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Marie Brizard Wine & Spirits
27-29 Rue de Provence
75009 Paris

Paris Trade and Companies Register No. 380 695 213
Company with share capital of €89,395,808

2019 UNIVERSAL REGISTRATION DOCUMENT & ANNUAL FINANCIAL REPORT

The Universal Registration Document was filed on 2 June 2020 with the French Financial Markets Authority (AMF) in its capacity as the competent authority pursuant to Regulation (EU) 2017/1129, without prior approval in accordance with Article 9 of the Regulation.
The Universal Registration Document may be used for the purposes of an offer of financial securities to the public or for the admission of financial securities to trading on a regulated market, provided that it is accompanied by a securities note and, where applicable, a summary and all amendments to the Universal Registration Document. The set of documents thus formed has been approved by the AMF in accordance with Regulation (EU) 2017/1129.

In application of Article 19 of Regulation (EU) 2017/1129, the following documents are incorporated into this Universal Registration Document by reference:

- the consolidated financial statements included in Section 4.1 of the 2017 Registration Document, the Statutory Auditors' report on the consolidated financial statements included in Section 4.2 of the 2017 Registration Document, the Statutory Auditors' special report on regulated agreements and commitments included in Section 6.4 of the 2017 Registration Document, the report of the Chairman of the Board of Directors and the Statutory Auditors' report on the report of the Chairman of the Board of Directors included in Sections 6.1 and 6.2 of the 2017 Registration Document filed on 10 January 2019 under number D.19-0010 (http://en.mbws.com/sites/default/files/2017_ddr_-_english_version_-_final.pdf).

- the consolidated financial statements included in Section 4.1 of the 2018 Registration Document, the Statutory Auditors' report on the consolidated financial statements included in Section 4.2 of the 2018 Registration Document, the Statutory Auditors' special report on regulated agreements and commitments included in Section 6.4 of the 2018 Registration Document, the report of the Chairman of the Board of Directors and the Statutory Auditors' report on the report of the Chairman of the Board of Directors included in Sections 6.1 and 6.2 of the 2018 Registration Document filed on 15 May 2019 under number D.19-0491 (http://en.mbws.com/sites/default/files/mbws_2018_registration_document_-_engish_version.pdf).

Copies of the Universal Registration Document are available free of charge from Marie Brizard Wine & Spirits at 27-29 Rue de Provence – 75009 Paris, on the AMF website (http://amf-france.org) and on the Company's website (http://www.mbws.com).

THE MARIE BRIZARD WINE & SPIRITS GROUP

Marie Brizard Wine & Spirits (MBWS) is a French wine and spirits group mainly operating in Europe and the United States.

The brands

MBWS boasts a large portfolio of brands, including six "core brands", particularly developed in Europe and the United States: No. 6 blended Scotch whisky brand worldwide[1], in 2019 **WILLIAM PEEL** consolidated its leadership on the scotch whisky market in France with a market share of 23.5%[2]. The brand continued its international expansion with particular success in Poland, where it is now the No. 5 Scotch whisky brand[(2)], and Lithuania, where it is No. 2 in the segment[(2)].

SOBIESKI vodka strengthened its positioning in the controlled states of the United States, despite challenging market conditions, and consolidated its No. 2 ranking in the French vodka market[(2)].

MARIE BRIZARD, the iconic premium liqueur and syrup brand created in 1755, continued to gain popularity in the United States, surfing the trend towards cocktail drinking and capitalising on the interest shown by the bartender community.

FRUITS AND WINE is the leading brand of flavoured wine-based beverages in terms of sales revenue, with a market share of just under 30% in France. The brand is now distributed in Bulgaria and Asia, mainly in Japan.

KRUPNIK, No. 3 Polish vodka brand worldwide and available in pure and flavoured versions, occupies 3rd place in the domestic clear vodka market segment and has climbed to top position in the milk liqueurs segment in just one year.

Nine times voted the "World's Best Cognac"[3] since 2000 due to its excellent organoleptic properties, **COGNAC GAUTIER** is also a long-standing classic: created in 1755, the brand's goal is to rise to 10th place on the global cognac market.

In addition to its six core brands, MBWS boasts a rich portfolio of complementary brands as well as a major wine business (Moncigale rosé, Rioja Marques del Puerto, Tcherga).

1 IWSR 2019

2 NIELSEN 2019

3 International Spirits Challenge (2019)

1

OVERVIEW OF MARIE BRIZARD WINE & SPIRITS

1.1 KEY DATES AND EVENTS IN THE HISTORY OF MARIE BRIZARD WINE & SPIRITS

MARIE BRIZARD WINE AND SPIRITS (the "Company") was founded on 8 February 1991 in Beaune, France. It experienced its first boom in the 1990s, when it was the first company to market upscale vodkas and developed an extensive distribution network, primarily in Poland.

The Company was listed on the Paris Stock Exchange new market on 21 January 1997.

The Company created Sobieski vodka in 1998.

