MARIE BRIZARD
WINE & SPIRITS

2022

HALF-YEAR FINANCIAL REPORT

CONTENTS

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FIRST HALF 2022 ACTIVITY REPORT

The following information updates or supplements the information set out in the management report prepared by the Board of Directors in respect of the 2022 financial year.

1.1 FIRST HALF 2022 KEY FIGURES

Summary first half 2022 consolidated income statement

(€000)	H1 2022	H1 2021
Revenues excluding excise duties	**86,421**	**81,028**
Cost of goods sold	(51,978)	(48,865)
Gross margin	**34,443**	**32,163**
Gross margin ratio	*39.9%*	*39.7%*
EBITDA	**7,615**	**6,038**
Underlying operating profit	5,521	2,478
Net profit/(loss), Group share	**2,511**	**1,546**
Earnings per share	0.02	0.02

** From 1 January 2022 onwards, provisions on current assets previously excluded from EBITDA are now included in EBITDA, as they are directly related to operating activities. First half 2021 EBITDA calculated according to this method would have come to €5,880,000.*

First half 2022 revenues excluding excise duties came to €86.4 million, up 5.9% versus H1 2021 (excluding currency impact). This improvement was largely driven by the on-trade business, mainly due to the recovery of a number of markets following the reopening of bars and restaurants.

EBITDA also rose to €7.6 million in H1 2022, up from €6.0 million last year. The €1.5 million decline in EBITDA in France, relating to the exceptional recognition in the first half of 2021 of part of a discount granted by a supplier at the end of the year, was largely offset by solid performances in the International cluster (up €2.3 million) driven by the recovery of certain direct export markets (UK, Canada, South Korea and Australia) and subsidiaries (MBWS Baltics). Group EBITDA was also boosted by a decrease in the holding company's structural costs, following the reorganisation initiated in 2021.

First half net profit, Group share amounted to €2.1 million in 2022, up €0.6 million over 2021.

Analysis of revenues by region

H1 2022 revenues by cluster

(€m)	H1 2021	Like-for-like change	Currency impact	H1 2022	LFL change (excl. currency impact)	Change (incl. currency impact)
FRANCE CLUSTER	**39.1**	**1.0**	**-**	**40.1**	**+2.5%**	**+2.5%**
INTERNATIONAL CLUSTER	**41.9**	**3.8**	**0.6**	**46.3**	**+9.2%**	**+10.6%**
TOTAL MBWS	**81.0**	**4.8**	**0.6**	**86.4**	**+5.9%**	**+6.7%**

H1 2022 EBITDA by cluster

(€m)	H1 2021	Like-for-like change	Currency impact	H1 2022	LFL change (excl. currency impact)	Change (incl. currency impact)
FRANCE CLUSTER	**6.5**	**(1.5)**	**-**	**5.0**	**-22.9%**	**-22.9%**
INTERNATIONAL CLUSTER	**3.3**	**2.2**	**0.1**	**5.6**	**+67.8%**	**+70.1%**
HOLDING COMPANY	**(3.8)**	**0.8**	**-**	**(3.0)**	**+21.3%**	**+21.3%**
TOTAL MBWS	**6.0**	**1.6**	**0.1**	**7.6**	**+25.9%**	**+27.2%**

Group business generated first half 2022 revenues of €86.4 million, up 5.8% (excluding currency impact) from first half 2021.

Accordingly, the Group posted total EBITDA of €7.6 million in H1 2022, up €1.6 million (excluding currency impact) compared to H1 2021.

France cluster

The France cluster posted first half 2022 revenues of €40.1 million, up 2.5% versus H1 2021 despite a global slowdown in the spirits market. The improvement was mainly due to a significant recovery in the on-trade business, albeit less pronounced in the second quarter, and flat sales in the off-trade market. As a result, overall revenue growth slowed in Q2 (1%) versus Q1 2022. The Group's main brands posted a resilient performance in the first half of 2022, particularly Marie Brizard and San José. Other brands including Sobieski also posted growth in the on-trade business, while off-trade sales dipped in the second quarter. Despite a general slowdown in the under-12-year blended whisky market (down 6.7% in the first half), William Peel recorded a limited decline in sales in the first half of 2022 compared to 2021, thanks to a new listing obtained in the second half of 2021 enabling it to gain market share. The first half upswing in France cluster sales was curbed by severe disruption in raw material supply chains since the beginning of March, particularly due to the Russia-Ukraine conflict and soaring raw material costs, which particularly affected the glassmaking industry since early April. The Group is dealing with this situation by adopting allocation measures per brand based on available volumes. Furthermore, sales policy adjustments across all distribution channels have been and will continue to be necessary in order to adapt to this new volatile environment.

EBITDA amounted to €5 million, down €1.5 million from the same period in 2021. As mentioned above, part of a supplier discount granted to MBWS France was recorded in an amount of €1.7 million in the first half 2021 financial statements.

International cluster

The International cluster posted H1 2022 revenues of €46.3 million, up 9.2% from H1 2021 at constant exchange rates.

The international market was influenced by diverging trends:

- confirmed recovery in Europe, particularly in the UK, after the health restrictions of 2021 and despite the Russia-Ukraine conflict, which caused a limited decline in some nearby export regions;
- strong performances across all of the Group's strategic brands, particularly Marie Brizard and Cognac Gautier, in Canada, South Korea, Australia and Poland;
- decline in US sales of Sobieski in a highly competitive vodka market segment.

International cluster EBITDA rose significantly in 2022 to reach €5.6 million for the first half.

MBWS International

Revenues amounted to €9.3 million, up €3 million driven by all export regions.

Western Europe, Middle East and Africa:

Sales in Western Europe were driven by a strong recovery generating revenues of €3.8 million, up €0.6 million. This performance was mainly driven by a Q2 upswing in the UK (mainly in the on-trade business versus 2021), including a strong surge by Marie Brizard.

Revenues for the region were €3.8 million, up 18% from the previous year.

Asia Pacific:

This region achieved the strongest growth with revenues (albeit modest) up 110% to €2.6 million, mainly driven by South Korea (up €0.8 million) and Australia (up €0.4 million).

Canada:

This market generated H1 2022 revenues of €1.6 million, up 0.4 million versus H1 2021 driven by the resumption of bar and restaurant sales from Q2 2021 onwards. This effect will benefit the entire 2022 financial year.

Poland:

Poland H1 2022 revenues were impacted by growing sales of Cognac Gautier and recovery in sales of Marie Brizard liqueurs, which spurred a €0.4 million increase in revenues to €1 million.

MBWS Spain

Sales in Spain decreased €0.3 million to €10.9 million, mainly impacted by a temporary decline in subcontracted operations due to difficulties with glass supplies (bottles), despite strong growth among strategic brands (particularly Marie Brizard, Sobieski and William Peel).

MBWS Baltics

In the Baltic States, first half revenues rose 8.8%, reflecting favourable economic conditions on the bulk market and brand growth on the domestic market thanks to a favourable product mix and pricing policy, despite the immediate consequences of the war in Ukraine, whose impact on exports to Russia and Belarus is globally non-material at Group level.

Imperial Brands

US revenues for the first half of 2022 came to €4.4 million, down 18.2% (excluding currency impact) versus H1 2021 due to the continuing decline in Sobieski sales in response to aggressive promotional strategies by competitors in the vodka segment and ongoing pressure on sea transport capacity. Despite the decline in revenues, the improvement in the product mix had a noticeable impact.

MBWS Bulgaria

Bulgaria posted strong growth throughout the first half of 2022 (up 18.3%) across its entire brand portfolio (wines and spirits) in both domestic and export markets (Greece, Croatia, Serbia) and thanks to sustained subcontracting business in Romania.

Dubar (Brazil)

Brazil revenues fell sharply in the second quarter of 2022 across the entire brand portfolio except for Marie Brizard and Sobieski, due to the early 2022 review of portfolio pricing policy. The new policy has however helped to limit this decline. As a result, revenues came to €1.2 million, down 32.7% (excluding currency impact) versus H1 2021.

MBWS Scandinavia

Scandinavia confirmed a significant increase in H1 revenues, up 44.3% to €1.5 million, mainly driven by Marie Brizard and Cognac Gautier, particularly in the on-trade market during the second quarter.

