

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

Inventories
Inventories are measured at the lower of cost (acquisition cost and cost of production, including indirect production overheads) and net realizable value. Net realizable value is the selling price less the estimated cost of completion and sale of the inventories. Most inventories are valued using the average cost method. The cost of long-cycle inventories is calculated using a single method, which includes distilling and ageing maturing costs but excludes finance costs. These inventories are classified in current assets, although a substantial part remains in inventory for more than one year before being sold in order to undergo the ageing maturing process used for certain spirits. Grapes produced from vineyards controlled by the Company that are part of inventory are measured at their fair value less costs to sell at the point of harvest. Inventory of wine that is produced by the Company is valued at the lower of cost and net realizable value, with cost being determined on an average cost basis. Inventory of bulk wine and grapes is included in work-in-progress inventory.

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

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

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

Buildings	25 years
Leasehold improvements	Shorter of term of lease or estimated useful life
Machinery and equipment	3 to 12 years
Casks	12 years
Vines	30 years

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

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

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

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

Leases

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

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

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

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

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

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

Business Combinations

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

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

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

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

Goodwill is measured at cost less any accumulated impairment losses.

Intangible Assets
Intangible assets include the following:

(i) Long-term Representation Rights
Long-term representation rights represent the cost of the Company's exclusive right to represent PR's brands in Canada. These representation rights are carried at cost, less accumulated amortization. Amortization is provided for on a straight-line basis, over the term of their respective agreements. Representation rights were scheduled to expire on September 30, 2021. On September 24, 2020, Corby renewed its exclusive right to represent PR's brands in Canada for a further five years and three months, effective July 1, 2021 until September 29, 2026, with a potential for automatic renewal for a further three years thereafter, subject to the achievement of performance criteria. The 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. See Note 31, "Related Party Transactions" for further information. Amortization is recognized as a reduction to commission revenue earned from the representation of PR brands.

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

(iii) Software
Software is carried at cost, less accumulated amortization. Amortization is recognized on a straight-line basis over the expected useful life which is typically 3-5 years and recorded within "Marketing, sales and administration" in the statement of earnings. Useful life for items included in software is reviewed on an annual basis and software is written down when no longer in use.

(iv) Distribution rights
Distribution rights represent the right to sell specified products in a certain territory. Acquired distribution rights are measured initially at cost or fair value. These intangible assets are deemed to have an indefinite life and are, therefore, not amortized. Distribution rights are reviewed on an annual basis or more frequently if events or changes in circumstances indicate that the assets might be impaired.

Impairment

(i) Financial Assets

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

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

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

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

All impairment losses are recognized in net earnings.

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

(ii) Non-financial assets

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

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

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

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

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

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

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

Provisions

Provisions are recognized when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and that the obligation can be measured reliably. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risk specific to the liability. Provisions are reviewed on a regular basis and adjusted to reflect management's best current estimates. Due to the judgmental nature of these items, future settlements may differ from amounts recognized. Provisions notably include: provisions for employee benefits (Note 10) and provisions for uncertain tax positions (Note 17).

Employee Benefits

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

The Company maintains registered defined benefit pension plans under which benefits are available to certain employee groups. The Company makes supplementary retirement benefits available to certain employees under a non-registered defined benefit pension plan. The registered and non-registered defined benefit pension plans were closed to new members effective July 1, 2010. The Company provides a defined contribution plan for employee hired after July 1, 2010.

(i) Defined Benefit Plans

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

Defined benefit costs are categorized as follows:

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

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

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

(ii) Defined contribution plans

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

(iii) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs. Expense for termination benefits are recognized in earnings from operations in the period in which they occur.

Income Taxes

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

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

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

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

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

Non-Controlling Interest Obligation

The non-controlling interest obligation represents the amortized cost of the estimated future cash flows of Ace Beverage Group, "ABG," that will be available to distribute to the minority shareholders of ABG as dividends. The obligation was measured initially at fair value at the date of the acquisition and subsequently will be accounted for using the amortized cost method. Estimated future cash flows are assessed on an annual basis. For subsequent changes in the timing or amount of estimated cashflows, the gross carrying amount of the non-controlling interest obligation measured at amortized cost is adjusted in the period of change to reflect the actual and revised estimated cash flows. A corresponding income or expense in recognized in profit or loss.

Revenue Recognition

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

(i) Case Goods Sales

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

Case Goods sales are recorded net of trade discounts, volume rebates, sales-related taxes and duties and costs of services provided directly by customers which include: distribution costs, listing costs for new products, promotional activities at point of sale and other advertising and promotional services. The transaction price recognized at that point reflects our estimate of the consideration to be received in exchange for the products. The actual amount may ultimately differ due to the effect of various customer incentives and trade promotion activities.

(ii) Commissions

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

(iii) Other services

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

Stock-Based Compensation Plans

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

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

Earnings per Common Share

The Company presents basic and diluted earnings per share ("EPS") amounts for its common shares. Basic EPS is calculated by dividing the net earnings attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted EPS is calculated by adjusting the net earnings attributable to shareholders and the weighted average number of shares outstanding for the effect of potentially dilutive shares. There are no potentially dilutive shares as at June 30, 2024 and 2023.

Classification of Financial Instruments

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

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

Financial Asset/Liability	Category	Measurement
Cash	Amortized cost	Amortized cost
Deposits in cash management pools	Amortized cost	Amortized cost
Accounts receivable	Amortized cost	Amortized cost
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Credit facilities payable	Amortized cost	Amortized cost
Long-term debt	Amortized cost	Amortized cost
Non-controlling interest obligation	Amortized cost	Amortized cost

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

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

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

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

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

5. FINANCIAL INSTRUMENTS

Corby's financial instruments consist of cash, deposits in cash management pools, accounts receivable, accounts payable and accrued liabilities, credit facilities payable, long-term debt, and non-controlling interest obligation balances.

Financial Risk Management Objectives and Policies
In the normal course of business, the Company is exposed to financial risks that have the potential to negatively impact its financial performance. Management believes that the risks arising from the Company's financial instruments are already at an acceptably low level and does not actively manage these risks. These risks are discussed in more detail below.

Credit Risk
Credit risk arises from cash held with PR via Corby's participation in the Mirror Netting Service Agreement (further described in Note 31), as well as credit exposure to customers, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets.