During the 2000s, the Company brought a number of new products to market and acquired production facilities so as to integrate and secure the entire value chain. Accordingly, it began marketing wines from Bulgaria in 2000, followed by the purchase of a vineyard and the first distilleries in Poland and Lithuania a few years later.

The Company acquired Marie Brizard & Roger International in 2006. In addition to the range of products linked to the historic Marie Brizard brand, this acquisition enabled the Group to acquire the William Peel (Scotch whisky), Cognac Gautier and Moncigale wine brands.

In 2008 the Company faced the initiation of safeguard proceedings, at the height of the downturn in the global economic environment. The safeguard plan was cancelled in 2011 and substituted by the opening of court-ordered rehabilitation proceedings in 2012. In 2013, the General Meeting of Shareholders approved the rehabilitation plan including the proposed liability settlement solution.

In 2010 and 2011 the Company continued to launch new products, such as Krupnik vodka in Poland and the Fruits and Wine flavoured wine-based beverages.

2014 marked a change in governance for the Group.

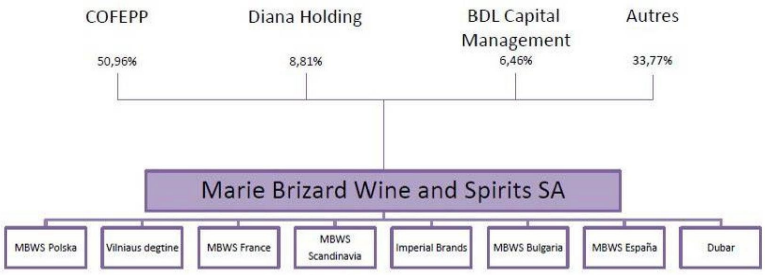
At the General Meeting held on 30 June 2015, the Company's shareholders decided to adopt "Marie Brizard Wine & Spirits" as the new company name.

By way of two judgements handed down on 5 April 2016 and 28 June 2016, the Dijon Commercial Court noted the repayment of the rehabilitation plans of MBWS SA, MBWS France and the five Group subsidiaries concerned in Poland, and consequently their respective exits from the rehabilitation plan.

On 1 March 2019, COFEPP subscribed to a €37.7 million reserved capital increase. In April 2019, a short-term warrant programme was launched and subscribed by shareholders in an amount of €20.7 million (including €15 million subscribed by COFEPP). As a result of these transactions, COFEPP currently holds 50.96% of the Company's share capital.

Other highlights of 2019 and subsequent major events are described in the following sections of this document.

1.2 SIMPLIFIED ORGANISATIONAL CHART AS AT THE DATE OF THIS DOCUMENT



Autres = Other

ROLE OF THE VARIOUS LEGAL STRUCTURES

The Group's entities are divided between four clusters:
• Americas
• Central and Eastern Europe
• Western Europe, Middle East and Africa
• Asia Pacific
Three main types of company can be identified within the Group:
1 / Production companies, whose role consists in producing the Group's wine and spirits. These companies mainly carry out the following processes:
• Ageing and blending of wines;
• Distillation;
• Bottling;
• Packaging.
2 / Distribution companies, whose role consists in marketing and promoting the Group's products within each cluster.
3 / Marie Brizard Wine & Spirits SA is the holding company for the entire Group. The purpose of the Company is to provide operational support to its subsidiaries and to ensure the implementation of the strategic plan.

1.4 BUSINESS ACTIVITIES

Marie Brizard Wine & Spirits is a leading international player in the alcoholic beverages sector. The Group markets and distributes wine and spirits, primarily in France, Poland and the United States.
The Group's businesses are presented under the following two categories:
• "Brand business": wine and spirits production and/or marketing operations, by Group subsidiaries;
• "Other business": complementary production and/or marketing operations that enable Group subsidiaries to optimise their performance and profitability (MDD, bulk, subcontracting, other sales and services, etc.).
In Poland, the Group produces and markets the Krupnik and Sobieski vodkas, which represent one of its main business activities.
The sub-group comprising Marie Brizard Wine & Spirits France and its subsidiaries focuses on the production and marketing of products primarily under the following brands: William Peel, Marie Brizard, Fruits and Wine, Moncigale and Cognac Gautier.

1.5 MAIN BRAND MARKETS AND OPERATIONS

In March 2019, the Group drew up a strategic plan for 2019-2022 with the main goal of laying the foundations for a sustainable return to profitable growth in the medium term.
In order to build a competitive, profitable and sustainable Group in the wine and spirits market, the Group has launched a transformation process based on six strategic priorities:
• Focus turnaround initiatives and investments on value-creating assets,
• Redefine the Group's international footprint,
• Develop value-creating partnerships,
• Streamline the operational model and reduce the cost base,
• Strengthen synergies and the partnership with COFEPP,
• Foster employee commitment and acquire appropriate decision-making and control tools.
The strategic plan kicked off in 2019 with an initial focus on improving the profitability of the Group's business in order to gradually return to positive EBITDA.