Holding company

The holding company posted an EBITDA loss of €3.0 million, a €0.8 million improvement on H1 2021 due to the reorganisation of central departments.

1.2 OUTLOOK

Continued execution of the strategic plan

Following publication of the MBWS 2019-2022 Strategic Plan, the Group has launched the plan with a primary focus on improving the profitability of the Group's business lines in order to gradually return to positive EBITDA.

Second, the Group is endeavouring to create the conditions for profitable development of its brand portfolio and markets (subsidiaries and/or sales networks, direct export) (see below Note 2 "Main highlights") in order to generate positive earnings.

Furthermore, for all Group companies and markets, close attention has been paid to striking a balance between value and business development in negotiations and commercial transactions with clients, wherever possible (particularly in France, the USA and Lithuania).

Since 2021, following the various disposals, the Group has streamlined its operating structures and has organised its operations at managerial level into two clusters (France cluster, and International and wines cluster) under the overall management of the holding company.

This strategy, coupled with the policy of adjusting costs to the size of operations on a country-by-country basis, is being pursued and is helping to strengthen profitability. Thanks to the proceeds from the February 2021 capital increase, the MBWS Group is now working to step up organic growth initiatives and projects as well as complementary developments in order to boost financial performance.

First half 2022 results confirm the positive trends observed in 2020 and 2021, in an economic environment impacted by two disruptive factors in the aftermath of the two-year pandemic. One is linked to the late 2021/early 2022 emergence from the pandemic and resumption of global economic activity (shortages, supply disruptions and rising costs), while the other is linked to the Russia-Ukraine conflict during the first quarter of 2022; the consequences of the conflict have considerably amplified the impact of the first factor, causing it to spill over into other business sectors, particularly energy.

This has put enormous pressure on agricultural and industrial commodity markets, particularly with regard to bottle production, as European bottle suppliers struggle to meet production requirements despite the undermining of their business model cost structures, not to mention decreased production capacity in Eastern Europe (particularly Ukraine).

The Ukraine conflict has caused a surge in inflation (particularly energy costs) that has continued to rise month after month to reach unprecedented levels and volatility since the second half of last year.

Since the beginning of 2022, given (i) the supply risks relating to the frequent unavailability of raw materials and dry materials, (ii) sharp cost increases (much too high to be passed down to the distribution chain and customers), the Group has adopted a conservative position on its annual performance for 2022, as it expects to feel the full brunt of cost increases during the second half.

The Group is keeping a particularly cautious short and medium-term outlook in view of this highly disrupted, unstable and fairly unpredictable environment and the corresponding impact on operations, requiring the Group to constantly adapt its sales policies.

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FIRST HALF 2022 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.1 FIRST HALF 2022 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

First half consolidated income statement

(€000)	Note	H1 2022	H1 2021
Revenues		**105,995**	**103,536**
Excise duties		(19,574)	(22,507)
Net revenues excluding excise duties	**4**	**86,421**	**81,028**
Cost of goods sold		(51,978)	(48,865)
External expenses	5.1	(11,872)	(11,050)
Personnel expense	5.2	(14,013)	(16,282)
Taxes and levies		(953)	(1,156)
Depreciation and amortisation charges		(3,072)	(3,562)
Other operating income	5.3	1,887	3,680
Other operating expenses	5.3	(899)	(1,315)
Underlying operating profit		**5,521**	**2,478**
Non-recurring operating income	5.4	2,055	2,403
Non-recurring operating expenses	5.4	(5,152)	(2,488)
Operating profit/(loss)		**2,424**	**2,393**
Income from cash and cash equivalents	5.5	29	107
Gross cost of debt	5.5	(96)	(343)
Net cost of debt		**(67)**	**(236)**
Other financial income	5.5	956	507
Other financial expenses	5.5	(593)	(86)
Net financial income		**296**	**185**
Profit/(loss) before tax		**2,720**	**2,578**
Income tax	5.6	(196)	(89)
Net profit/(loss) from continuing operations		**2,524**	**2,489**
Net profit/(loss) from discontinued operations		0	(942)
NET PROFIT/(LOSS)		**2,524**	**1,547**
Group share		2,511	1,546
of which Net profit/(loss) from continuing operations		2,511	2,488
of which Net profit/(loss) from discontinued operations			(942)
Non-controlling interests		13	1
of which Net profit/(loss) from continuing operations		13	1
of which Net profit/(loss) from discontinued operations			
Earnings per share from continuing operations, Group share (€)	5.7	0.02	0.02
Diluted earnings per share from continuing operations, Group share (€)	5.7	0.02	0.02
Earnings per share, Group share (€)	5.7	0.02	0.02
Diluted earnings per share, Group share (€)	5.7	0.02	0.02
Weighted average number of shares outstanding		111,825,601	99,866,838
Diluted weighted average number of shares outstanding		111,825,601	99,866,838

First half consolidated comprehensive income statement

(€000)	H1 2022	H1 2021
Net profit/(loss) for the financial year	**2,524**	**1,547**
Items reclassifiable through profit & loss		
Cash flow hedges, net of tax		
Translation differences	1,721	490
Items not reclassifiable through profit & loss		
Revaluation of defined benefit plan liabilities, net of tax	434	
Items of other comprehensive income for the financial year, net of tax	**2,155**	**490**
COMPREHENSIVE INCOME	**4,679**	**2,037**
Of which:		
Group share	4,665	2,036
Share attributable to non-controlling interests	14	1

First half 2022 condensed consolidated financial statements

Half-year consolidated balance sheet

ASSETS

(€000)	Note	30/06/2022	31/12/2021
Non-current assets			
Goodwill	6.1	14,704	14,704
Intangible assets	6.1	78,667	79,361
Property, plant and equipment	6.2	27,007	27,181
Financial assets	6.3	1,148	4,001
Non-current derivatives	6.12		
Deferred tax assets	5.6	1,026	452
Total non-current assets		**122,552**	**125,699**
Current assets			
Inventory and work-in-progress	6.4	46,116	35,094
Trade receivables	6.5	36,321	35,891
Tax receivables		300	4,125
Other current assets	6.6	9,282	9,714
Current derivatives	6.12	88	281
Cash and cash equivalents	6.7	53,397	54,169
Assets held for sale	1.25		3,058
Total current assets		**145,504**	**142,332**
TOTAL ASSETS		**268,056**	**268,031**

EQUITY & LIABILITIES

(€000)	Note	30/06/2022	31/12/2021
Shareholders' equity			
Share capital	6.8	156,738	156,729
Additional paid-in capital		72,761	72,751
Consolidated and other reserves		(45,623)	(51,638)
Translation reserves		(8,085)	(9,806)
Consolidated net profit		2,511	5,564
Shareholders' equity (Group share)		**178,302**	173,600
Non-controlling interests		346	332
Total shareholders' equity		**178,648**	**173,932**
Non-current liabilities			
Employee benefits	6.10	1,509	2,214
Non-current provisions	6.10	3,124	4,116
Long-term borrowings – due in > 1 year	6.11	2,246	2,546
Other non-current liabilities	6.13	1,687	1,735
Non-current derivatives	6.12		
Deferred tax liabilities	5.6	16,290	15,965
Total non-current liabilities		**24,856**	**26,576**
Current liabilities			
Current provisions	6.10	6,423	2,546
Long-term borrowings – due in < 1 year	6.11	773	888
Short-term borrowings	6.11	3,033	2,542
Trade and other payables		31,860	31,113
Tax liabilities		245	135
Other current liabilities	6.13	22,044	29,942
Current derivatives	6.12	174	198
Liabilities held for sale			159
Total current liabilities		**64,552**	**67,523**
TOTAL EQUITY AND LIABILITIES		**268,056**	**268,031**

