CORBY SPIRIT AND WINE LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

2021

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

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

Basis for Opinion

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

Key Audit Matters

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

Indefinite-Life Intangible Assets — Refer to Notes 13 and 14 to the financial statements

Key Audit Matter Description

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

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

How the Key Audit Matter Was Addressed in the Audit

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

- Evaluated management's ability to accurately forecast future revenue, cost of sales, marketing, sales and administration expenses by comparing actual results to management's historical forecasts.
- Evaluated the reasonableness of management's forecast of future revenue, cost of sales, marketing, sales and administration expenses by comparing the forecasts to:
    - Historical revenue, cost of sales, marketing, sales and administration expenses.
    - Internal communications to management and the Board of Directors detailing business strategies and growth plans.
    - Forecasted information included in Company press releases as well as in analyst and industry reports for the Company and certain of its peer companies.
- With the assistance of fair value specialists, evaluated the reasonableness of the:
    - terminal growth rates by developing a range of independent estimates using available industry data and expected long term inflation rates and comparing those to the terminal growth rates selected by management.
    - discount rates by testing the source information underlying the determination of the discount rates and developing a range of independent estimates and comparing those to the discount rates selected by management.

Other Information

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

- Management's Discussion and Analysis

- The information, other than the financial statements and our auditor’s report thereon, in the Annual Report.

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We remain solely responsible for our audit opinion.

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

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

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

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

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
August 25 , 2021

CORBY SPIRIT AND WINE LIMITED
CONSOLIDATED BALANCE SHEETS
as at June 30, 2021 and 2020
(in thousands of Canadian dollars)

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

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, 2021 and 2020
(in thousands of Canadian dollars, except per share amounts)

		For the Year Ended	
	Notes	**June 30, 2021**	June 30, 2020
Revenue	19	**$ 159,778**	$ 153,356
Cost of sales		**(62,070)**	(60,432)
Marketing, sales and administration		**(56,365)**	(57,097)
Other income	20	**144**	48
Earnings from operations		**41,487**	35,875
Financial income	21	**633**	1,280
Financial expense	21	**(580)**	(731)
		53	549
Earnings before income taxes		**41,540**	36,424
Current income taxes	16	**(11,458)**	(9,499)
Deferred income taxes	16	**509**	(273)
Income taxes		**(10,949)**	(9,772)
Net earnings		**$ 30,591**	$ 26,652
Basic earnings per share	22	**$ 1.07**	$ 0.94
Diluted earnings per share	22	**$ 1.07**	$ 0.94
Weighted average common shares outstanding			
Basic		**28,468,856**	28,468,856
Diluted		**28,468,856**	28,468,856

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

CORBY SPIRIT AND WINE LIMITED

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

for the years ended June 30, 2021 and 2020

(in thousands of Canadian dollars)

	Notes	**June 30, 2021**	June 30, 2020
Net earnings		**$ 30,591**	$ 26,652
Other Comprehensive Income:			
Amounts that will not be subsequently reclassified to earnings:			
Net actuarial gains	9	**11,729**	1,853
Income taxes	16	**(3,087)**	(495)
		8,642	1,358
Total comprehensive income		**$ 39,233**	$ 28,010

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

for the years ended June 30, 2021 and 2020

(in thousands of Canadian dollars)

	Share Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
Balance as at June 30, 2020	$ 14,304	$ (1,868)	$ 160,188	$ 172,624
Total comprehensive income	-	8,642	30,591	39,233
Dividends	-	-	(23,914)	(23,914)
Balance as at June 30, 2021	**$ 14,304**	**$ 6,774**	**$ 166,865**	**$ 187,943**
Balance as at June 30, 2019	$ 14,304	$ (3,226)	$ 158,019	$ 169,097
Total comprehensive income	-	1,358	26,652	28,010
Dividends	-	-	(24,483)	(24,483)
Balance as at June 30, 2020	$ 14,304	$ (1,868)	$ 160,188	$ 172,624

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

CORBY SPIRIT AND WINE LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOW
for the years ended June 30, 2021 and 2020
(in thousands of Canadian dollars)