Four key development regions

WESTERN EUROPE, MIDDLE EAST AND AFRICA: establishing and consolidating the foundations for a return to profitability

In France, the turnaround process was launched in 2019 by enhancing the value of products in collaboration with customers. This committed, proactive policy of financial streamlining focused on value rather than volumes in 2019.

Via a commercial policy based on leveraging brand strength, customers' proven brand loyalty and an effective value-for-money proposition, the Group managed to achieved the expected value gain through limited use of promotion campaigns and despite the competitive revival brought about by the French Agriculture and Food Act (*loi EGalim*) effective 1 January 2019.

In the rest of the region, MBWS continued to strengthen its development by implementing commercial and brand portfolio synergies with the COFEPP Group (including changing the distribution system in Spain and pooling brand portfolios in Denmark). In this respect, 2019 was a year of globally strong momentum in Western Europe and Africa.

CENTRAL AND EASTERN EUROPE: developing profitable brands in a highly competitive vodka market

Sales strategy in Poland is focused on seeking to create value in a constantly challenging vodka market impacted by strong competitive and promotional pressure.

The Group plans to focus its policy on:

- the ramp-up of distribution agreements signed in late 2018,
- continued diversification of the customer base,
- focusing sales drives and marketing expenditure of high-margin brands, products and formats.

This policy goes hand in hand with keeping a tighter rein on sales budgets.

In Lithuania, priority was accorded to restructuring the product portfolio with a focus on profitable ranges. Business in Bulgaria was marked by a resurgence in export sales, particularly towards the end of the year.

AMERICAS: adjusting the distribution model, establishing local brands more strongly

In the United States, 2019 was marked by continuing strong pressure on prices affecting all vodka market operators. On the other hand, the Marie Brizard brand recovered market share mainly due to brisk sales in the controlled states.

The year-end period saw the establishment of the partnership with Sazerac effective 1 January 2020, confirming the expected changes in the distribution model in the United States.

Brazil continued to perform well as the Group reaped the rewards of its sales strategy focused on promoting local brands and continued to develop business with new customers.

ASIA PACIFIC: continuing profitable operations

The Asia Pacific cluster experienced a fall in revenues in 2019, as in 2018, including a sharper decline in the fourth quarter due to order postponements. Difficulties persisted in China, where sales volumes have not yet reached critical mass.

Six core brands

	MARIE BRIZARD		FRUITS AND WINE
	MARIE BRIZARD stepped up its deployment in key markets, particularly the United States. Growth over the coming years will be driven by the rejuvenation of the brand's image, current trends in cocktail drinking and recent flavour innovations.		**FRUITS and WINE** kept its leading position with 30% market share in terms of sales revenue, despite the declining popularity of this type of beverage in France. The brand continued to develop overseas, notably in Bulgaria and Japan.
	SOBIESKI		COGNAC GAUTIER
	Amid challenging market conditions in the United States and Poland, **SOBIESKI** returned to growth in the controlled states of the United States.		**COGNAC GAUTIER** continues to grow on priority markets, driven by its growing reputation and excellent organoleptic properties, which have received a number of international awards. As such, the brand continued to grow in its top market, Canada, where it is ranked fourth[4].
	WILLIAM PEEL		KRUPNIK
	WILLIAM PEEL consolidated its leadership on the Scotch whisky market in France, the world's No. 1 market for the beverage, with a market share of 23.5%[5]. The brand continued its international expansion and proved particularly popular in Poland and Lithuania, where it has become the No. 2 Scotch whisky on the domestic market in terms of market share by volume[(5)].		Advertising and promotion of **KRUPNIK**, No. 3 vodka brand in Poland[(5)], focused on affordability and shelf visibility. Sales of the brand's flavoured range also continued to grow, mainly due to the launch of the Salted Caramel version, a resounding success that boosted the brand to top position in the cream-based liqueur segment[(5)].

4 MONOPOLE 2019

5 *NIELSEN – 2019 annual total/** excl. flavoured beverages, Nielsen 2019*

1.6 PROPERTY, WAREHOUSES AND INDUSTRIAL PLANT

The Group owns most of its industrial property assets. It also has long-term leases arising from Polmos distillery acquisitions in Poland: these leases grant the Group the right to use the land concerned for a period of 99 years.

The Group currently has 11 active industrial facilities used for distilling, rectification, ageing, blending, packaging and bottling operations. These operating assets and their ongoing improvement are of considerable strategic importance for the Group. As at 31 December 2019 they represented a total gross amount of €222.5 million under property, plant and equipment.

The Group's main facilities are currently as follows:

• Two facilities in Poland located at Starogard (bottling of vodka and other spirits) and Lancut (alcohol distillation and vodka bottling);

• Facilities in Lithuania at Obeliai (alcohol distillation and rectification) and Vilnius (bottling and packaging of vodkas and other spirits);

• The three French facilities carry out blending, packaging and bottling of spirits (Lormont and Aigre) and wines (Beaucaire);

• One facility in Spain (Zizurkil) for plant distillation and bottling of syrups and spirits and another at Fuenmayor for production, ageing and bottling of wines;

• Stara Zagora in Bulgaria, where the Group owns a number of vineyards. The facility takes care of the production, ageing and bottling of wines;

• The Jundiai facility, near São Paulo, Brazil, carries out plant distillation and bottling of spirits.