First half consolidated cash flow statement

(€000)	H1 2022	H1 2021
Total consolidated net profit	2,524	1,547
Depreciation and provisions	4,930	1,124
Gains/(losses) on disposals and dilution	(51)	466
Operating cash flow after net cost of debt and tax	7,403	**3,137**
Income tax charge/(income)	196	89
Net cost of debt	67	214
Operating cash flow before net cost of debt and tax	**7,666**	**3,440**
Change in working capital 1 (inventories, trade receivables/payables)	(10,473)	(5,108)
Change in working capital 2 (other items)	(7,497)	(2,021)
Tax paid	3,716	(7,881)
Cash flow from operating activities	**(6,588)**	**(11,570)**
Purchase of PP&E and intangible assets	(1,412)	(1,147)
Decrease in loans and advances granted	2,733	893
Disposal of PP&E and intangible assets	2,872	94
Impact of change in consolidation scope		1,947
Cash flow from investment activities	**4,193**	**1,787**
Capital increase	19	16,709
New borrowings	159	7,149
Borrowings repaid	(791)	(831)
Net interest paid	(67)	(214)
Net change in short-term debt	525	(3,008)
Cash flow from financing activities	**(155)**	**19,805**
Impact of exchange rate fluctuations	1,778	508
Change in cash and cash equivalents	**(772)**	**10,530**
Opening cash and cash equivalents	54,169	42,075
Closing cash and cash equivalents	53,397	52,605
Change in cash and cash equivalents	**(772)**	**10,530**

Statement of changes in shareholders' equity

(€000)	Share capital	Additional paid-in capital	Consolidated reserves	Revaluation of defined benefit plan liabilities	Fair value adjustments	Translation reserves	Treasury shares	Shareholders' equity (Group share)	Non-controlling interests	Total shareholders' equity
OPENING POSITION AT 01/01/2021	**62,578**	**66,711**	**(42,111)**	**(151)**		**(10,720)**	**(9,721)**	**66,586**	**327**	**66,913**
Profit for the period			5,564					5,564	4	5,568
Translation differences						914		914		914
Items of other comprehensive income				372				372		372
Comprehensive income for the period			**5,564**	**372**		**914**		**6,850**	**4**	**6,854**
Capital increase	94,151	6,040						100,191		100,191
Treasury shares							(21)	(21)		(21)
Stock option plan expenses										
Change in consolidation scope			(205)	206				1		1
Other changes			(7)					(7)	1	(6)
Transactions with shareholders	**94,151**	**6,040**	**(212)**	**206**			**(21)**	**100,164**	**1**	**100,165**
CLOSING POSITION AT 31/12/2021	**156,729**	**72,751**	**(36,759)**	**427**		**(9,806)**	**(9,742)**	**173,600**	**332**	**173,932**
Profit for the period			2,511					2,511	13	2,524
Translation differences						1,721		1,721		1,721
Items of other comprehensive income				434				434		434
Comprehensive income for the period			**2,511**	**434**		**1,721**		**4,666**	**13**	**4,679**
Capital increase	9	10						19		19
Treasury shares							34	34		34
Stock option plan expenses										
Change in consolidation scope										
Other changes			(17)					(17)		(17)
Transactions with shareholders	**9**	**10**	**(17)**				**34**	**36**		**36**
CLOSING POSITION AT 30/06/2022	**156,738**	**72,761**	**(34,265)**	**861**		**(8,085)**	**(9,708)**	**178,302**	**346**	**178,648**

NOTES TO THE FIRST HALF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - SUMMARY

Marie Brizard Wine & Spirits (MBWS) is a société anonyme (French limited company) with a Board of Directors incorporated under French law and subject to the provisions of the French Commercial Code. MBWS shares are listed on the Paris (Euronext, Compartment B) and Warsaw (WSE) stock exchanges. The MBWS Group operates in the wine and spirits sector.

The Company's registered office is at 10-12 Avenue du Général Charles de Gaulle, Charenton-Le-Pont (94220), France.

The condensed consolidated financial statements for the six months ended 30 June 2022 were approved by the Board of Directors on 26 September 2022.

Amounts are stated in thousands of euros, unless specified otherwise.

Note 1 : Accounting rules and policies

Note 1.1 : Accounting principles and policies applied

The condensed consolidated financial statements of MBWS SA and its subsidiaries (the Group) for the six months ended 30 June 2022 have been prepared in compliance with IAS 34 "Interim Financial Reporting" and with all standards and interpretations adopted by the European Union that are compulsorily applicable to financial years beginning on or after 1 January 2022.

These standards include the standards approved by the IASB (International Accounting Standards Board), i.e. IFRS, IAS (International Accounting Standards) and their interpretations.

The condensed financial statements do not contain all of the information required by IFRS for the presentation of annual financial statements and should therefore be read in conjunction with the Group annual consolidated financial statements for the year ended 31 December 2021 as presented in the 2021 Annual Financial Report, which may be viewed on the Company website at http://www.mbws.com.

The accounting policies and methods applied to the condensed consolidated financial statements for the six months ended 30 June 2022 are identical to those applied to the consolidated financial statements for the prior year, with the exception of the following accounting standards which are mandatory for financial years beginning on or after 1 January 2022:

- Amendments to IAS 37: *Onerous Contracts - Cost of Fulfilling a Contract,* applicable from 1 January 2022;
- Amendments to IFRS 3: *Updating a Reference to the Conceptual Framework* and annual improvements (2018-2020 cycle), applicable from 1 January 2022;
- Amendments to IAS 16: *Proceeds before Intended Use*, applicable from 1 January 2022.

These new standards and interpretations did not have a material impact on the financial statements.

The Group applies IFRS as published by the IASB. Furthermore, the Group has not opted for early application of any standards and interpretations whose application is not mandatory in 2022:

- Amendments to IAS 1: *Presentation of Financial Statements - Practice Statements 2 "Disclosure of Accounting Policies"*, applicable from 1 January 2023;
- Amendments to IAS 8: *Definition of Accounting Estimates*, applicable from 1 January 2023;
- Amendments to IAS 12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*, applicable from 1 January 2023;
- IFRS 17 + amendments: *Insurance Contracts*, applicable from 1 January 2023.

Note 1.2 : Going concern

The Group first half 2022 financial statements have been prepared on a going concern basis, taking into account the known situation at the reporting date, as described above, and the latest cash requirement estimates made against a changing and volatile economic backdrop of soaring raw material and supply costs exacerbated by tension affecting logistics and product availability.

By adapting its operational practices to current challenges and economic conditions, the Group managed to improve the overall profitability of its businesses in H1 2022 while tailoring cash requirements as necessary.

Note 1.3 : Underlying valuation principles

The financial statements have been prepared according to the historical cost principle, with the exception of certain asset and liability categories measured at fair value in accordance with the rules imposed by IFRS.

Note 1.4 : Use of estimates and assumptions

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgements and estimates and to use assumptions that affect the accounting principles applied, as well as the valuation of assets, liabilities, income and expenses. Such estimates and assumptions are based on experience and on a set of criteria that management considers reasonable and realistic.

The underlying estimates and assumptions are reviewed on an ongoing basis. The impact of these reviews is recorded in the accounting period in which the reviews took place, or in future accounting periods, where applicable.

Note 1.5 : Financial liabilities

Financial liabilities primarily consist of IFRS 16 adjusted future lease liabilities. These financial liabilities are initially measured at fair value less direct transaction costs. They are subsequently valued at their amortised cost using the effective interest rate method.

Note 1.6 : Discontinued operations

An operation that is discontinued or classified as held for sale represents a material operation for the Group which is either sold or classified as an asset held for sale. Income statement items relating to these held-for-sale or discontinued operations are separated out in the financial statements for all the periods shown, if they are of a material nature for the Group.

In accordance with IFRS 5 (Non-Current Assets Held for Sale and Discontinued Operations), an asset is considered as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The asset must be available for immediate sale and its sale must be highly probable. Assets or asset groups held for sale are presented separately on the balance sheet at the lower of carrying amount and fair value less costs to sell. These assets are no longer depreciated or amortised.

Note 1.7 : Indicators used to measure the Group's performance

The Group uses revenues, gross margin and EBITDA as its main performance indicators, which are calculated as follows:

Revenues

Revenues are recorded net of discounts, commercial benefits granted, promotional expenses paid to customers and sales taxes.

Gross margin

The gross margin comprises revenues excluding excise duties less cost of goods sold.

Like-for-like change

Like-for-like change corresponds to change:

- at constant exchange rates: adjusted for changes in exchange rates during the period (amounts in year N are translated at year N-1 exchange rates for the same period);
- at constant consolidation scope: adjusted for discontinued contracts, acquisitions and disposals.