	Notes	**June 30, 2021**	June 30, 2020
Operating activities			
Net earnings		**$ 30,591**	$ 26,652
Adjustments for:			
Amortization and depreciation	23	**12,081**	10,517
Net financial income	21	**(53)**	(549)
Income tax expense		**10,949**	9,772
Provision for employee benefits		**(599)**	(92)
		52,969	46,300
Net change in non-cash working capital balances	25	**254**	8,639
Interest received		**509**	1,134
Income taxes paid		**(12,821)**	(6,531)
Net cash from operating activities		**40,911**	49,542
Investing activities			
Additions to property and equipment	11	**(2,753)**	(2,344)
Additions to intangible assets	13	**(588)**	(926)
Proceeds from disposition of property and equipment		**616**	165
Proceeds from disposition of intangible assets		**-**	159
Deposits in cash management pools		**(12,718)**	(20,545)
Net cash used in investing activities		**(15,443)**	(23,491)
Financing activity			
Payment of lease liabilities	10	**(1,554)**	(1,568)
Dividends paid		**(23,914)**	(24,483)
Net cash used in financing activity		**(25,468)**	(26,051)
Net increase in cash		**-**	-
Cash, beginning of year		**-**	-
Cash, end of year		**$ -**	$ -

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

1. GENERAL INFORMATION

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

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

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

2. BASIS OF PREPARATION

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

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

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

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

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

Use of Estimates and Judgements
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.

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

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

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

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

(i) Impairment

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

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

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

(ii) Income and other taxes

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

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

(iii) Post-employment benefits

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

(iv) Fair value of grapes at point of harvest

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

(v) Other

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

3. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

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

(i) Definition of a Business

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

(ii) Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"

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

(iii) Leases

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Business Combinations

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

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

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

Goodwill

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

Goodwill is measured at cost less any accumulated impairment losses.

Intangible Assets

Intangible assets include the following:

(i) Long-term Representation Rights

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

(ii) Trademarks and licences

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

(iii) Software

Software is carried at cost, less accumulated amortization. Amortization is provided for on a straight-line basis over the expected useful life which is typically 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.

Impairment

(i) Financial Assets

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

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

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

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

All impairment losses are recognized in net earnings.

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

(ii) Non-financial assets

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

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

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. Projected cash flows are discounted to 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 9) and provisions for uncertain tax positions (Note 16).

Employee Benefits

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

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

(i) Defined Benefit Plans

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

Defined benefit costs are categorized as follows:

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

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

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

(ii) Defined contribution plans

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

(iii) Termination benefits

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

Income Taxes

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

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

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

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

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

Revenue Recognition

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

(i) Case Goods Sales

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

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

(ii) Commissions

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

(iii) Other services

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

Stock-Based Compensation Plans

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

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

Earnings per Common Share

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

Classification of Financial Instruments

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

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

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

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

All financial assets are recognized and derecognized on the trade date. A financial asset is derecognized when the contractual rights to the cash flows from the asset 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 its deposits in cash management pools, accounts receivable and accounts payable and accrued liabilities balances.

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

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

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

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

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

Liquidity Risk
Corby's sources of liquidity are its deposits in cash management pools of $94,399 (2020 - $81,681) and its cash generated by operating activities. The Company believes that its deposits in cash management pools, combined

with its historically strong and consistent operational cash flows, are more than sufficient to fund its operations, investing activities and commitments for the foreseeable future.

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

The company's contractual maturities are as follows:

	Less than 1 year	1 to 5 years	5 years and thereafter	Total
Trade payables and accrued liabilities	$ 43,965	$ -	$ -	$ 43,965
Lease liabilities	1,385	2,976	-	4,361
Commitments	54,450	-	-	54,450
	$ 99,800	**$ 2,976**	**$ -**	**$ 102,776**

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

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

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

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

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

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

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

The fair value hierarchy has the following levels:
- Level 1 – Quoted market prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

- Level 3 – Unobservable inputs such as inputs for the asset or liability that are not based on observable market data.

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

6. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

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

Management includes the following items in its definition of capital:

	June 30, 2021	June 30, 2020
Share capital	**$ 14,304**	$ 14,304
Accumulated other comprehensive income (loss)	**6,774**	(1,868)
Retained earnings	**166,865**	160,188
Net capital under management	**$ 187,943**	$ 172,624

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

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

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

7. ACCOUNTS RECEIVABLE

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

8. INVENTORIES

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

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

9. PROVISION FOR EMPLOYEE BENEFITS

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

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

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

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

The post-retirement benefit plan is unfunded.