Most quality systems at Group plants are ISO certified. The risk of pollution or fire is subject to audits and prevention plans that are formally defined with the relevant government departments. The Group's owned plants are subject to a regular investment plan aimed at upgrading production facilities and maintaining compliance with changing environmental, health and safety standards. The Group implements a responsible environmental policy in each country where it has production facilities.

More specifically, the modernisation of production and computer equipment has been identified as a strategic issue. Accordingly, between 2017 and 2019 major investments totalling nearly €60 million were carried out, focusing on:

• expanding and upgrading alcohol rectification capacities in Poland and Lithuania for vodka production;

• in 2018 and 2019, in-housing distilling capacities at Lancut in Poland;

• reinforcing and modernising Fruits and Wine production processes;

• increasing the capacity of the liqueur production industrial plant;

• introducing a new ERP system to be gradually deployed across the Group.

1.7 MAJOR CONTRACTS

All of the contracts entered into by the Group relate to day-to-day management. However, the Group would like to highlight the following factors:

Casino group

Moncigale was purchased from the Casino retail group in 2002. Significant commercial ties still exist between both groups. In 2019 around 40% of Moncigale's business was still conducted with its main client, the Casino group.

2

2019 MANAGEMENT REPORT

The Group Management Report prepared by the Board of Directors of Marie Brizard Wine & Spirits for the 2019 financial year is included below.

2.1 CONSOLIDATED FINANCIAL STATEMENTS FOR THE 2019 FINANCIAL YEAR

2.1.1 Going concern

The MBWS Group consolidated financial statements for 2019 have been prepared in accordance with the going concern principle, in view of the known situation as at the reporting date, as explained in Note 1.3 to the 2019 consolidated financial statements (Chapter 4 of this Universal Registration Document).

2019 consolidated income statement

The parent company and consolidated financial statements for the year ended 31 December 2019 have been prepared in accordance with the presentation rules and valuation methods provided for by the regulations in force.

The presentation rules and valuation methods used are set out in Note 1 to the consolidated financial statements and Note 2 to the parent company financial statements of Marie Brizard Wine & Spirits SA.

Summary 2019 consolidated income statement

(€000)	**2019**	**2018 restated***	**Change 2019/2018**
Revenues	483,485	472,855	2.2%
REVENUES EXCLUDING EXCISE DUTIES	**275,486**	**280,753**	**-1.9%**
EBITDA	(12,090)	(27,173)	55.5%
EBITDA margin	*-4.4%*	-9.7%	+5.3 pp
UNDERLYING OPERATING PROFIT/(LOSS)	**(28,366)**	**(35,867)**	**20.9%**
Operating profit/(loss)	(51,520)	(47,531)	-8.4%
Cost of debt	(6,101)	(5,792)	-5.3%
Net financial income/(expense)	(6,594)	(5,911)	-11.5%
NET PROFIT/(LOSS), GROUP SHARE	**(65,926)**	**(61,904)**	**-6.5%**
** Restated in application of IFRS 5 (see Chapter 4, Notes 1.25 and 8)*			

The Group uses revenues, gross margin and EBITDA as its main performance indicators, as defined in Note 1.31 to the 2019 consolidated financial statements (Chapter 4 of this Universal Registration Document).

Revenues for the 2019 financial year, excluding excise duties, amounted to €275.4 million, down 1.9% from 2018 restated.

The gross margin ratio was 35% in 2019 compared to 33.8% in 2018. The increase is mainly due to the 3.6% decrease in purchases consumed between 2019 and 2018.

Marketing expenditure fell by €4.1 million compared to 2018.
For 2019, the Group posted an EBITDA loss of €12.1 million, compared to an EBITDA loss of €27.2 million the previous year.
Net non-recurring operating expenses came to €23.2 million, mainly related to the Group's debt restructuring plan.
Net financial expense amounted to €6.7 million, mainly comprising cost of debt.
Net loss, Group share for 2019 amounted to €65.9 million, compared to €61.9 million in 2018.

Business analysis by region[6]

EBITDA (€m)	2018	Like-for-like change	Currency impact	2019 Excl. IFRS 16 & IFRS 5	LFL change (excl. currency impact)	Like-for-like change (incl. currency impact)
Brand business						
- Western Europe, Middle East and Africa	3.9	1.6	0.0	6.5	+63.8%	+63.8%
- Central and Eastern Europe	-14.5	7.1	0.1	-7.4	+48.7%	+49.3%
- Americas	-2.4	0.1	-0.1	-2.4	+4.7%	+1.9%
- Asia Pacific	-0.9	0.1	0.0	-0.7	+16.4%	+13.9%
Sub-total brand business (excl. holding company)	**-13.9**	**9.0**	**0.0**	**-4.0**	**71.0%**	**71.1%**
- Holding company	-10.8	-0.6		-10.9	-1.5%	-1.5%
Total brand business	-24.6	8.4	0.0	-14.9	+39.3%	+39.4%
Other business	-3.4	1.0	0.0	-2.3	30.0%	30.4%
TOTAL MBWS	**-28.0**	**9.4**	**0.0**	**-17.3**	**+38.2%**	**+38.3%**

Brand business generated an EBITDA loss of €4.0 million excluding the impact of IFRS 16 and IFRS 5 and holding company costs, representing a considerable improvement of €9.9 million over the 2018 EBITDA loss.