EBITDA

(€000)	H1 2022	H1 2021	
UNDERLYING OPERATING PROFIT	5,521	2,478	
Items to be added back:			
- Depreciation and amortisation charges	3,072	3,562	
- Retirement provisions	125	195	Note 5.2
- Additions to provisions	185	951	Note 5.3
Items to be excluded:			
- Provision reversals	(1,288)	(1,148)	Note 5.3
= EBITDA	7,615	6,038	

From 1 January 2022 onwards, provisions on current assets previously excluded from EBITDA are now included in EBITDA, as they are directly related to operating activities. First half 2021 EBITDA calculated according to this method would have come to €5,880,000.

Note 2 : Main highlights

Note 2.1: Proposed streamlining of the Major Retailers Sales Department and pooling with other Group distribution entities

At the beginning of February 2022, the MBWS Group announced that its subsidiary Marie Brizard Wine & Spirits France was considering a proposal to streamline its major retailers sales department in France, pooling it with other Group distribution entities. This project aims to safeguard the competitiveness of the Group's business sector and is part of a proactive strict cost control plan rolled out since 2019 to restore long-term profitability.

With the end of the pandemic more or less at hand, sales to major retailers had improved during certain periods, but the market was expected to resume its downward trend.

The pooling of the commercial sales force dedicated to Hypermarkets is being planned against a backdrop of strong pressure from steeper demands in commercial negotiations with major retailers, which is being heightened by changes in regulations and a strong increase in the cost of raw materials, which cannot be fully passed on in the selling prices.

This project is part of the existing partnership with the other Group entities, in which MBWS France will retain full control over annual negotiations with central purchasing agencies, the management of its sales and marketing strategy and brand development.

This proposal will also result in the elimination of 29 positions in the French Major Retailers Sales Department, in addition to the creation of two positions. The Group promised to do everything in its power to minimise the impact of the plan on jobs and to support affected employees through the measures that will be taken in this regard. In keeping with this aim, a majority agreement was signed on 6 April by the representative trade unions and management and approved by the Regional Directorate for the Economy, Employment, Labour and Solidarity (DRIEETS) in early May.

Note 2.2: Sale of Marques del Puerto wine business in Spain

The sale of the wine business under the Marques del Puerto brand and the Fuenmayor site in Spain belonging to MBWS Spain was completed in early 2022.

This business has been loss-making for several years, with a critical size that is utterly inadequate considering the Spanish wine industry in Rioja. Despite numerous investment efforts and attempts to revive it, at the end of 2021, in light of the goals of the 2019 strategic plan, the Group had to sell these assets and the related production site. The Spanish company has therefore been working on a valuation process for its assets by external experts and contacting potential prospects pending receipt of confirmations of interest and non-binding offers from potential buyers. The sale process was conducted in accordance with best practices for mergers and acquisitions, despite the small size of this transaction, and particular care has been taken to maintain objectivity.

In the absence of any responses, expressions of interest or offers (non-binding or otherwise) from third-party buyers to the Group, a proposal was received by a subsidiary of Bardinet Spain, which was accepted by the MBWS Board of Directors on 16 February 2022.

The sale was signed on 28 February and was accompanied by the transfer of all Bodega employees. The transaction is considered by the MBWS Group to be an attractive one for a permanently loss-making asset.

The funds obtained from the sale will enable the Group to invest in opportunities to develop profitable businesses with the necessary assets to become sustainable drivers of growth, which is a priority for the Group. These assets were also restated in the 2021 consolidated financial statements in accordance with IFRS 5 and were therefore removed from the 30 June 2022 balance sheet.

Note 2.3 Crisis caused by the Russia-Ukraine conflict

The growing tensions between the two countries, which escalated in early 2022, culminated at the end of February in Russia's declaration of war on Ukraine and the military aggression that followed.

At this stage and as the conflict looks likely to continue, it is too early to estimate the final outcome and the consequences for the region, especially for Ukraine's territory and economic and industrial activity.

However, from the standpoint of the Group's operations in the two countries at war, the following consequences can be identified at the current stage:

- supply risks and risk of outage in dry materials (bottles) produced by European glass factories and high inflation driven by soaring energy prices;
- risks of non-payment/transfer via the banking system (even if concerns appear to be limited) by Ukrainian and Russian customers, related in particular to international sanctions against Russia.

Thus the development of the Group's activities (sales only) for the coming months in these two countries (Ukraine and Russia) is highly unpredictable, in an area which represented a total of less than 2% of MBWS Group consolidated net revenues in 2021.

The MBWS Group remains particularly vigilant as to the potential direct or indirect impact of this conflict on its business and is preparing for any eventuality.

Note 2.4: Change of Governance at MBWS SA

- Aymeric de Beauvillé succeeded Georges Graux as member of the Board of Directors and Chairman of MBWS SA starting 30 March 2022
- Following Georges Graux's decision to retire and step down as Chairman and member of the Board of Directors of MBWS SA, the Board of Directors decided, after consulting the Remuneration and Appointments Committee, to co-opt Aymeric de Beauvillé as director to replace Georges Graux for the remainder of his term of office (until the end of the Ordinary General Meeting to be held in 2025 to approve the financial statements for the financial year ending 31 December 2024).
- The co-option of Aymeric de Beauvillé was ratified by the Company's shareholders at the General Meeting on 30 June 2022. The directors also unanimously decided to appoint Aymeric de Beauvillé as Chairman of the Company's Board of Directors.

Note 3 : Change in consolidation scope

There was no material change in consolidation scope having an impact on the H1 2022 consolidated financial statements.

Note 4 : Segment information

The financial information for each segment is presented along the same lines as the internal reporting process used to measure the Group's performance. Following several disposals carried out since 2019 (in particular the Polish businesses and Moncigale), with effect from 1 January 2021 the Group restructured its management into two clusters (France cluster and International & wines cluster) under the overall management of the holding company. Pursuant to IFRS 8, the Group's businesses are now presented according to the two clusters, France and International.

Segment information - income statement

(€000)	France	International	Holding company	H1 2022
Revenues	40,075	65,920		105,995
Excise duties	(13)	(19,561)		**(19,574)**
Net revenues excluding excise duties	40,062	46,359		86,421
UNDERLYING OPERATING PROFIT/(LOSS)	4,435	4,473	(3,387)	5,521

(€000)	France	International	Holding company	H1 2021
Revenues	39,126	64,410		103,536
Excise duties	(35)	(22,473)		**(22,507)**
Net revenues excluding excise duties	39,091	41,936		81,028
UNDERLYING OPERATING PROFIT/(LOSS)	5,808	1,712	(5,042)	2,478

Segment information - balance sheet

(€000)	*France*	*International*	*Holding company*	30/06/2022
Goodwill	14,704			14,704
Intangible assets	72,976	6,633	(942)	**78,667**
Property, plant and equipment	8,251	17,920	836	**27,007**
NON-CURRENT ASSETS	95,931	24,552	(106)	120,377

(€000)	*France*	*International*	*Holding company*	31/12/2021
Goodwill	14,704			14,704
Intangible assets	72,976	6,532	(147)	**79,361**
Property, plant and equipment	8,393	17,869	919	**27,181**
NON-CURRENT ASSETS	96,073	24,401	772	121,246

Note 5 : Notes to the income statement

Note 5.1 : External expenses

(€000)	H1 2022	H1 2021
Marketing and promotion	(2,611)	(1,606)
Rent and maintenance	(1,027)	(1,046)
Transport	(989)	(1,797)
Other external services	(7,245)	(6,600)
EXTERNAL EXPENSES	(11,872)	(11,050)

Note 5.2 : Personnel expense

(€000)	H1 2022	H1 2021
Payroll	(10,537)	(12,406)
Social security and personal insurance charges	(3,351)	(3,681)
Retirement provisions	(125)	(195)
PERSONNEL EXPENSE	(14,013)	(16,282)

In H1 2022, personnel expense fell €2.3 million in line with staff cuts and the restructuring carried out in France.