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

Management believes that the Company's credit risk relating to accounts receivable is at an acceptably low level. As at June 30, 2024, over 90% (2023 – 81%) of Corby's trade receivable balances are collectible from government-controlled liquor boards. The remaining trade receivable balances relate to agency sales and sales generated from export sales. Receivables that are neither past due nor impaired are considered credit of high quality.

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

Liquidity Risk

Liquidity risk is the risk the Company may not be able to settle or meet its obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's Executive Team is responsible for the management of liquidity risk, including funding, settlements, and related processes and policies. The operational, tax, capital and regulatory requirements and obligations of the Company are considered in the management of liquidity.

Corby's sources of liquidity are its cash $4,648, deposits in cash management pools of $27,352, future cash generated by operating activities and available credit on its revolving operating facility of $9,000. The Company believes that its deposits in cash management pools, combined with its historically strong and consistent operational cash flows, are more than sufficient to fund its operations, investing activities and commitments for the foreseeable future.

The Company manages its liquidity risk utilizing various sources of financing to maintain flexibility while ensuring access to cost-effective funds when required through the use of its operating line of credit, credit facilities, and its long-term debt from PR. The Company also monitors both short and long-term cash flow forecasts, taking into account seasonality of its revenue, income and working capital needs to manage liquidity risk.

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

The company's contractual maturities are as follows:

	Less than 1 year	1 to 5 years	5 years and thereafter	Total
Accounts payables and accrued liabilities	$ 57,441	$ -	$ -	$ 57,441
Lease liabilities	1,419	1,600	-	3,019
Credit facilities payable	2,324	8,139	7,353	17,816
Long-term debt	-	-	120,000	120,000
	$ 61,184	$ 9,739	$ 127,353	$ 198,276

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk to the extent that its deposits in cash managements pools, bank indebtedness and credit facilities payable are based upon variable rates of interest. The Company's long-term debt bears interest at a fixed rate.

During the fiscal year ended June 30, 2024, Corby earned market rates of interest, based upon the 30-day CDOR rate plus 0.40%, on its deposits in cash management pools. As of July 2024, Corby will transition to using the Canadian Overnight Repo Rate Average ("CORRA") rates to calculate its interest earned on deposits in cash management pools. A 50 basis point ("bp") increase or decrease in the interest rate would impact the company's earnings by approximately $144 (2023 – $247). The transition to CORRA rates is not expected to have a significant impact on net earnings.

The Company's bank indebtedness and credit facilities bear interest based on variable market rates. A 50 basis point ("bp") increase or decrease in the interest rate would impact the company's earnings by approximately $95 (2023 – nil).

An active interest rate risk management program does not exist, as management believes that changes in interest rates would not have a material impact on Corby's financial position over the long-term. The Company has entered into floating rate interest swap arrangements to mitigate fluctuations on the credit facilities that bear interest at variable market rates. These arrangements have a nominal value of $9,000.

Foreign Currency Risk

The Company has exposure to foreign currency risk as it conducts business in multiple foreign currencies; however, its exposure is primarily limited to the US dollar ("USD") and UK pound sterling ("GBP"). Corby does not utilize derivative instruments to manage this risk. Subject to competitive conditions, changes in foreign currency rates may be passed on to consumers through pricing over the long term. A 1% increase or decrease in the exchange rate of the US dollar or the UK pound sterling would impact the Company's net earnings by approximately $3 (2023 - $15) or $42 (2023 - $30), respectively.

USD Exposure
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.

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

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

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

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

For financial assets and liabilities that are valued at other than fair value on 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. The fair value of the term loan payable is approximately $121,079 at June 30, 2024. Fair value is determined using Level 2 inputs. Level 3 inputs are used to determine the fair value of pension plan assets contained within the infrastructure and real estate funds.

6. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

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

Management includes the following items in its definition of capital:

		June 30, 2024		June 30, 2023
Share capital	**$**	**14,304**	$	14,304
Accumulated other comprehensive income		**8,448**		5,127
Retained earnings		**158,849**		160,564
Net capital under management	**$**	**181,601**	$	179,995

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

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

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

7. BUSINESS COMBINATIONS

Ace Beverage Group Inc.

On July 4, 2023, Corby acquired 90% of the outstanding shares of Ace Beverage Group Inc. ("ABG"). The purchase price of $136,321, which has been adjusted to reflect estimated working capital and debt assumed as at the purchase date, was paid using available cash and financing from PR, Corby's ultimate parent, in the form of a 10-year term loan which bears interest at a fixed rate of 5.43% per annum . In connection with the closing of the transaction, Corby also signed a guarantee in favour of a Canadian chartered bank for payments of amounts owing under ABG's continuing operating loan. This guarantee is limited to $31,850.

Further, the Company entered into an agreement with the minority shareholders of ABG which provides the Company with options to purchase the remaining outstanding shares of ABG in the future. In the event that the Company does not exercise the options, the Company is obligated to declare and pay an annual dividend to the minority shareholders equal to the cash balance, less an amount to satisfy the anticipated working capital and investment needs of ABG for the following fiscal year subject to applicable law and approval by the Board of Directors of ABG addressing the ability of ABG to declare and pay such dividends. The Company classified the minority shares as a financial liability and recognized $14,405 as non-controlling interest obligation at the acquisition date. Interest accrued on the Non-controlling Interest Obligation amounted to $1,801 during the year ended June 30, 2024.

ABG holds a leading position in the ready-to-drink ("RTD") and better-for-you beverages market in Canada. ABG's portfolio includes its flagship brand "Cottage Springs" and other innovative RTD offerings adding significant scale to Corby's portfolio as well as expertise in the high-growth RTD category.

The Company has accounted for this acquisition using the acquisition method in accordance with IFRS 3, Business Combinations ("IFRS 3"), and the results of ABG have been consolidated with those of the Company from the date of acquisition. IFRS 3 provides that for each transaction to apply either the proportionate or full goodwill methods. The Company has applied the proportionate method to this transaction. The total purchase consideration has been allocated to identifiable assets acquired, including trademarks, based on their estimated fair values of $45,041 and goodwill $105,685. The fair value of the trademarks was determined using an income approach and required the Company to make significant assumptions, which include, forecasted revenues, royalty rate and the discount rate.