GROUP

In 2019, brand business posted sales of €197.5 million, up 0.7% from 2018 in line with the strategic and commercial changes made in 2019. The increase may be attributed to the Americas (up 6.6%) and Central Europe (+21.4%), the latter enjoying a fourth quarter of sustained sales in anticipation of the upcoming excise duty hike in Poland. After restatement for IFRS 5, brand business sales came to €194.2 million, up 0.7% like-for-like versus 2018 excluding currency impact and the disposal of Sobieski Trade.

WESTERN EUROPE, AFRICA AND MIDDLE EAST: RESULTS BOOSTED BY SELECTIVE REDUCTION IN VOLUMES

In France, the year's sales performance reflects the Group's sales policy focused on value rather than volumes, with limited use of promotion campaigns. Moreover, the French Agriculture and Food Act (*loi EGalim*) effective 1 January 2019 brought about a revival in the competition. Accordingly, 2019 revenues came to €87.8 million (down 9.4%) following a 13% drop in Q4 sales (to €21.2 million) hit by nationwide industrial action. Against this backdrop, while the Fruits and Wine brand continues to be impacted by the market decline in wine-based beverages, the Group succeeded in repositioning its brands and kicked off the 2020 financial year with trimmed inventories and a streamlined brand portfolio.

Revenues from the rest of the region totalled €19.1 million (down 11%), of which €5.6 million (down 26%) was generated in the fourth quarter. This apparent decline was mainly due to the change of distribution model in Spain, with the fourth quarter taking the full brunt of this technical adjustment.

EBITDA for the region rose 63.8% to €6.5 million.

6 Changes in revenues and EBITDA are stated at constant exchange rates in the following analysis unless otherwise specified. Figures at constant exchange rates are calculated by applying the previous year's exchange rates to the year ended.

CENTRAL AND EASTERN EUROPE (CEE): Q4 WINDFALL EFFECT IN POLAND IN ANTICIPATION OF CHANGES IN DUTIES FAILED TO OFFSET LOSSES

The CEE region posted 2019 revenues of €69.2 million, up 21.3% from the previous year (€65.9 million after IFRS 5).

This strong growth was driven by Poland, where fourth quarter demand was particularly high among distributors wishing to build up stocks in anticipation of the 10% increase in excise duties on spirits due to take effect on 1 January 2020. This windfall effect, which coincided with efforts to keep a tighter rein on sales budgets, concealed the ongoing challenges facing the highly competitive vodka market. Poland posted 2019 revenues of €41.8 million (up 45.6%) before restatement related to the sale of Sobieski Trade, and €38.5 million after restatement. This achievement comes after a particularly challenging and disappointing 2018 financial year in terms of Group sales in Poland.

The rest of the region generated full-year revenues of €27.4 million (down 3.5%) impacted by the portfolio restructuring focused on profitable ranges in Lithuania.

The region as a whole posted an EBITDA loss of €7.4 million nevertheless representing a €7.1 million improvement over the previous year.

AMERICAS: INVENTORY TRIMMING AND USA REORGANISATION FUNDED BY REVENUE GROWTH

The Americas region posted 2019 revenues of €18.8 million, up 6.6% from the previous year.

In the United States, 2019 was marked by the establishment of the Sazerac partnership and the positive impact of the new Trump tax plan.

In Brazil, the Group had an excellent year of double-digit growth (15%) vindicating the merits of the sales strategy focused on promoting local MBWS brands in priority states.

The region posted an EBITDA loss of €2.4 million comparable to the previous year's result.

ASIA PACIFIC: €0.5 MILLION REVENUE DECLINE

Asia Pacific posted 2019 revenues of €2.6 million, down 17.4% versus 2018 including a 38.2% decline in the fourth quarter due to order postponements. Difficulties persisted in China, where sales volumes have not yet reached critical mass.

The decline in EBITDA in this region was limited to €0.7 million, an improvement of €0.1 million over 2018.

OTHER BUSINESS

MDD sales fell 5.3% to €81.2 million in 2019 as the Group prioritised profitability over volumes amid challenging conditions in France: the EBITDA loss improved €1 million to €2.3 million.