Note 5.3 : Other operating income and expenses

A breakdown of other operating income and expenses is provided below:

(€000)	Income	Expense	H1 2022	H1 2021
Provisions and reversals	1,297	(445)	852	196
Other operating income and expenses	590	(454)	136	2,169
TOTAL OTHER OPERATING INCOME AND EXPENSES	1,887	(899)	988	2,365

The €1.4 million reduction in other operating income and expenses is mainly due to the 30 June 2021 recognition of part of an exceptional non-recurring discount granted to MBWS France as part of the renegotiation of the whisky supply contract finalised in early 2021, for which an amount of €1.7 million was recorded under other operating income.

Note 5.4 : Non-recurring operating income and expenses

(€000)	Income	Expense	H1 2022
Impairment of goodwill, PP&E and intangible assets	707		707
Restructuring income and expenses	1,103	(5,139)	(4,036)
Gains/losses on asset disposals, acquisition costs	64	(13)	51
Other	181		181
NON-RECURRING OPERATING INCOME AND EXPENSES	2,055	(5,152)	(3,097)

(€000)	Income	Expense	H1 2021
NON-RECURRING OPERATING INCOME AND EXPENSES	2,403	(2,488)	(85)

The Group recorded a €3.1 million net non-recurring expense for first half 2022, mainly comprising restructuring expenses arising from the MBWS France job protection plan (PSE).

Note 5.5 : Net financial income/(expense)

(€000)	Income	Expense	H1 2022	H1 2021
Income from cash and cash equivalents	29		29	107
Interest and similar charges		(96)	(96)	(343)
Net cost of debt	**29**	**(96)**	**(67)**	**(236)**
Provisions and reversals				
Exchange gains/losses	953	(552)	401	436
Other items	2	(40)	(38)	(15)
Total other financial income and expenses	**955**	**(592)**	**363**	**421**
NET FINANCIAL INCOME/(EXPENSE)	**984**	**(688)**	**296**	**185**

Note 5.6 : Income tax

First half income tax is calculated using projected annual rates in each of the Group's tax jurisdictions, corrected for the main permanent differences.

The current tax charge for first half 2022 amounted to €0.2 million.

Note 5.7 : Earnings per share

NET EARNINGS, GROUP SHARE AND NET EARNINGS FROM CONTINUING OPERATIONS, PER SHARE

(€000 unless specified otherwise)	H1 2022	H1 2021
Numerator (€000)		
Net profit, Group share	2,511	1,546
Net profit from continuing operations, Group share	2,511	2,488
Denominator (number of shares)		
Number of shares outstanding	111,825,601	99,866,838
Number of shares outstanding after dilution	111,825,601	99,866,838
Earnings per share (€)		
Earnings per share, Group share (€)	0.02	0.02
Diluted earnings per share, Group share (€)	0.02	0.02
Earnings per share from continuing operations, Group share (€)	0.02	0.02
Diluted earnings per share from continuing operations, Group share (€)	0.02	0.02

Note 6 : Notes to the balance sheet

Note 6.1 : Intangible assets and goodwill

(€000)	31/12/2021	Acquisitions	Disposals	Net amort./ impairment	Other changes	Change in consolidation	Translation differences	30/06/2022
Goodwill	143,255							143,255
Concessions and patents	1,571				11			1,582
Right-of-use assets - concessions and patents	973							973
Trademarks	131,537				6		103	131,646
Other intangible assets	15,228	98	(6)					15,321
Right-of-use assets – other intangible assets								
Gross value	**292,564**	**98**	**(6)**		**17**		**103**	**292,777**
Goodwill	(128,550)							(128,550)
Concessions and patents	(1,238)			(10)	(27)			(1,275)
Right-of-use assets - concessions and patents	(585)			(81)				(666)
Trademarks	(57,294)				(6)			(57,300)
Other intangible assets	(10,832)			(783)				(11,614)
Right-of-use assets – other intangible assets	(1)							(1)
Amortisation and provisions	**(198,499)**			**(874)**	**(33)**			**(199,406)**
NET VALUE	**94,065**	**98**	**(6)**	**(874)**	**(16)**		**103**	**93,371**

(€000)	31/12/2020	Acquisitions	Disposals	Net amort./ impairment	Other changes	Change in consolidation	Translation differences	31/12/2021
Goodwill	143,255							143,255
Concessions and patents	1,632	11			(73)	1		1,571
Right-of-use assets - concessions and patents	973							973
Trademarks	131,535		(3)				5	131,537
Other intangible assets	19,368	396	(1,839)		(2,694)	(2)		15,228
Right-of-use assets – other intangible assets								
Gross value	**296,762**	**407**	**(1,842)**		**(2,767)**	**(1)**	**5**	**292,564**
Goodwill	(128,550)							(128,550)
Concessions and patents	(1,298)			(18)	78			(1,238)
Right-of-use assets - concessions and patents	(390)			(195)				(585)
Trademarks	(57,296)			2				(57,294)
Other intangible assets	(11,357)		1,590	(1,701)	636			(10,832)
Right-of-use assets – other intangible assets	(1)							(1)
Amortisation and provisions	**(198,892)**		**1,590**	**(1,912)**	**714**			**(198,499)**
NET VALUE	**97,871**	**407**	**(252)**	**(1,912)**	**(2,053)**	**(1)**	**5**	**94,065**

GOODWILL

Goodwill is derived from historical acquisitions of companies and brands made by the MBWS Group, the largest items being Marie Brizard and William Peel.

TRADEMARKS

At 30 June 2022, the net book value of trademarks was €74.3 million. The main trademarks valued were the Marie Brizard trademarks acquired by the Group in 2006.

IMPAIRMENT OF NON-CURRENT ASSETS

At each interim reporting date, pursuant to IAS 34 the Group is required to identify potential indications of impairment and carry out additional tests if necessary.

The impairment test method used involved verifying whether the impact of prevailing conditions on first half 2022 business activity would result in impairment by comparison with the impairment tests carried out at 31 December 2021. This review did not give rise to any additional impairment at 30 June 2022.

As a reminder, a sensitivity analysis of the value in use of the brands and CGUs was carried out as part of impairment testing at the 2021 closing date.

Changes in value in use resulting from changes in the assumptions adopted for impairment testing are shown below:

(€000)	50 bp increase in post-tax discount rate	50 bp decrease in perpetual growth rate	50 bp decrease in operating margin
France	(5,764)	(5,067)	(4,420)
Lithuania	(2,644)	(2,310)	(1,406)
Changes in CGU value in use	**(8,409)**	**(7,377)**	**(5,826)**

(€000)	50 bp increase in post-tax discount rate	50 bp decrease in perpetual growth rate	50 bp decrease in royalty rate
Changes in trademark value in use	**(9,558)**	**(10,258)**	**(4,310)**

Note 6.2 : Property, plant and equipment

(€000)	31/12/2021	Acquisitions	Disposals	Net depr./ impairment	Other changes	Change in consolidation	Translation differences	30/06/2022
Land	5,541				(1)		97	5,637
Right-of-use assets – land	875							875
Buildings	34,092	13			122		77	34,304
Right-of-use assets – buildings	2,747	100					1	2,849
Plant, machinery and equipment	47,056	390	(13)		348		107	47,887
Right-of-use assets – plant, machinery and equipment	604	29					1	634
Other PP&E	7,171	102	(72)		14		14	7,228
Right-of-use assets – other PP&E	1,897	43			(99)		10	1,850
PP&E in progress	1,702	535			(484)			1,753
Gross value	**101,684**	**1,212**	**(85)**		**(100)**		**307**	**103,017**
Land	(846)			(20)				(866)
Right-of-use assets – land	(194)			(33)				(226)
Buildings	(25,689)			(86)	(22)		(38)	(25,835)
Right-of-use assets – buildings	(908)			(177)			(1)	(1,087)
Plant, machinery and equipment	(39,355)		6	(750)	86		(86)	(40,100)
Right-of-use assets – plant, machinery and equipment	(410)			(73)			()	(483)
Other PP&E	(5,060)		72	(67)	(97)		(10)	(5,162)
Right-of-use assets – other PP&E	(1,557)			(259)	61		(7)	(1,762)
PP&E in progress	(484)			(5)				(489)
Depreciation and provisions	**(74,503)**		**78**	**(1,470)**	**28**		**(143)**	**(76,010)**
NET VALUE	27,181	1,212	(7)	(1,470)	(72)		164	27,007