Details of the fair value of identifiable assets acquired, purchase consideration and goodwill are as follows:

Purchase consideration	$	136,321
Accounts receivable		11,438
Inventories		19,222
Prepaid expenses		573
Property, plant and equipment		513
Right-of-use assets		437
Intangible assets		46,691
Cash		4
Bank indebtedness		(9,631)
Accounts payables and accrued liabilities		(4,206)
Credit facility payable and other debt-like items		(8,805)
Lease liabilities		(455)
Deferred income taxes, net		(10,740)
Total identifiable net assets acquired	$	**45,041**

Goodwill arising from the acquisition has been recognized as follows:

Purchase consideration	$	136,321
Non-controlling interest obligation		14,405
Fair value of identifiable assets acquired including trademarks		(45,041)
Goodwill	$	**105,685**

Goodwill is attributable to the expertise of the ABG's team within the RTD segment as well as synergies expected to be achieved from integrating ABG's products into the Company's existing portfolio. Goodwill arising from this transaction is not expected to be deductible for tax purposes.

Acquisition related costs totaled $5,289, of which $1,659 was reimbursed by PR. Corby recorded $677 of acquisition related costs in marketing, sales and administration for the year ended June 30, 2024. Acquisition related costs of $2,953 recognized for the year ended June 30, 2023 have been classified to marketing, sales and administration to confirm to the current years presentation. Since the transaction date of July 4th, 2023, the acquired trademarks and net assets have contributed $57,895 to revenues of the consolidated results of the Company's year ended June 30, 2024. Proforma earnings information has not been provided as the acquisition occurred July 4th, 2023, which approximates the start of Corby's fiscal year and thus would not be materially different. Revenues are reported in Case Goods sales in Note 23.

MXM Beverages Ltd.

On May 13, 2024, Corby's subsidiary, ABG, acquired certain assets of MXM Beverages Ltd. ("MXM"). The purchase price of $11,799, which has been adjusted to reflect estimated working capital assumed as at the purchase date, and was paid using available cash and financing in the form of an acquisition loan. The acquisition loan bears interest at a variable rate using methodologies based on CORRA plus the applicable CORRA margin, or prime plus the applicable prime rate margin. The applicable CORRA margin and the applicable prime rate margin, are determined with reference to the Total Leverage Ratio of ABG.

MXM holds a prominent position in the ready-to-drink ("RTD") and better-for-you beverages market in Western Canada. MXM's portfolio includes its flagship brand "Nude" and other innovative RTD offerings further adding scale to Corby and ABG's portfolio within the high-growth RTD category.

The Company has accounted for this acquisition using the acquisition method in accordance with IFRS 3, Business Combinations ("IFRS 3"), as the assets acquired substantially constitute a business, and the results of MXM have been consolidated with those of the Company from the date of acquisition. The total purchase consideration has been preliminarily allocated to identifiable assets acquired, including trademarks, based on their preliminary estimated fair values of $8,890 and goodwill of $2,909. The preliminary fair value of the trademarks was determined using an income approach and required the Company to make significant assumptions, which include, forecasted revenues, royalty rate and the discount rate.

Details of the preliminary fair value of identifiable assets acquired, purchase consideration and goodwill are as follows:

Purchase consideration	**$**	**11,799**
Accounts receivable		1,333
Inventories		3,987
Trademarks		3,570
Total identifiable net assets acquired	**$**	**8,890**

Goodwill arising from the acquisition has been recognized as follows:

Purchase consideration	**$**	**11,799**
Fair value of identifiable assets acquired including trademarks		(8,890)
Goodwill	**$**	**2,909**

Goodwill is attributable to the synergies expected to be achieved from integrating MXM's products into the Company's existing portfolio. Goodwill arising from this transaction is expected to be deductible for tax purposes.

Acquisition related costs totaled $566 which Corby recognized in marketing, sales and administration during the year-ended June 30, 2024. Since the transaction date of May 13, 2024, the acquired trademarks and assets have contributed $2,919 to revenues of the consolidated results of the Company's year ended June 30, 2024. Revenues are reported in Case Goods sales in Note 23. If the acquisition had occurred on July 1, 2023, management estimates that consolidated revenue would have been $248,700, and consolidated net earnings for the year would have been $25,600. In determining these amounts, management has assumed that the fair value adjustments of inventory, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on July 1, 2023.

8. ACCOUNTS RECEIVABLE

		June 30, 2024		June 30, 2023
Trade receivables	**$**	**33,753**	$	22,487
Due from related parties		**13,767**		14,320
Other		**1,376**		2,882
		48,896		39,689
Allowance for uncollectible amounts		**(267)**		(124)
	$	**48,629**	$	39,565

9. INVENTORIES

		June 30, 2024		June 30, 2023
Raw materials	**$**	**12,503**	$	5,997
Work-in-progress		**58,278**		56,201
Finished goods		**23,947**		13,043
	$	**94,728**	$	75,241

The cost of inventory recognized as an expense and included in cost of sales during the year ended June 30, 2024 was $102,034 (2023 – $62,462). During the year, there were write-downs of $507 (2023 – $437) on inventory as a result of net realizable value being lower than cost. During the year a previous write-down of inventory in the amount of $187 (2023 - $nil) was reversed. Inventory write-downs are included in cost of sales.

During the year ended June 30, 2024, $3,047 of the inventory fair value acquired from the acquisition of ABG and $158 of the inventory fair value acquired from the MXM acquisition has been recognized within cost of sales.

10. PROVISION FOR EMPLOYEE BENEFITS

The Company provides pension benefits to its employees through a defined contribution pension plan and defined benefit pension plans. Employees hired after July 1, 2010 are no longer offered enrolment into the Company's defined benefit pension plans. Instead, the Company provides these employees a defined contribution pension plan. To become eligible to join the defined contribution pension plan, most employees must first accrue 90 days of service. For the year ended June 30, 2024, the Company recognized contributions of $744 as expense (2023 - $726) with respect to the defined contribution pension plan.

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

The registered pension plans are registered under the Pension Benefits Act (Ontario) (the "Act") with regulatory oversight by the Financial Services Regulatory Authority of Ontario. The latest valuations completed for these plans are dated December 31, 2022 for the executive plan and June 30, 2023 for the salaried plan. The next required valuations must be completed with an effective date no later than December 31, 2025 and June 30, 2026, respectively. The Act requires funding valuations for the registered pension plans to be performed at least once every three years and plan deficits must be funded over a period of up to five years. The registered pension plans are funded through a combination of employee and employer contributions.

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

The post-retirement benefit plan is unfunded.