2.1.3 2019 consolidated balance sheet

(€000)	**31/12/2019**	**31/12/2018 (1)**	**2019/2018 change**	
Goodwill	15,039	15,036	3	0%
Intangible assets	88,031	88,622	6,690	8%
Property, plant and equipment	56,180	69,451	(12,671)	-18%
Financial assets	2,387	2,298	90	4%
Non-current derivatives		58	(58)	-100%
Deferred tax assets	1,327	4,315	(1,851)	-43%
TOTAL NON-CURRENT ASSETS	**162,965**	**179,780**	**(7,798)**	**-4%**
Inventory and work-in-progress	53,991	64,558	(10,567)	-16%
Trade receivables	46,669	61,905	(15,236)	-25%
Tax receivables	1,735	1,987	(252)	-13%
Other current assets	32,686	29,782	2,904	10%
Current derivatives	157	94	63	67%
Cash and cash equivalents	26,193	21,832	4,361	20%
TOTAL CURRENT ASSETS	**161,431**	**180,158**	**(18,727)**	**-10%**
Assets held for sale		138	(138)	-100%
TOTAL ASSETS	**324,396**	**360,076**	**(26,663)**	**-7%**

(1) IFRS 16: As the Group has elected to apply the simplified retrospective approach, the 2018 financial statements have not been restated for the application of IFRS 16 – Leases. See Note 1.2 on the impact of applying this standard.

(€000)	**31/12/2019**	**31/12/2018 (1)**	**2019/2018 change**	
SHAREHOLDERS' EQUITY	**93,737**	**103,347**	**(5,161)**	**-5%**
Employee benefits	5,533	5,776	(243)	-4%
Non-current provisions	3,238	705	2,533	359%
Long-term borrowings – due in > 1 year	9,689	11,812	(2,123)	-18%
Other non-current liabilities	1,855	1,889	(33)	-2%
Non-current derivatives		201	(201)	-100%
Deferred tax liabilities	16,424	19,652	(1,232)	-6%
TOTAL NON-CURRENT LIABILITIES	**36,739**	**40,036**	**(1,300)**	**-3%**
Current provisions	10,178	4,053	6,124	151%
Long-term borrowings – due in < 1 year	50,933	48,897	2,035	4%
Short-term borrowings	12,292	30,115	(17,822)	-59%
Trade and other payables	63,719	67,888	(1,598)	-2%
Tax liabilities	481	811	(330)	-41%
Other current liabilities	56,315	64,348	(8,033)	-12%
Current derivatives	2	580	(578)	-100%
Total current liabilities	**193,920**	**216,692**	**(20,201)**	**-9%**
Liabilities held for sale				
TOTAL EQUITY AND LIABILITIES	**324,396**	**360,076**	**(26,662)**	**-7%**

(1) IFRS 16: As the Group has elected to apply the simplified retrospective approach, the 2018 financial statements have not been restated for the application of IFRS 16 – Leases. See Note 1.2 on the impact of applying this standard.

NON-CURRENT ASSETS AND LIABILITIES

Group goodwill is derived from historical acquisitions of companies and brands made by the MBWS Group.

Intangible assets mainly consist of Group trademarks with a net value of €76.8 million at 31 December 2019. The main trademarks valued were the Marie Brizard trademarks acquired by the Group in 2006.

At 31 December 2019, Group property, plant and equipment amounted to €56.2 million, compared to €69.5 million at 31 December 2018. This reduction in the property, plant and equipment item is primarily linked to the termination of finance leases.

The valuation of Group assets was reviewed as at 31 December 2019, in accordance with IAS 36.

Impairment tests were carried out on the trademarks and CGUs in respect of 2019,

as a result of which an impairment charge of €3 million was recognised against trademarks.

WORKING CAPITAL

Working capital 1 (inventory + trade receivables – trade payables) amounted to €36.9 million at 31 December 2019, down from €58.6 million at 31 December 2018. The €21.7 million reduction was mainly due to inventory trimming on a number of markets and a decrease in receivables mainly related to the sale of Sobieski Trade.

Working capital 2 (non-operating working capital) mainly includes excise duties and VAT, both of which were particularly high in 2018 due to end-of-year sales.

NON-CURRENT LIABILITIES

Non-current liabilities include the portion of long-term borrowings due in over one year, mainly consisting of leases, employee benefits, provisions for contingencies and charges and deferred tax liabilities.

CASH AND CAPITAL

Group shareholders' equity amounted to €93.7 million compared to €103.3 million at the end of 2018. The change mainly results from the capital increase funded by COFEPP, the exercise of share warrants and earnings for the period.

Group borrowings amounted to €72.9 million as at 31 December 2019, down €17.9 million from 31 December 2018.

Borrowings at 31 December 2019 mainly consisted of the senior loan, under which €45 million has been drawn. This loan has been assigned to the Company's majority shareholder, COFEPP, which currently holds 50.97% of MBWS share capital. The assignment became effective in January 2020.

At 31 December 2019, Group net debt stood at €46.7 million, down €22.3 million from 31 December 2018, primarily due to the decrease in short-term financing arrangements mainly in France and Poland.