(€000)	31/12/2020	Acquisitions	Disposals	Net depr./ impairment	Other changes	Change in consolidation	Translation differences	31/12/2021
Land	5,907				(372)		6	5,541
Right-of-use assets – land	848				27			875
Buildings	35,956	150			(2,018)		5	34,092
Right-of-use assets – buildings	2,276	534			(68)		5	2,747
Plant, machinery and equipment	48,956	1,218	(1,202)		(2,082)	159	7	47,056
Right-of-use assets – plant, machinery and equipment	828	74			(410)	112		604
Other PP&E	(1,923)	207	(265)		9,153		(1)	7,171
Right-of-use assets – other PP&E	2,461	494	(1)		(1,058)		1	1,897
PP&E in progress	10,153	1,200	(2)		(9,649)			1,702
Gross value	**105,461**	**3,878**	**(1,470)**		**(6,478)**	**271**	**22**	**101,684**
Land	(805)			(41)				(846)
Right-of-use assets – land	(126)			(67)				(194)
Buildings	(26,970)			(925)	2,208		(2)	(25,689)
Right-of-use assets – buildings	(566)			(341)	4		(5)	(908)
Plant, machinery and equipment	(40,931)		1,192	(1,621)	2,169	(159)	(5)	(39,355)
Right-of-use assets – plant, machinery and equipment	(455)			(217)	325	(64)		(410)
Other PP&E	(5,499)		260	(353)	532		(1)	(5,060)
Right-of-use assets – other PP&E	(1,525)			(592)	561			(1,557)
PP&E in progress	(474)		2	(12)				(484)
Depreciation and provisions	**(77,350)**		**1,454**	**(4,171)**	**5,799**	**(223)**	**(13)**	**(74,503)**
NET VALUE	**28,111**	**3,878**	**(16)**	**(4,171)**	**(678)**	**48**	**9**	**27,181**

Note 6.3 : Financial assets

(€000)	31/12/2021	Acquisitions/ increases	Disposals/ decreases	Net charges	Other changes	Change in consolidation	Translation differences	30/06/2022
Equity investments	7,159				1			7,160
Other long-term securities	10							10
Other financial assets	11,230		(2,733)		(123)		1	8,376
Other receivables	6,250							6,250
Gross value	**24,650**		**(2,733)**		**(122)**		**1**	**21,796**
Equity investments	(7,159)		1					(7,158)
Other financial assets	(7,241)							(7,241)
Other receivables	(6,250)							(6,250)
Impairment charges	**(20,649)**		**1**					**(20,648)**
NET VALUE	**4,001**		**(2,732)**		**(122)**		**1**	**1,148**

(€000)	31/12/2020	Acquisitions/ increases	Disposals/ decreases	Net charges	Other changes	Change in consolidation	Translation differences	31/12/2021
Equity investments	7,190		(30)		(1)			7,159
Other long-term securities	10							10
Other financial assets	12,870	45	(1,690)		4		1	11,230
Other receivables	6,250							6,250
Gross value	**26,321**	**45**	**(1,720)**		**3**		**1**	**24,650**
Equity investments	(7,191)		32					(7,159)
Other financial assets	(7,241)							(7,241)
Other receivables	(6,250)							(6,250)
Impairment charges	**(20,681)**		**32**					**(20,649)**
NET VALUE	**5,640**	**45**	**(1,688)**		**3**		**1**	**4,001**

EQUITY INVESTMENTS

Equity investments primarily correspond to investments in companies with no operations or companies that are in the process of being shut down.

Most of these investments have been fully written off.

OTHER FINANCIAL ASSETS

Other financial assets primarily correspond to the commercial paper purchased from Clico Investment Bank in 2006.

The €2.7 million decrease in other financial assets in first half 2022 was due to the repayment of outstanding debt contracted to finance alterations at the Lancut production facility in Poland.

Note 6.4 : Inventory and work-in-progress

The breakdown of inventory and work-in-progress at the closing date was as follows:

(€000)	30/06/2022	31/12/2021
Raw materials	27,304	20,061
Work-in-progress	3,701	3,883
Semi-finished and finished goods	10,126	7,304
Traded goods	5,947	4,957
Gross value	**47,077**	**36,205**
Raw materials	(605)	(621)
Work-in-progress	(6)	(6)
Semi-finished and finished goods	(153)	(201)
Traded goods	(196)	(283)
Impairment charges	**(960)**	**(1,111)**
NET VALUE	**46,116**	**35,094**

Note 6.5 : Trade receivables

(€000)	30/06/2022	31/12/2021
Trade receivables	37,425	37,005
Impairment of trade receivables	(1,104)	(1,113)
NET TRADE RECEIVABLES	**36,321**	**35,891**

Some Group companies, primarily in France, signed direct factoring agreements with their main customers in order to improve their cash positions. These factoring programmes were gradually curtailed during the 2021 financial year.

Off-balance sheet factoring agreements meet the derecognition conditions set out in IFRS 9. Accordingly, the trade receivables assigned are not shown under balance sheet assets. The amount received at 30 June 2022 in consideration for assigned receivables not due was €0.7 million, compared to €1 million at 31 December 2021.

Note 6.6 : Other current assets

(€000)	30/06/2022	31/12/2021
Advances and payments on account	1,617	2,039
Payroll and tax receivables	1,779	2,013
Short-term deposits		
Other receivables	8,906	8,683
Gross value	**12,303**	**12,735**
Other receivables	(3,021)	(3,021)
Impairment charges	**(3,021)**	**(3,021)**
NET VALUE	**9,282**	**9,714**

Note 6.7 : Cash and cash equivalents

(€000)	30/06/2022	31/12/2021
Cash equivalents	25	73
Cash	53,372	54,095
CASH AND CASH EQUIVALENTS	**53,397**	**54,169**

Note 6.8 : Shareholders' equity

BREAKDOWN OF SHARE CAPITAL AND DILUTIVE INSTRUMENTS

	30/06/2022	31/12/2021
Share capital (€)	**156,738,184**	**156,729,301**
Number of shares	111,955,846	111,949,501
Par value (€)	1.4	1.4
Treasury shares		
Number of shares	126,935	147,381

Shares held as at 30 June 2022 are shares held in registered accounts. The treasury shares held by the Group have no voting or dividend rights.

POTENTIAL DILUTION

	30/06/2022	31/12/2021
Number of shares comprising the share capital	**111,955,846**	**111,949,501**
Potential dilution from share warrants	-	-
Potential dilution from bonus shares		
Potential dilution from bonus preference shares		
Potential dilution from exercise of stock options	-	-
Potential number of shares	**111,955,846**	**111,949,501**
SHARE CAPITAL IN EUROS (PAR VALUE OF €1.4)	**156,738,184**	**156,729,301**

There was no potential dilution from share warrants as at 30 June 2022, as the exercise price was higher than the average share price in first half 2022.

SHARE WARRANTS AS AT 30 JUNE 2022

	Conversion ratio	Subscription price per share	Exercise price per warrant	Final exercise date	30/06/2022	31/12/2021
2023 share warrants	1.00	25.00	25.00	31/12/2023	1,659,758	1,659,772
Long-term share warrants	0.43	3.00	1.30	30/09/2022	37,703,064	37,717,531
NUMBER OF SHARE WARRANTS OUTSTANDING					**39,362,822**	**39,377,303**

Note 6.9 : Employee benefits

The Group's commitments comprise end-of-career benefits and long-service awards. These defined benefit plans are accounted for in accordance with IAS 19 revised. The main country concerned by employee benefits is France. At 30 June 2022, the commitments amounted to €1.5 million.