In 2020, the Company initiated a pension de-risking strategy for Corby's defined benefit salaried pension plan using securities investments held in the salaried plan to purchase a buy-in annuity for retirees and deferred vested plan members. The buy-in annuity transaction in 2020 effectively reduced Corby's exposure to pension related financial risks. Effective January 1, 2024 Corby converted the buy-in annuities held for its salaried pension plan to buy-out annuities. By converting to a buy-out annuity Corby now effectively reduces administrative costs, including maintenance of pensioner records, benefit payments and regulatory requirements for the group impacted. As a result of the conversion to a buy-out annuity the plan assets and the defined benefit obligation were both reduced by $17,030. There was no gain or loss on plan settlement due to the conversion to a buy-out annuity during the year ended June 30, 2024.

As at June 30, 2024, the average duration of the defined benefit obligation for the registered and non-registered pension plans and the post-retirement benefit plan is 13 years (2023 – 12 years).

Company contributions to the registered and non-registered pension plans are expected to be $208 for the fiscal year ended June 30, 2025.

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

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

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

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

The significant actuarial assumptions are as follows:

			2024			2023
	Registered Pension Plans	Non-registered Pension Plans	Other Benefit Plan	Registered Pension Plans	Non-registered Pension Plans	Other Benefit Plan
Accrued benefit obligation, end of year						
Discount rate	**5.1%**	**5.1%**	**5.1%**	5.1%	5.1%	5.1%
Compensation increase	**3.0%**	**3.0%**	**N/A**	3.0%	3.0%	N/A
Inflation	**2.0%**	**2.0%**	**N/A**	2.0%	2.0%	2.0%
Benefit expense, for the year						
Discount rate	**5.1%**	**5.1%**	**5.1%**	5.1%	5.1%	5.1%
Compensation increase	**3.0%**	**3.0%**	**N/A**	3.0%	3.0%	N/A
Inflation	**2.0%**	**2.0%**	**N/A**	2.0%	2.0%	2.0%

The discount rate has been set based on current market rates at the end of the Company's financial year, assuming a rate of return comparable to high-quality fixed income securities of equivalent currency and term that approximate the terms of the pension plan liabilities. A 50bp increase in the assumed discount rate would decrease the amount of the Company's provision for pensions and pension expense in respect of its registered and non-registered defined benefit plans by $1,950 and $57, respectively. Conversely, a 50bp decrease in the assumed discount rate would increase the amount of the Company's provision for pensions and pension expense in respect of its registered and non-registered defined benefit plans by $2,105 and $61, respectively. The method used to determine the impact of the discount rate changes is consistent with the method used in prior years and the method used to determine the amounts recognized in the consolidated financial statements.

The medical cost trend rate used was 4.5% for 2024 (2023 – 4.3%), with 3.1% being the ultimate trend rate for 2040 and years thereafter (2023 – 3.3%). The dental cost trend rate used was 6.0% for 2024 (2023 – 4.0%). Assumed health care cost trend rates have a significant effect on the amounts reported for the other benefit plan. A 1% increase in the assumed medical cost trend rate would increase the amount of the Company's provision for pensions by $503 with minimal impact on pension expense. Conversely, a 1% decrease in the medical cost trend rate would decrease the amount of the Company's provision for pensions $421 with minimal impact on pension expense. The method used to determine the impact of medical cost rate changes is consistent with the method used in prior years and the method used to determine the amounts recognized in the consolidated financial statements.

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

	June 30, 2024	June 30, 2023
Present value of defined benefit obligation of unfunded plans	**$ (6,186)**	$ (6,644)
Present value of defined benefit obligation of partially funded plans	**(7,814)**	(7,939)
Present value of defined benefit obligation of fully funded plans	**(17,065)**	(34,846)
Total present value of defined benefit obligation	**(31,065)**	(49,429)
Fair value of plan assets	**32,256**	48,336
Net defined benefit asset (liability)	**$ 1,191**	$ (1,093)

Information about the Company's pension and other benefit plans for the year ended June 30, 2024 is as follows:

				2024
	Registered Pension Plans	Non-registered Pension Plans	Other Benefit Plan	Total
Fair value of plan assets				
Fair value of plan assets, beginning of year	$ 34,055	$ 14,281	$ -	$ 48,336
Interest income	1,681	708	-	2,389
Actuarial gains (losses)	1,703	(616)	-	1,087
Change in the asset ceiling impact	(198)	-	-	(198)
Company contributions	713	-	-	713
Plan participants' contributions	93	-	-	93
Benefits paid	(2,251)	(535)	-	(2,786)
Impact of conversion to buy-out annuity	(17,030)	-	-	(17,030)
Administrative costs	(144)	(56)	-	(200)
Transfer out of participants	(148)	-	-	(148)
Fair value of plan assets, end of year	$ 18,474	$ 13,782	$ -	$ 32,256
Present value of defined benefit obligation				
Defined benefit obligation, beginning of year	$ 34,846	$ 7,939	$ 6,644	$ 49,429
Current service cost	556	106	54	716
Interest cost	1,702	387	326	2,415
Plan participants' contributions	93	-	-	93
Actuarial losses (gains):				
Experience losses and (gains)	(594)	(11)	(338)	(943)
Gains due to financial assumption changes	(124)	(45)	(186)	(355)
Benefits paid	(2,236)	(562)	(314)	(3,112)
Impact of conversion to buy-out annuity	(17,030)	-	-	(17,030)
Transfer out of participants	(148)	-	-	(148)
Present value of the defined benefit obligations, end of year	$ 17,065	$ 7,814	$ 6,186	$ 31,065
Net defined benefit (asset) liability	$ (1,409)	$ (5,968)	$ 6,186	$ (1,191)

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

				2024
	Registered Pension Plans	Non-registered Pension Plans	Other Benefit Plan	Total
Other assets	$ 1,947	$ 6,068	$ -	$ 8,015
Provision for employee benefits	(538)	(100)	(6,186)	(6,824)

The actual return on plan assets for the financial year ended June 30, 2024 was $3,476, which was composed of interest income and actuarial gains and losses included in the reconciliation of the fair value of plan assets above.