As at June 30, 2021, the average duration of the defined benefit obligation for the registered and non-registered pension plans and the post-retirement benefit plan is 14 years (2020 – 14.0 years).

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

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

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

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

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

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

The significant actuarial assumptions are as follows:

			2021			2020
	Registered Pension Plans	Non-registered Pension Plans	Other Benefit Plan	Registered Pension Plans	Non-registered Pension Plans	Other Benefit Plan
Accrued benefit obligation, end of year						
Discount rate	**3.0%**	**3.0%**	**3.0%**	2.7%	2.7%	2.7%
Compensation increase	**3.0%**	**3.0%**	**N/A**	3.0%	3.0%	N/A
Inflation	**2.0%**	**2.0%**	**2.0%**	2.0%	2.0%	2.0%
Benefit expense, for the year						
Discount rate	**2.7%**	**2.7%**	**2.7%**	3.1%	3.1%	3.1%
Compensation increase	**3.0%**	**3.0%**	**N/A**	3.0%	3.0%	N/A
Inflation	**2.0%**	**2.0%**	**2.0%**	2.0%	2.0%	2.0%

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

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

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

	June 30, 2021	June 30, 2020
Present value of defined benefit obligation of unfunded plans	**$ (8,836)**	$ (10,332)
Present value of defined benefit obligation of partially funded plans	**(10,364)**	(10,795)
Present value of defined benefit obligation of fully funded plans	**(46,059)**	(49,211)
Total present value of defined benefit obligation	**(65,259)**	(70,338)
Fair value of plan assets	**66,573**	59,778
Net defined benefit asset (liability)	**$ 1,314**	$ (10,560)

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

				2021
	Registered Pension Plans	Non-registered Pension Plans	Other Benefit Plan	Total
Fair value of plan assets				
Fair value of plan assets, beginning of year	$ **44,525**	$ **15,253**	$ **-**	$ **59,778**
Interest income	**1,158**	**440**	**-**	**1,598**
Actuarial gains	**2,639**	**3,945**	**-**	**6,584**
Company contributions	**552**	**952**	**-**	**1,504**
Plan participants' contributions	**117**	**-**	**-**	**117**
Benefits paid	**(2,285)**	**(498)**	**-**	**(2,783)**
Administrative costs	**(165)**	**(60)**	**-**	**(225)**
Fair value of plan assets, end of year	$ **46,541**	$ **20,032**	$ **-**	$ **66,573**
Present value of defined benefit obligation				
Defined benefit obligation, beginning of year	$ **49,211**	$ **10,795**	$ **10,332**	$ **70,338**
Current service cost	**1,033**	**195**	**124**	**1,352**
Interest cost	**1,297**	**284**	**246**	**1,827**
Plan participants' contributions	**117**	**-**	**-**	**117**
Actuarial (gains) losses:				
Experience (gains) and losses	**(1,257)**	**23**	**(1,065)**	**(2,299)**
Gains due to financial assumption changes	**(2,057)**	**(395)**	**(456)**	**(2,908)**
Losses due to demographic assumption changes	**-**	**-**	**62**	**62**
Benefits paid	**(2,285)**	**(538)**	**(407)**	**(3,230)**
Present value of the defined benefit obligations, end of year	$ **46,059**	$ **10,364**	$ **8,836**	$ **65,259**
Net defined benefit (asset) liability	$ **(482)**	$ **(9,668)**	$ **8,836**	$ **(1,314)**