Note 6.10 : Provisions

(€000)	31/12/2021	Charges	Reversal (prov. used)	Reversal (prov. not used)	Other changes	Change in consolidation	Translation differences	30/06/2022
PROVISIONS FOR PENSIONS AND EMPLOYEE BENEFITS (SEE NOTE 6.9)	**2,214**	**125**		**(396)**	**(434)**			**1,509**
Social security provisions	1,481		(356)	(576)				549
Other items	2,635			(60)				2,575
OTHER NON-CURRENT PROVISIONS	**4,116**		**(356)**	**(636)**				**3,124**
Social security provisions – due in < 1 year	1,712	4,209	(291)	(20)				5,611
Other provisions – due in < 1 year	834	91	(70)	(72)			29	812
CURRENT PROVISIONS	**2,546**	**4,300**	**(361)**	**(92)**			**29**	**6,423**

(€000)	31/12/2020	Charges	Reversal (prov. used)	Reversal (prov. not used)	Other changes	Change in consolidation	Translation differences	31/12/2021
PROVISIONS FOR PENSIONS AND EMPLOYEE BENEFITS (SEE NOTE 6.9)	**3,150**	**107**	**(108)**		**(936)**			**2,214**
Social security provisions	706	1,115	(1,155)	(505)	1,320			1,481
Other items	3,219	816	(1,400)					2,635
OTHER NON-CURRENT PROVISIONS	**3,925**	**1,931**	**(2,555)**	**(505)**	**1,320**			**4,116**
Social security provisions – due in < 1 year	5,877	504	(3,348)		(1,320)			1,712
Other provisions – due in < 1 year	1,171	168	(240)	(30)	(246)		11	834
CURRENT PROVISIONS	**7,048**	**671**	**(3,589)**	**(30)**	**(1,566)**		**11**	**2,546**

SOCIAL SECURITY PROVISIONS

Social security provisions are mainly related to the restructuring plans implemented in France in 2019 and, more recently, in the first half of 2022. They amounted to €6.2 million at 30 June 2022, up €3 million from 31 December 2021.

Note 6.11 : Borrowings

Group borrowings remained stable at €6 million at 30 June 2022, including €3 million of lease liabilities.

BREAKDOWN OF BORROWINGS BY TYPE AND MATURITY

(€000)	**30/06/2022**	**Current**	**Non-current**	**31/12/2021**	**Current**	**Non-current**
Other medium to long-term borrowings	2	1	1	2	1	1
Lease liabilities (1)	3,017	772	2,245	3,432	887	2,545
Short-term financing and overdrafts	3,033	3,033		2,542	2,542	
Gross debt	**6,052**	**3,806**	**2,246**	**5,976**	**3,430**	**2,546**
Cash & cash equivalents	**(53,397)**	**(53,397)**		**(54,169)**	**(54,169)**	
NET BORROWINGS	**(47,345)**	**(49,591)**	**2,246**	**(48,193)**	**(50,739)**	**2,546**

BREAKDOWN OF BORROWINGS BY CURRENCY

(€000)	30/06/2022	31/12/2021
Euro	2,280	2,632
Other currencies	3,772	3,344
GROSS BORROWINGS	**6,052**	**5,976**

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Note 6.12 : Financial instruments and management of financial risk

ACCOUNTING CLASSIFICATION AND MARKET VALUE OF FINANCIAL INSTRUMENTS

The following table presents the fair value of financial assets and liabilities, as well as their carrying amount.

The Group distinguishes between three categories of financial instruments based on the valuation methods used, and uses this classification, in accordance with international accounting standards, to present the characteristics of the financial instruments recognised on the balance sheet at fair value through profit or loss at the closing date:

Level 1: financial instruments quoted in active markets;

Level 2: financial instruments for which the fair value assessment calls for valuation techniques based on observable market data;

Level 3: financial instruments for which the fair value assessment calls for valuation techniques based on non-observable data (inputs with a value resulting from assumptions not based on transaction prices observable on the markets, on the same instrument or on observable market data available at the closing date) or which are only partially observable.

		BREAKDOWN BY ACCOUNTING CLASSIFICATION				
(€000)	VALUATION LEVEL	Fair value through profit or loss	Fair value through equity	Financial assets at amortised cost	Liabilities at amortised cost	Book value 30/06/2022
Assets:						
Financial assets available for sale	Level 3		2			**2**
Other financial assets				1,146		**1,146**
Trade receivables				36,321		**36,321**
Other current assets				9,282		**9,282**
Asset derivatives	Level 2		88			**88**
Cash & cash equivalents				53,397		**53,397**
Liabilities:						
Long-term borrowings					3,019	**3,019**
Short-term borrowings					3,033	**3,033**
Liability derivatives	Level 2		174			**174**

		BREAKDOWN BY ACCOUNTING CLASSIFICATION				
(€000)	VALUATION LEVEL	Fair value through profit or loss	Fair value through equity	Financial assets at amortised cost	Liabilities at amortised cost	Book value 31/12/2021
Assets:						
Financial assets available for sale	Level 3					**0**
Other financial assets				4,001		**4,001**
Trade receivables				35,891		**35,891**
Other current assets				9,714		**9,714**
Asset derivatives	Level 2		281			**281**
Cash & cash equivalents				54,169		**54,169**
Liabilities:						
Long-term borrowings					3,434	**3,434**
Short-term borrowings					2,542	**2,542**
Liability derivatives	Level 2		198			**198**

The valuation methods adopted for financial instruments are as follows:

- Other non-financial assets: book values represent reasonable estimations of their market value.
- Derivatives: fair value is determined according to the standard valuation methods including market conditions at the closing date.

MANAGEMENT OF FINANCIAL RISK

Liquidity risk

At 30 June 2022, Group cash and cash equivalents amounted to €53.4 million. Group financing arrangements include short-term credit facilities and factoring agreements.

Current market conditions and the Group's accumulated losses over the last few years nevertheless limit the Group's financing options. However, liquidity risk has been reduced since the recapitalisation of MBWS SA.

The following table presents the maturity of each financing arrangement:

(€000)	Amounts outstanding at 30/06/2022	< 1 year	2 years	3 years	4 years	5 years +
Other medium to long-term borrowings	2	1	1			
Finance lease	3,017	772	892	163	468	722
Short-term financing and overdrafts	3,033	3,033				
TOTAL GROSS DEBT	**6,052**	**3,806**	**893**	**163**	**468**	**722**

Market risk

Market risk corresponds to the risk that changes in market prices, such as exchange rates, interest rates and the price of equity instruments, will affect Group earnings or the value of financial instruments held. The main market risk that the Group faces is currency risk. The Group is exposed to currency risk insofar as sales, purchases, receivables and borrowings are denominated in a different currency to the functional currency of each Group entity. The functional currencies of Group entities are primarily the euro, the Polish zloty and the US dollar. The types of transaction listed above are mainly denominated in euro, Polish zloty, US dollar and pound sterling.

The Group's main exposure relates to purchases of whisky in pounds sterling.

(€000 unless specified otherwise)		Fair value – assets	Fair value – liabilities	Net value 30/06/2022	Net value 31/12/2021
Forward currency purchases / Options	£m	88	(174)	(86)	83
TOTAL FOREIGN EXCHANGE DERIVATIVES		**88**	**(174)**	**(86)**	**83**

Risk relating to shares and other financial investments

The Group has no financial investments likely to be exposed to the risk of price fluctuations.

Counterparty risk on financial transactions

The Group may be exposed to counterparty risk, including on temporary cash investments, the value of hedging instruments and the recovery of trade receivables.

The Group selects its counterparties in a thorough and diverse manner in order to limit its exposure.

The counterparty risk relating to trade receivables is limited, due to the significant number of customers included in the portfolio and their geographical diversification.

The ageing schedule for trade receivables at 30 June 2022 and 31 December 2021 was as follows:

(€000)	30/06/2022	Not due	< 90 days overdue	90-180 days overdue	> 180 days overdue
Trade receivables	37,425	29,582	5,182	1,528	1,133
Impairment charges	(1,104)	(892)			(212)
Net trade receivables	**36,321**	**28,690**	**5,182**	**1,528**	**921**

(€000)	31/12/2021	Not due	< 90 days overdue	90-180 days overdue	> 180 days overdue
Trade receivables	37,005	27,404	7,943	500	1,157
Impairment charges	(1,113)				(1,113)
Net trade receivables	**35,891**	**27,404**	**7,943**	**500**	**43**

Note 6.13 : Other liabilities

OTHER NON-CURRENT LIABILITIES

(€000)	30/06/2022	31/12/2021
Investment subsidies	1,316	1,367
Other	371	368
OTHER NON-CURRENT LIABILITIES	**1,687**	**1,735**

OTHER CURRENT LIABILITIES

(€000)	30/06/2022	31/12/2021
Advances and down payments received	948	1,158
Tax and social security payables (incl. excise duty)	16,831	24,494
Deferred income	233	246
Other payables	4,032	4,044
OTHER CURRENT LIABILITIES	**22,044**	**29,942**

The €7.6 million reduction in tax and social security liabilities is mainly due to the €3.3 million payment made by MBWS France under the CCSF deferred payment plan (Commission départementale des Chefs des Services Financiers) and a €2.5 million excise tax payment in Lithuania.