Information about the Company’s pension and other benefit plans for the year ended June 30, 2023 is as follows:

	Registered Pension Plans	Non-registered Pension Plans	Other Benefit Plan	Total
				2023
Fair value of plan assets				
Fair value of plan assets, beginning of year	$ 33,403	$ 14,481	$ -	$ 47,884
Interest income	1,678	753	-	2,431
Actuarial gains (losses)	306	(363)	-	(57)
Change in the asset ceiling impact	477	-	-	477
Company contributions	505	-	-	505
Plan participants' contributions	96	-	-	96
Benefits paid	(2,270)	(530)	-	(2,800)
Administrative costs	(140)	(60)	-	(200)
Fair value of plan assets, end of year	$ 34,055	$ 14,281	$ -	$ 48,336
Present value of defined benefit obligation				
Defined benefit obligation, beginning of year	$ 34,181	$ 7,984	$ 6,677	$ 48,842
Current service cost	508	100	61	669
Interest cost	1,685	393	331	2,409
Plan participants' contributions	96	-	-	96
Actuarial losses (gains):				
Experience losses and (gains)	411	(24)	(143)	244
Losses due to financial assumption changes	235	46	38	319
Benefits paid	(2,270)	(560)	(320)	(3,150)
Present value of the defined benefit obligations, end of year	$ 34,846	$ 7,939	$ 6,644	$ 49,429
Net defined benefit liability (asset)	$ 791	$ (6,342)	$ 6,644	$ 1,093

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

	Registered Pension Plans	Non-registered Pension Plans	Other Benefit Plan	Total
				2023
Other assets	$ 483	$ 6,471	$ -	$ 6,954
Provision for employee benefits	(1,274)	(129)	(6,644)	$ (8,047)

The actual return on plan assets for the financial year ended June 30, 2023 was $2,374, which was composed of interest income and actuarial losses included in the reconciliation of the fair value of plan assets above.

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

	2024	2023
Current service costs	**$ 716**	$ 669
Interest costs	**226**	178
Net expense recognized in Net Earnings	**942**	847
Net actuarial (gains) losses recognized in Other Comprehensive Income	**(2,187)**	158
Total net (income) expense recognized in Total Comprehensive Income	**$ (1,245)**	$ 1,005

The assets of the registered pension plans consist of cash, contributions receivable and investments held in the Hiram Walker & Corby Canadian Pooled Fund Trust. As at June 30, 2024, the fair value of the Trust's assets totaled $160,514, of which the Company's registered pension plans hold approximately 14% of the total Trust assets.

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

		June 30, 2024		June 30, 2023
Cash and Canadian Equities - level 1	**$**	**205**	$	3,205
Canadian Equities - level 2		**3,224**		-
Buy-in annuities - level 1		**-**		17,548
Bond funds - level 2		**3,865**		3,936
Foreign equities and Foreign Equity funds - level 2		**10,568**		8,169
Infrastructure and real estate funds - level 3		**4,712**		4,911
		22,574		37,769
Change in the asset ceiling impact		**(4,100)**		(3,714)
	$	**18,474**	$	34,055

Effective January 1, 2024 Corby converted the buy-in annuities held for its salaried pension plan to buy-out annuities. There was no gain or loss on plan settlement due to the conversion to a buy-out annuity during the year ended June 30, 2024.

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

		June 30, 2024		June 30, 2023
Bond funds	**$**	**8,404**	$	8,642
Refundable tax on account with Canada Revenue Agency		**5,378**		5,639
	$	**13,782**	$	14,281

The fair values of the investments held by the non-registered plan as at June 30, 2024 and 2023 are categorized as Level 2 in the fair value hierarchy.

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

11. LEASES

The following table is a continuity of the cost and accumulated depreciation of right-of-use assets as at and for the years ended June 30, 2024 and 2023:

			June 30, 2024
	Building	**Other**	**Total**
Cost			
Balance, beginning of the year	**$ 5,583**	**$ 3,073**	**$ 8,656**
Business combinations (Note 7)	**-**	**437**	**437**
Lease additions	**23**	**418**	**441**
Lease terminations	**-**	**(503)**	**(503)**
Balance, end of the year	**$ 5,606**	**$ 3,425**	**$ 9,031**
Accumulated Depreciation			
Balance, beginning of the year	**$ 3,249**	**$ 1,848**	**$ 5,097**
Depreciation	**875**	**597**	**1,472**
Lease terminations	**-**	**(480)**	**(480)**
Balance, end of the year	**$ 4,124**	**$ 1,965**	**$ 6,089**
Carrying amount as at June 30, 2024	**$ 1,482**	**$ 1,460**	**$ 2,942**

			June 30, 2023
	Building	**Other**	**Total**
Cost			
Balance, beginning of the year	$ 5,382	$ 2,763	$ 8,145
Lease additions	426	1,001	1,427
Lease terminations	(225)	(691)	(916)
Balance, end of the year	$ 5,583	$ 3,073	$ 8,656
Accumulated Depreciation			
Balance, beginning of the year	$ 2,558	$ 1,943	$ 4,501
Depreciation	867	520	1,387
Lease terminations	(176)	(615)	(791)
Balance, end of the year	$ 3,249	$ 1,848	$ 5,097
Carrying amount as at June 30, 2023	$ 2,334	$ 1,225	$ 3,559

The following is a continuity of lease liabilities as at and for the years ended June 30, 3024 and 2023:

	June 30, 2024	June 30, 2023
Balance, beginning of the year	**$ 3,620**	$ 3,703
Business combinations (Note 7)	**455**	-
Lease additions	**487**	1,399
Lease terminations	**(140)**	(106)
Lease payments	**(1,531)**	(1,455)
Interest expense on lease liabilities	**128**	79
Balance, end of the year	**$ 3,019**	$ 3,620
Lease liabilities due within one year	**$ 1,419**	$ 1,286
Lease liabilities	**1,600**	2,334
Total lease liabilities	**$ 3,019**	$ 3,620

The expense related to leases with variable consideration, short-term lease and low value leases amounted to $26 (2023 - $32) and is recorded within marketing, sales and administration expenses.