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

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

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

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

				2020
	Registered Pension Plans	Non-registered Pension Plans	Other Benefit Plan	Total
Fair value of plan assets				
Fair value of plan assets, beginning of year	$ 42,927	$ 12,738	$ -	$ 55,665
Interest income	1,254	403	-	1,657
Actuarial gains	2,342	2,186	-	4,528
Company contributions	520	474	-	994
Plan participants' contributions	126	-	-	126
Benefits paid	(2,469)	(498)	-	(2,967)
Administrative costs	(175)	(50)	-	(225)
Fair value of plan assets, end of year	$ 44,525	$ 15,253	$ -	$ 59,778
Present value of defined benefit obligation				
Defined benefit obligation, beginning of year	$ 46,211	$ 11,481	$ 9,902	$ 67,594
Current service cost	859	282	180	1,321
Interest cost	1,373	342	294	2,009
Plan participants' contributions	126	-	-	126
Actuarial (gains) losses:				
Experience (gains) and losses	507	(1,241)	(199)	(933)
Losses due to financial assumption changes	2,604	470	534	3,608
Benefits paid	(2,469)	(539)	(379)	(3,387)
Present value of the defined benefit obligations, end of year	$ 49,211	$ 10,795	$ 10,332	$ 70,338
Net defined benefit liability (asset)	$ 4,686	$ (4,458)	$ 10,332	$ 10,560

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

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

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

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

	2021	2020
Current service costs	**$ 1,352**	$ 1,321
Interest costs	**454**	577
Net expense recognized in Net Earnings	**1,806**	1,898
Net actuarial gains recognized in Other Comprehensive Income	**(11,729)**	(1,853)
Total net expense recognized in Total Comprehensive Income	**$ (9,923)**	$ 45

The assets of the registered pension plans consist of cash, contributions receivable and investments held in the Hiram Walker & Corby Canadian Pooled Fund Trust. As at June 30, 2021, the fair value of the Trust's assets totaled $390,865, of which the Company's registered pension plans hold approximately 12% 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, 2021		June 30, 2020
Cash and Canadian Equities - level 1	$	5,469	$	3,245
Buy-in annuities - level 1		23,966		26,006
Bond funds - level 2		3,607		1,106
Foreign equities and Foreign Equity funds - level 2		9,146		7,415
Infrastructure and real estate funds - level 3		4,353		6,753
	$	46,541	$	44,525

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

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

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

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

10. LEASES

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

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

						June 30 2021
		Building		Other		Total
Cost						
Balance, beginning of the period	$	4,473	$	2,020	$	6,493
Lease additions		153		837		990
Balance, end of the period	**$**	**4,626**	**$**	**2,857**	**$**	**7,483**
Accumulated Depreciation						
Balance, beginning of the period	$	892	$	688	$	1,580
Depreciation		825		756		1,581
Balance, end of the period	**$**	**1,717**	**$**	**1,444**	**$**	**3,161**
Carrying amount as at June 30, 2021	**$**	**2,909**	**$**	**1,413**	**$**	**4,322**

	Building		Other		Total	
					June 30 2020	
Cost						
Balance, beginning of the period	$	4,473	$	1,860	$	6,333
Lease additions		-		160		160
Balance, end of the period	$	4,473	$	2,020	$	6,493
Accumulated Depreciation						
Balance, beginning of the period	$	-	$	-	$	-
Depreciation		892		688		1,580
Balance, end of the period	$	892	$	688	$	1,580
Carrying amount as at June 30, 2020	$	3,581	$	1,332	$	4,913

The following is a continuity of lease liabilities as at and for the year ended June 30, 3021:

		June 30 2021
Balance, beginning of the period	$	4,925
Lease additions		990
Lease payments		(1,678)
Interest expense on lease liabilities		126
Less: Accrued Interest on lease liabilities		(2)
Balance, end of the period	**$**	**4,361**
Lease liabilities due within one year	$	1,385
Lease liabilities		2,976
Total lease liabilities	**$**	**4,361**

		June 30 2020
Balance, beginning of the period	$	6,333
Lease additions		160
Lease payments		(1,714)
Interest expense on lease liabilities		154
Less: Accrued Interest on lease liabilities		(8)
Balance, end of the period	$	4,925
Lease liabilities due within one year	$	1,362
Lease liabilities		3,563
Total lease liabilities	$	4,925