Note 7 : Additional information

Note 7.1 : Pledging of assets and off-balance sheet commitments

PLEDGES

Country	Nature of the obligation	Nature of the assets	Value of pledge at 30/06/2022 (€000)
France	Bank loan	Inventory	
	CCSF standstill on employer SS charges and VAT	Real estate, warehouse	7,591
Bulgaria	Credit facility	Real estate	7,146
Lithuania	Loans and credit facilities	Real estate, warehouse, inventories, operating receivables, current account deposit, right to use the Sobieski trademark in Vilnius	2,254
Denmark	Credit facility	Inventory	396

OFF-BALANCE SHEET COMMITMENTS

Liability guarantee

A liability guarantee of €453,000 was granted in connection with the sale of Galerie Alkoholi sp. z o.o. by Sobieski Trade to Carrefour.

Alcohol duty deposits

In some countries where Group subsidiaries operate (France, Lithuania, Bulgaria and Denmark), deposits must be paid to Customs as security for payment of excise duties on alcohol. These deposits are generally paid by insurance companies and banks on behalf of the subsidiaries concerned.

Long-term purchase commitments

Cognac Gautier has contracted long-term commitments to purchase cognac raw materials.

MBWS France has contracted long-term commitments to purchase whisky raw materials.

(€000)	30/06/2022	< 1 year	1 to 3 years	> 3 years
Commitments relating to the issuer's operating activities				
Commitment to purchase raw materials	241,665	14,522	67,305	159,838

Note 7.2 : Litigation and contingent liabilities

DISPUTE IN UKRAINE

The Company's Ukrainian subsidiary, Belveder Ukraine LLC, was placed in court-ordered liquidation in January 2014, on the basis of a ruling handed down by the Kiev Commercial Court following proceedings instituted at the request of one of the company's creditors in July 2011.

MBWS holds around 85% of Belveder Ukraine LLC's overall debt.

Belveder Ukraine LLC's assets (including shares in the subsidiaries owned by the company in liquidation and assets belonging to its subsidiaries, which are now controlled by the liquidator appointed by the Kiev Commercial Court) were transferred to a third party outside the Company's control in November 2014.

Following several proceedings initiated by the Company, the Kiev Court upheld the Company's claims in early April 2015, (i) overturned the November 2014 sale of its assets in Ukraine and (ii) ordered the liquidation proceedings to be reopened.

This decision was upheld by the Ukraine High Commercial Court on 22 March 2016. However, several decisions have been handed down since then, including one approving the resale of assets by the first purchaser, despite the first sale having been declared invalid.

Proceedings were still pending at the reporting date.

The current conflict in the region undoubtedly means that this dispute is unlikely to be resolved in the short term.

OTHER POINTS

On 11 April 2019, the French antitrust authorities conducted unannounced visits and seizures at the Company's premises as part of an investigation into suspected anti-competitive practices, namely the exchange of information between (i) COFEPP and MBWS and between (ii) MBWS and Castel, in breach of cartel regulations. The Company provided all available information and remained at the disposal of the investigation department of the French antitrust authorities to provide any additional information. As part of this procedure, the Group had also contested the legality of the order of the liberty and custody judge, which was the basis of the visit and seizures, and of the manner in which the visit and seizures were conducted, before the Paris Court of Appeal. In a ruling dated 9 December 2020, the Paris Court of Appeal upheld the order handed down by the liberty and custody judge and dismissed the Company's appeal.

To date, the Company has received no information from the French antitrust authorities as to whether the matter is being pursued or not. In any case, since April 2019 the Company has undergone no further investigations by the French antitrust authorities. If the antitrust authorities were to pursue the matter, it would be difficult at this stage to assess its potential impact on MBWS. Therefore, no provision has been recognised in the Company's financial statements to date.

MBWS SA underwent a tax audit in respect of financial years 2016 and 2017. The discussions and amicable dispute resolution procedures conducted with the tax authorities in 2021 did not lead to a settlement by the end of the year.

Following a reconciliation between the positions of the tax authorities and the Company during first half 2022 based on a quantified settlement proposal put forward by the Company, a final settlement of the tax audit was reached in August 2022 in line with the provision for contingencies recorded in the MBWS SA parent company and Group consolidated financial statements for the year ended 31 December 2021.

Note 7.3 : Related parties

Material transactions with related parties mainly include transactions with subsidiaries of the COFEPP group. In H1 2022, they comprised:

- raw material purchases totalling €5 million,
- sales of finished goods totalling €7.4 million,
- off-balance sheet commitments totalling €2.4 million,
- the sale of the Marques del Puerto wine business in Spain (see Note 2.2).

Note 7.4 : Post-balance sheet events

Increase in COFEPP's equity interest in Marie Brizard SA

On 3 August 2022, MBWS Group main shareholder COFEPP purchased the entire equity stake held by core shareholder BDL Capital Management in Marie Brizard Wine & Spirits SA. The deal involved 9,464,581 shares representing 8.5% of MBWS's share capital and voting rights (undiluted) and 2,012,138 share warrants expiring in September 2022.

Following the transaction, COFEPP now holds 78.52% of MBWS SA's share capital and 77.47% of the voting rights.

2.2 STATUTORY AUDITORS' REPORT ON THE FIRST HALF 2022 FINANCIAL STATEMENTS

Period from 1 January to 30 June 2022

To the shareholders,

In execution of the engagement entrusted to us by your general meetings and in application of Article L. 451-1-2 III of the French Monetary and Financial Code, we have:

- carried out a limited review of the consolidated financial statements of Marie Brizard Wine & Spirits SA for the six months from 1 January to 30 June 2022, as appended to this report;
- verified the information provided in the half-year activity report.

The first half consolidated financial statements were prepared under the responsibility of the Board of Directors. It is our responsibility to express an opinion on these financial statements, based on our limited review.

I – Opinion on the financial statements

We conducted our limited review in accordance with professional standards applicable in France.

A limited review consists mainly of discussions with senior executives responsible for financial and accounting matters and the conduct of analytical procedures. This work is less extensive than that required for a full audit conducted in accordance with professional standards applicable in France. Accordingly, the assurance obtained from a limited review that the financial statements, taken as a whole, are free from material misstatement is a limited assurance, less than that obtained from an audit.

Based on our limited review, we have not identified any material misstatements that would render the first half condensed consolidated financial statements non-compliant with IAS 34 "Interim Financial Statements" as adopted by the European Union.

II – Specific verifications

We have also verified the information provided in the half-year activity report commenting on the first half consolidated financial statements, on which we conducted a limited review.

We have no matters to report regarding the fair presentation of that information and on its consistency with the first half consolidated financial statements.

Paris La Défense, 26 September 2022

The Statutory Auditors

MAZARS	**KPMG**
Erwan Candau	Adrien Johner
Partner	Partner

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STATEMENT BY THE PERSON RESPONSIBLE FOR THE FIRST HALF 2022 FINANCIAL REPORT

3.1 STATEMENT BY THE PERSON RESPONSIBLE FOR THE FIRST HALF 2022 FINANCIAL REPORT

"I hereby certify that, to the best of my knowledge, the condensed financial statements for the six months ended have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and earnings of the company and all companies included in the consolidation, and that the half-year activity report presented at the beginning of the report gives a fair view of the events that occurred during the first half of the year, the impact of those events on the financial statements and the main related party transactions during the period and includes a description of the main risks and uncertainties applicable to the remaining six months of the year."

26 September 2022
Andrew Highcock

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MARIE BRIZARD
WINE & SPIRITS