12. PROPERTY, PLANT AND EQUIPMENT

	June 30, 2023	Business Combinations (Note 7)	Additions	Depreciation	Disposals	June 30, 2024
Land	$ 1,367	$ -	$ -	$ -	$ -	$ 1,367
Vines	662	-	89	-	-	751
Building	4,195	-	109	-	-	4,304
Leasehold improvements	1,468	55	60	-	-	1,583
Machinery and equipment	13,373	458	747	-	(61)	14,517
Casks	19,131	-	1,708	-	-	20,839
Gross value	40,196	513	2,713	-	(61)	43,361
Vines	(107)	-	-	(20)	-	(127)
Building	(522)	-	-	(129)	-	(651)
Leasehold improvements	(613)	-	-	(277)	-	(890)
Machinery and equipment	(7,116)	-	-	(1,127)	22	(8,221)
Casks	(10,203)	-	-	(1,361)	-	(11,564)
Accum. depreciation	(18,561)	-	-	(2,914)	22	(21,453)
Property, plant and equipment	$ 21,635	$ 513	$ 2,713	$ (2,914)	$ (39)	$ 21,908

	June 30, 2022	Additions	Depreciation	Disposals	June 30, 2023
Land	$ 1,367	$ -	$ -	$ -	$ 1,367
Vines	903	142	-	(383)	662
Building	3,682	513	-	-	4,195
Leasehold improvements	1,326	142	-	-	1,468
Machinery and equipment	12,841	1,199	-	(667)	13,373
Casks	17,251	1,880	-	-	19,131
Gross value	37,370	3,876	-	(1,050)	40,196
Vines	(140)	-	(22)	55	(107)
Building	(426)	-	(96)	-	(522)
Leasehold improvements	(375)	-	(238)	-	(613)
Machinery and equipment	(6,810)	-	(966)	660	(7,116)
Casks	(9,018)	-	(1,185)	-	(10,203)
Accum. depreciation	(16,769)	-	(2,507)	715	(18,561)
Property, plant and equipment	$ 20,601	$ 3,876	$ (2,507)	$ (335)	$ 21,635

13. GOODWILL

Changes in the carrying amount of goodwill are as follows:

	June 30, 2024	June 30, 2023
Balance, beginning of year	$ 8,757	$ 8,757
Business combinations (Note 7)	108,594	-
Balance, end of year	$ 117,351	$ 8,757

There has been no impairment recognized with respect to goodwill during 2024 (2023 - $nil).

14. INTANGIBLE ASSETS

	2024				
		Movements in the Year			
	Opening Book Value	Business Combinations (Note 7)	Additions	Amortization	Ending Book Value
Long-term representation rights	**$ 33,708**	**$ -**	**$ -**	**$ (10,371)**	**$ 23,337**
Trademarks and licences	**15,331**	**49,780**	**-**	**-**	**65,111**
Distribution rights	**-**	**330**	**-**	**-**	**330**
IT Software	**2,143**	**151**	**566**	**(686)**	**2,174**
	$ 51,182	**$ 50,261**	**$ 566**	**$ (11,057)**	**$ 90,952**

	2023			
		Movements in the Year		
	Opening Book Value	Additions	Amortization	Ending Book Value
Long-term representation rights	$ 44,079	$ -	$ (10,371)	$ 33,708
Trademarks and licences	15,331	-	-	15,331
IT Software	1,854	841	(552)	2,143
	$ 61,264	$ 841	$ (10,923)	$ 51,182

15. IMPAIRMENT

The Company tests goodwill and indefinite-lived intangibles (trademarks and licences) for impairment on an annual basis. The carrying value of goodwill and indefinite-lived intangibles at June 30, 2024, along with the data and assumptions applied to the CGUs of the Case Goods Segment are as follows:

	Carrying Value Goodwill	Carrying Value Trademarks & Licences	Discount Rate	Terminal Growth Rate
Case Goods Segment	$ 117,351	$ 65,111	9.3% to 12.1%	2.0% to 2.5%

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

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

During the financial year ended June 30, 2024, the Company performed impairment testing on goodwill and indefinite-lived intangible assets in accordance with its accounting policy and identified no impairment.

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

	June 30, 2024	June 30, 2023
Trade payables and accruals	**$ 43,924**	$ 48,098
Due to related parties	**10,679**	16,061
Other	**2,838**	2,953
	$ 57,441	$ 67,112

17. INCOME TAXES

	2024	2023
Current income tax expense		
Current period	**$ 7,620**	$ 9,210
Release of prior period tax risk	**(100)**	(155)
Adjustments with respect to prior period tax estimates	**(275)**	(52)
	$ 7,245	$ 9,003
Deferred income tax expense (recovery)		
Origination and reversal of temporary differences	**$ 1,785**	$ (946)
Adjustments with respect to prior period tax estimates	**(43)**	22
	1,742	(924)
Total income tax expense	**$ 8,987**	$ 8,079

At June 30, 2024 the Company had capital loss carry-forwards for tax purposes in the amount of $81 (2023 - $nil).

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

	2024		2023	
Net earnings for the financial year		**$ 23,909**		$ 21,959
Total income tax expense		**8,987**		8,079
Earnings before income tax expense		**$ 32,896**		$ 30,038
Income tax using the combined Federal and Provincial statutory tax rates	**$ 8,672**	**26.4%**	$ 7,926	26.4%
Non-deductible expenses	**765**	**2.3%**	315	1.0%
Adjustments with respect to prior period tax estimates	**(318)**	**(1.0%)**	(31)	0.0%
Other	**(132)**	**(0.4%)**	(131)	(0.4%)
Effective income tax rate	**$ 8,987**	**27.3%**	$ 8,079	26.9%

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

		June 30, 2023	Business Combination (Note 7)	Recognized in Earnings	Recognized in OCI	June 30, 2024
Provision for pensions	$	353	$ -	$ (33)	$ (576)	$ (256)
Property, plant and equipment		(4,223)	(78)	(154)	-	(4,455)
Losses		1,185	-	(210)	-	975
Intangibles		(2,804)	(11,576)	(167)	-	(14,547)
Other		975	914	(1,178)	-	711
	$	(4,514)	$ (10,740)	$ (1,742)	$ (576)	$ (17,571)

		June 30, 2022	Recognized in Earnings	Recognized in OCI	June 30, 2023
Provision for pensions	$	325	$ (14)	$ 42	$ 353
Property, plant and equipment		(4,134)	(89)	-	(4,223)
Losses		762	423	-	1,185
Intangibles		(2,803)	(1)	-	(2,804)
Other		370	605	-	975
	$	(5,480)	$ 924	$ 42	$ (4,514)

Income taxes payable includes a provision for uncertain tax positions in the amount of $381 at June 30, 2024 ($481 – June 30, 2023).

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

18. CREDIT FACILITES PAYABLE

The Company, through its subsidiary ABG, has available revolving operating facilities authorized to a maximum of $9,000. At June 30, 2024 the balance was $nil.

During the year ended June 30, 2024, interest expense on the revolving operating facilities amounted to $159.

The Company also holds credit facilities payable that are non-revolving facilities and due on demand. The facilities are held by a Canadian chartered bank and accrue interest at a variable rate using methodologies based on the Canadian Overnight Repo Rate Average (“CORRA”) plus the applicable CORRA margin, or prime plus the applicable prime rate margin. The applicable CORRA margin and the applicable prime rate margin, are determined with reference to the Total Leverage Ratio of ABG. The Company has the discretion to choose the most favourable interest calculation methodology. During the year ended June 30, 2024, the Company paid interest of $623 with respect to these non-revolving credit facilities.