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

11. PROPERTY, PLANT AND EQUIPMENT

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

		June 30, 2019		Additions		Depreciation		Disposals		June 30, 2,020
Land	$	1,367	$	-	$	-	$	-	$	1,367
Vines		799		68		-		-		867
Building		1,866		-		-		-		1,866
Leasehold improvements		1,334		1		-		-		1,335
Machinery and equipment		11,802		1,237		-		(323)		12,716
Casks		16,448		1,038		-		(55)		17,431
Gross value		33,616		2,344		-		(378)		35,582
Vines		(59)		-		(25)		-		(84)
Building		(204)		-		(74)		-		(278)
Leasehold improvements		(1,057)		-		(42)		-		(1,099)
Machinery and equipment		(6,122)		-		(1,028)		213		(6,937)
Casks		(7,142)		-		(1,257)		-		(8,399)
Accum. depreciation		(14,584)		-		(2,426)		213		(16,797)
Property, plant and equipment	$	19,032	$	2,344	$	(2,426)	$	(165)	$	18,785

12. GOODWILL

Changes is the carrying amount of goodwill are as follows:

		June 30, 2021		June 30, 2020
Balance, beginning of year	$	**8,757**	$	8,757
Acquisitons during the year		**-**		-
Balance, end of year	$	**8,757**	$	8,757

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

13. INTANGIBLE ASSETS

	Opening Book Value	Movements in the Year: Additions	Amortization	Disposals	Ending Book Value
					2021
Long-term representation rights	**$ 7,201**	**$ -**	**$ (7,201)**	**$ -**	**$ -**
Trademarks and licences	**17,461**	**-**	**-**	**-**	**17,461**
IT Software	**2,776**	**588**	**(796)**	**-**	**2,568**
	$ 27,438	**$ 588**	**$ (7,997)**	**$ -**	**$ 20,029**

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

14. 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, 2021, 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	$ 8,757	$ 17,461	8.2% to 11.8%	1.1% to 2.0%

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, 2021, 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.

15. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

16. INCOME TAXES

		2021		2020
Current income tax expense				
Current period	$	11,487	$	9,493
Adjustments with respect to prior period tax estimates		(29)		6
	$	11,458	$	9,499
Deferred income tax (recovery) expense				
Origination and reversal of temporary differences	$	(511)	$	311
Adjustments with respect to prior period tax estimates		2		(38)
		(509)		273
Total income tax expense	$	10,949	$	9,772

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

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

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

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

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

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

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

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

17. SHARE CAPITAL

	June 30, 2021	June 30, 2020
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

18. ACCUMULATED OTHER COMPREHENSIVE GAIN (LOSS)

	June 30, 2021	June 30, 2020
Actuarial gains (losses) on pension obligations	**$ 9,123**	$ (2,606)
less: income taxes	**(2,349)**	738
Accumulated other comprehensive gain (loss)	**$ 6,774**	$ (1,868)

19. REVENUE

The Company’s revenue consists of the following streams:

	2021	2020
Case good sales	**$ 125,247**	$ 121,363
Commissions (net of amortization)	**28,438**	27,734
Other services	**6,093**	4,259
	$ 159,778	$ 153,356

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

20. OTHER INCOME

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

	2021	2020
Foreign exchange loss	$ (12)	$ (1)
Loss on disposal of property and equipment	-	(109)
Grants	156	161
Other	-	(3)
	$ 144	$ 48

21. NET FINANCIAL INCOME AND EXPENSE

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

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

22. EARNINGS PER SHARE

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

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

23. EXPENSES BY NATURE

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

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

24. RESTRICTED SHARE UNITS PLAN

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

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

25. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES

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

26. DIVIDENDS

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

27. RELATED PARTY TRANSACTIONS

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

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

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

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

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

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

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

		2021		2020
Sales to related parties				
Commissions - parent, ultimate parent and affiliated companies	$	33,425	$	31,509
Products for resale at an export level - affiliated companies		7,576		5,390
Bulk spirits - affiliated companies		641		-
	$	41,642	$	36,899
Cost of goods sold, purchased from related parties				
Distilling, blending, and production services - parent	$	21,502	$	21,029
Administrative services purchased from related parties				
Marketing, sales and administraton services - parent	$	2,277	$	2,089

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

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

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

Deposits in cash management pools

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

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

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

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

Key management personnel compensation comprises:

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

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

28. SEGMENT INFORMATION

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

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

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

Geographic information regarding the Company is as follows:

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

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

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

29. COMMITMENT

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

30. CONTINGENCY

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