(€000)	31/12/2019	31/12/2018
Borrowings	51,985	60,710
Short-term borrowings	20,929	30,115
Gross borrowings	**72,914**	**90,824**
Cash and cash equivalents	(26,193)	-21,832
Net borrowings	**46,721**	**68,992**
SHAREHOLDERS' EQUITY	**93,737**	**103,347**

2.1.4 Assets sold or held for sale

Sobieski Trade, a subsidiary of MBWS Polska engaged in the wholesale business in Poland, was sold in November 2019. As such, the sale falls within the scope of IFRS 5 with regard to restatement of the 2019 and comparative 2018 consolidated financial statements.

At 31 December 2019, Group management considered that there were no unsold assets meeting the criteria for application of IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations.

2.1.5 Research and Development

The growth of the MBWS portfolio is driven by six strategic brands.

WILLIAM PEEL retained its leadership on the Scotch whisky market in France, the world's No. 1 market for the beverage, with a market share of 23.5%[7]. The international development of the brand has continued with success, particularly in Poland, thanks to a quality activation plan and the Double Maturation innovation, which occupies prime position among launches in the Scotch whisky segment.

MARIE BRIZARD, backed by its growing popularity among the community of best barmen in the world, whose creation was largely due to the Masters Marie Brizard 2019, offers a broad range of premium liqueurs and syrups that meets the demands of current trends in cocktail drinking.

Challenging market conditions in the United States and Poland forced **SOBIESKI** to refocus its advertising and promotional expenditure. 2019 saw the full deployment of the new presentation (bottle and label) in the United States. This presentation has been well received by distributors and, most importantly, has reinstated sales growth in the controlled states.

7 NIELSEN – 2019 annual total

Advertising and promotion of **KRUPNIK**, the No. 2 vodka brand[8] in Poland, focused on affordability and shelf visibility. Sales of the brand's flavoured range also continued to grow, increasing its market share to 23% in this segment, mainly due to the launch of the Salted Caramel version, a resounding success that boosted the brand to 3rd place in the cream-based liqueur segment over the space of a year.

COGNAC GAUTIER continues to grow on priority markets, driven by its growing reputation and excellent organoleptic properties, which have received a number of international awards. Accordingly, Cognac Gautier continues to outperform market growth in its primary market, Canada, where it is ranked fourth.

FRUITS and WINE retained its leading position with a 30% market share in terms of sales revenue[9] in 2019, despite the declining popularity of this type of beverage in France. The brand continued to develop overseas, notably in Hungary, Bulgaria and Asia including Japan.

2.1.6 Future prospects

Following publication of the MBWS 2019-2022 strategic plan in late March 2019, the Group has launched the plan with an initial focus on improving the profitability of the Group's business lines in order to gradually return to positive EBITDA (see Note 2.2.6 - Key events below).

In particular, new distribution agreements (Spain, USA, France) were signed in April 2019, on 1 January and on 1 March 2020 respectively.

In France, the sales force was reorganised in 2019 in accordance with the stated objectives and the new system has been up and running since March 2020.

Furthermore, in respect of all Group companies and markets, in the negotiations and commercial transactions conducted with clients, systematic focus has been placed on value versus volume. This approach has generated encouraging performances to date, particularly in France and the USA.

This strategy, coupled with the policy of adjusting costs to the size of operations on a country-by-country basis, will be continued and will guarantee the Group's return to profitability.

As mentioned earlier, in order to build a competitive, profitable and sustainable Group in the wine and spirits market, MBWS has launched a transformation process mainly based on six strategic priorities:

• Focus turnaround initiatives and investments on value-creating assets,

• Redefine the Group's international footprint and develop value-creating partnerships,

• Streamline the operational model, reduce the cost base and strengthen synergies with COFEPP.

While the initial results of the strategic plan are encouraging, in view of the COVID-19 global pandemic the Group is forced to remain prudent in its forecasts of the economic consequences of this unexpected development in 2020.

Accordingly, the Group is currently unable to confirm its previously announced EBITDA target range for 2022.

NB: Significant post-balance sheet events are set out in Note 2.2.7.

2.2 PARENT COMPANY FINANCIAL STATEMENTS FOR THE 2019 FINANCIAL YEAR

8 Excluding flavoured beverages, Nielsen 2019

9 IRI – 2019 annual total

2.2.1 Going concern

The MBWS SA financial statements for 2019 have been prepared in accordance with the going concern principle, in view of the known situation as at the balance sheet date, as explained in Note 2.1 to the 2019 parent company financial statements (Chapter 5 of this Universal Registration Document).

2.2.2 Parent company income statement

(€000)	2019	2018	Change 2019/2018
Revenues excluding excise duties	**7,458**	**6,560**	**13.7%**
Operating profit/(loss)	(19,308)	(28,027)	31.1%
Net financial income/(expense)	6,900	(54,058)	112.8%
Underlying profit/(loss) before tax	**(12,408)**	**(82,085)**	**84.9%**
Net non-recurring income/(expense)	(17,397)	(7,744)	-124.6%
Profit/(loss) before tax	**(29,805)**	**(89,829)**	**66.8%**
Income tax	5	128	-96.1%
NET PROFIT/(LOSS)	**(29,800)**	**(89,702)**	**66.8%**

The Company posted an operating loss of €19.3 million, mainly consisting of fees and personnel expense.
Net financial income amounted to €6.9 million, mainly comprising dividends received from its subsidiary MBWS France (€40.2 million) less net impairment charges against current accounts (€30.9 million) and equity investments (€3.3 million).
The €17.4 million net non-recurring expense mainly corresponds to the net expense on disposal of Sobieski Trade shares (€13 million).