The Company is required to pay mandatory principal instalments based on the following schedule.

Less than one year	$	**2,324**
1 - 5 years		**8,139**
Greater than 5 years		**7,353**
Total principal outstanding	$	**17,816**

The Company may prepay amounts outstanding under the non-revolving credit facilities, at any time, without penalty.

The facilities are secured by a general security agreement constituting a first-priority encumbrance on select present and future property and assignment of all proceeds under ABG's insurance policies. In connection with the closing of its acquisition of ABG, Corby signed a guarantee, limited to $31,850, with respect to amounts owing under this operating loan and the non-revolving credit facilities.

ABG is subject to covenants and was in compliance with all covenants as of June 30, 2024. Covenants are used to determine the appropriate interest rate margin on the various credit facilities under the agreements.

19. LONG-TERM DEBT

On June 12, 2023, Corby entered into a loan agreement with PR with a total available credit amount of $120,000. The loan provided Corby with the required funding to complete the ABG acquisition which closed on July 4th, 2023 (Refer to Note 7 "Business Combinations" for further information).

Details of the term loan payable to PR are as follows:

	Maturity Date	Rate		June 30, 2024		June 30, 2023
Term loan payable	June 20, 2033	5.430%	$	120,000	$	98,000
Accrued interest				-		14
Total			$	120,000	$	98,014

As at June 30, 2024, the full amount of credit available under the term loan agreement was utilized. Interest is payable on a quarterly basis at the end of each quarter. The term loan along with any accrued interest is due in full at the maturity date, June 20, 2033. Corby has the option to voluntarily make partial or total repayment at any time before the maturity date. During the year ended June 30, 2024, the Company incurred interest of $5,993 (2023 - $14) on this term loan payable.

20. NON-CONTROLLING INTEREST OBLIGATION

In conjunction with the acquisition of ABG, Corby has the right, but not an obligation, to purchase 50% of the shares owned by ABG's minority shareholders at June 30, 2025 ("Year 2 Option"), and the remaining shares at June 30, 2028 ("Year 5 Option"). If Corby does not exercise the Year 2 Option and/or does not exercise the Year 5 Option, then in each fiscal year thereafter, ABG is obligated to declare and pay an annual dividend equal to the cash balance of ABG, less an amount to satisfy the anticipated working capital and investment needs of ABG for the following fiscal year. The fair value of the non-controlling interest obligation was estimated, initially, based on the fair value of the estimated future cash flows of ABG that would be available for dividends using an income approach discounted back to the valuation date. Dividends would be subject to applicable law and ABG's Board of Director approval addressing the ability of ABG to declare and pay.

The Non-controlling interest obligation as at June 30, 2024 is as follows:

		Business Combinations (Note 7)		Interest expense		June 30, 2024
Non-controlling interest obligation	$	14,405	$	1,801	$	16,206

21. SHARE CAPITAL

	June 30, 2024	June 30, 2023
Number of shares authorized:		
Voting Class A Common Shares - no par value	**Unlimited**	Unlimited
Non-voting Class B Common Shares - no par value	**Unlimited**	Unlimited
Number of shares issued and fully paid:		
Voting Class A Common Shares	**24,274,320**	24,274,320
Non-voting Class B Common Shares	**4,194,536**	4,194,536
	28,468,856	28,468,856
Stated value	**$ 14,304**	$ 14,304

22. ACCUMULATED OTHER COMPREHENSIVE INCOME

	June 30, 2024	June 30, 2023
Actuarial gains on pension obligations	**$ 11,224**	$ 6,886
less: income taxes	**(2,776)**	(1,759)
Accumulated other comprehensive income	**$ 8,448**	$ 5,127

23. REVENUE

The Company’s revenue consists of the following streams:

	2024	2023
Case goods sales	**$ 198,751**	$ 132,901
Commissions, net	**26,591**	26,904
Other services	**4,317**	3,150
	$ 229,659	$ 162,955

Commissions for the year are shown net of amortization of long-term representation rights of $10,371 (2023 - $10,371). Other services include revenues incidental to the manufacture of case goods, such as logistics fees and miscellaneous bulk spirit sales.

24. OTHER INCOME (EXPENSE)

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

	2024	2023
Foreign exchange (loss) gain	**$ (124)**	$ 90
Loss on disposal of property and equipment	**(39)**	(60)
Licensing fees	**589**	-
Other	**(249)**	(457)
	$ 177	$ (427)

25. NET FINANCIAL INCOME AND EXPENSE

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

		2024		2023
Interest income on deposits in cash management pools	$	**1,153**	$	2,020
Interest expense on bank indebtedness, loans and lease liabilities		**(6,903)**		(94)
Interest on Non-controlling interest obligation		**(1,801)**		-
Net financial impact of pensions		**(226)**		(179)
Other interest		**(63)**		(49)
	$	**(7,840)**	$	1,698

For the year ended June 30, 2024, cash interest received was $1,273 and cash interest paid was $7,086. For the year ended June 30, 2023, net interest received of $1,893 was reclassified to conform to the current years presentation in the consolidated statement of cash flows as cash interest received was $2,076 and cash interest paid was $183.

26. EARNINGS PER SHARE

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

		2024		2023
Numerator:				
Net earnings	$	**23,909**	$	21,959
Denominator:				
Weighted average shares outstanding		**28,468,856**		28,468,856

27. EXPENSES BY NATURE

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

		2024		2023
Depreciation of property and equipment	$	**2,914**	$	2,507
Depreciation of right-of-use assets		**1,472**		1,387
Amortization of intangible assets		**11,057**		10,923
Salary and payroll costs		**33,990**		28,774
Expenses related to pensions and benefits		**716**		669

28. RESTRICTED SHARE UNITS PLAN

	2024			2023		
	Restricted Share Units		Weighted Average Grant Date Fair Value	Restricted Share Units		Weighted Average Grant Date Fair Value
Non-vested, beginning of year	**68,354**	**$**	**14.02**	80,783	$	19.92
Granted	**28,983**		**13.49**	19,643		16.61
Reinvested dividend equivalent units	**4,508**		**13.42**	3,306		15.79
Performance adjustments	**(5,331)**		**14.20**	-		-
Vested	**(28,434)**		**12.90**	(35,378)		17.73
Non-vested, end of year	**68,080**		**12.97**	68,354	$	14.02

Compensation expense related to this plan for the year ended June 30, 2024 was $242 (2023 - $295).

29. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES

		2024		2023
Accounts receivable	**$**	**3,708**	$	(3,720)
Inventories		**3,722**		(14,151)
Prepaid expenses		**206**		(47)
Accounts payable and accrued liabilities		**(14,766)**		13,699
	$	**(7,130)**	$	(4,219)

30. DIVIDENDS

On August 21, 2024 subsequent to the year ended June 30, 2024, the Board of Directors declared its regular quarterly dividend of $0.22 per common share, to be paid on September 27, 2024, to shareholders of record as at the close of business on September 11, 2024. This dividend is in accordance with the Company's dividend policy.

31. 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 PR 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 September 26, 2008 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.

On June 12, 2023, Corby entered into a loan agreement with PR with a total available credit amount of $120,000, of which the full amount of credit available under the term loan agreement was utilized as of June 30, 2024. The loan provided Corby with the required funding to complete the ABG acquisition which closed on July 4, 2023. The loan bears interest at a fixed rate of 5.43% per annum and matures June 20, 2033. Interest is payable on a quarterly basis. The term loan along with any accrued interest is due in full at the maturity date, June 20, 2033, with Corby provided the option to voluntarily make partial or total repayment at any time before the maturity date. The loan agreement is on arm's-length terms at market rates and, as a related party transaction, was approved by Corby's Independent Committee of the Board of Directors, 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. 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 year are as follows:

		2024		2023
Sales to related parties				
Commissions - parent, ultimate parent and affiliated companies	**$**	**36,561**	$	35,531
Products for resale at an export level - affiliated companies		**13,097**		8,497
Bulk spirits - parent		**18**		-
	$	**49,676**	$	44,028
Cost of goods sold, purchased from related parties				
Distilling, blending, and production services - parent	**$**	**26,927**	$	30,826
Administrative services purchased from related parties				
Marketing, sales and administraton services - parent	**$**	**3,678**	$	3,591

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

During the year ended June 30, 2023, Corby sold casks to its parent company for net proceeds of $48. This sale did not reoccur in the current year.

In connection with Corby's acquisition of ABG, PR reimbursed Corby for $1,659 of the associated transaction costs (Refer to Note 7 "Business Combinations" for further information).

During the year ended June 30, 2024, the Company paid interest of $5,993 (2023 - $14) on its long-term debt payable to PR.

During the year ended June 30, 2024, Corby entered into a transaction with its parent whereby Corby exchanged certain vintages and varieties of bulk whiskey inventory with a fair value of $1,803 (2023- $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 August 21, 2024, 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. During the fiscal year ended June 30, 2024, Corby earned market rates of interest, based upon the 30-day CDOR rate plus 0.40%, on its deposits in cash management pools. As of July 2024, Corby will transition to using CORRA rates to calculate its interest earned on deposits in cash management pools. The transition to CORRA rates is not expected to have a significant impact on net earnings. During the year ended June 30, 2024, Corby earned interest income of $1,153 from PR (2023 – $2,020). Corby has the right to terminate its participation in the Mirror Netting Services Agreement at any time, subject to five days' written notice.

Key management personnel

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

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

Key management personnel compensation comprises:

		2024		2023
Wages, salaries and short term employee benefits	**$**	**3,728**	$	3,731
Other long term benefits		**259**		347
Share-based payment transactions		**313**		310
	$	**4,300**	$	4,388

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

32. SEGMENT INFORMATION

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

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

The Commissions segment's financial results are fully reported as "Commissions" in Note 23 of the 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 year ended June 30, 2024 was $10,371 (2023 – $10,371). Therefore, a table detailing operational results by segment has not been provided as no additional meaningful information would result.

Geographic information regarding the Company is as follows:

2024		Canada		United States of America		United Kingdom		Rest of World		Total
Revenue	**$**	**211,985**	**$**	**3,193**	**$**	**7,524**	**$**	**6,957**	**$**	**229,659**
Property, plant and equipment		**21,810**		**-**		**98**		**-**		**21,908**
Goodwill and intangible assets		**195,177**		**-**		**13,126**		**-**		**208,303**

2023		Canada		United States of America		United Kingdom		Rest of World		Total
Revenue	$	148,500	$	4,315	$	6,695	$	3,445	$	162,955
Property, plant and equipment		21,512		-		123		-		21,635
Goodwill and intangible assets		46,813		-		13,126		-		59,939

In 2024, revenue to three major customers accounted for 54%, 11% and 10%, respectively (2023 – 43%, 15% and 14%). These major customers are located in Canada and revenues are derived from the Case Goods segment.

33. CONTINGENCIES

Class Action Lawsuit

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. On December 21, 2023, the court declined to certify the class action and the plaintiffs have since filed a notice of appeal. Corby believes the appeal is without merit and intends to vigorously defend. Due to the inherent uncertainties of litigation, it is not possible to predict the final outcome of this appeal, or determine the amount of any potential losses resulting therefrom, if any, and therefore a provision in financial results has not been recorded.

Other contingencies

During November 2023, Liquor Control Board of Ontario ("LCBO"), one of Corby's customers, advised suppliers that it will be enforcing a pricing term included in its standard purchase terms and conditions that requires suppliers to ensure prices sold to the LCBO are the same or lower than prices sold to any other customer in Canada, which is in contradiction to other pricing policies imposed by the LCBO, particularly "minimum pricing" that increases every year. The LCBO levied penalties on suppliers for sales beginning April 2023 onwards already reflected in the 2024 financial statements. For the three-month and year-ended June 30, 2024, Corby recorded penalties of $2,407 in revenue and $384 in other expenses. In addition, the LCBO threatened to calculate penalties on sales not in compliance for the period before April 2023. Corby cannot quantify the potential charge and no provision has been recorded in these financial statements for any exposure before April 2023. Corby believes a retroactive charge back of this nature would not be enforceable. Corby, and together with a collective of spirits suppliers representing almost 70% of the spirits products sold in Ontario, filed a court application with the Ontario Superior Court of Justice for court orders declaring that the LCBO's pricing term is of no force and effect or, alternatively, cannot be enforced retroactively, and that the LCBO must release any amounts set off based on its enforcement. The matter will be heard by the Commercial List with the decision anticipated during fiscal year 2025.

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