Recognition of tax paid by subsidiaries belonging to the tax group allowed the Company to post a non-material amount of tax income.
Finally, the Company posted a net loss of €29.8 million for 2019.
At the next General Meeting, the shareholders will be asked to approve the following appropriation of the loss for the period amounting to €29,799,787.51:
• to retained earnings, thereby reducing the balance of this account from zero to retained losses of €29,799,787.51.
Following this appropriation, the Company's shareholders' equity will amount to €131,696,155.77.

2.2.3 Parent company balance sheet

(€000)	31/12/2019	31/12/2018
Net intangible assets	9,109	6,818
Net property, plant and equipment	324	442
Net financial assets	113,065	102,818
Non-current assets	**122,497**	**110,078**
Inventory and work-in-progress		
Trade receivables	100,590	136,156
Current assets	**100,590**	**136,156**
Unrealised foreign exchange losses	730	964
TOTAL ASSETS	**223,818**	**247,198**

	31/12/2019	31/12/2018
Total shareholders' equity	131,696	102,991
Provisions for contingencies and charges	6,076	9,159
Borrowings	47,219	56,844
Other payables	38,523	76,447
Loans and borrowings	85,742	133,291
Unrealised foreign exchange gains	304	1,757
TOTAL EQUITY AND LIABILITIES	**223,818**	**247,198**

Non-current assets mainly consist of securities held in MBWS France and MBWS Polska and the current account loans granted to the Group companies. The €13.5 million increase in net non-current financial assets is mainly due to the purchase of equity investments in MBWS España.

Net assets amounted to €137.2 million, up from 2018 due to the capital increase and earnings for the year.
Borrowings amounted to €47.2 million, down from €56.8 million at 31 December 2018 due to the conversion of the €1.5 million bridge loan and €7.5 million current account advance from COFEPP into equity (see Note 2.2.6).

2.2.4 Non-tax deductible expenses

Pursuant to the provisions of Article 223 quater of the French General Tax Code, the General Meeting also notes the fact that the overall amount of the expenditure and charges referred to in Article 39-4 of said Code amounted to €39,885 during the 2019 financial year, corresponding to accelerated depreciation.

2.2.5 Trade receivables and payables ageing schedule

Trade payables ageing schedule

(€000)	Balance at 31 December	Not due	< 60 days overdue	> 60 days overdue
2019	6,321	5,248	470	604
2018	6,828	4,852	1,415	561

Trade receivables ageing schedule

(€000)	Balance at 31 December	Not due	< 60 days overdue	> 60 days overdue
2019	8,426	3,268	(219)	5,378
2018	6,406	2,207	77	4,122

2.2.6 Material events and amendments to the Articles of Association during the year

Increase in COFEPP's equity interest in MBWS

At the MBWS Annual General Meeting held on 31 January 2019 to approve the financial statements for the year ended 31 December 2017, the shareholders approved by an 89% majority a capital increase, with waiver of preferential subscription rights, which raised €37.7 million for MBWS (including €32.2 million by offset against the €7.7 million current account advance granted on 29 May 2018 and the bond bridge loan issued in February 2019 for a principal amount of €25 million) in exchange for 9.4 million newly issued ordinary shares in the Company.

This capital increase was approved by the French Financial Markets Authority (AMF) and by the French and Polish antitrust authorities.

Following settlement-delivery of the Reserved Rights Issue and the publication of the main terms of the strategic plan, MBWS granted the following share warrants to all of its shareholders, allotting one warrant per existing ordinary share held:

(i) share warrants exercisable during one month (the "Short-Term Warrants") entitling holders to subscribe to new MBWS ordinary shares of a total value of €49.3 million (including issue premium);

(ii) share warrants exercisable during 42 months (the "Long-Term Warrants" and, together with the Short-Term Warrants, the "Warrants") entitling holders to subscribe to new MBWS ordinary shares of a total value of €49.3 million (including issue premium).

In accordance with its undertaking, COFEPP:

(i) exercised its Warrants and subscribed to the shares issued upon exercise of said Warrants at a total value of €15 million (this transaction was carried out entirely through the exercise of Short-Term Warrants),

(ii) confirmed that it was not exercising, in total, more than 30% of the Warrants issued in accordance with its agreement with MBWS.

Under the Short-Term Warrant programme expiring on 29 April 2019, warrants for a total value of €20,743,350 were exercised (including €15 million by COFEPP). The contributions made by COFEPP (Reserved Capital Increase and Warrants) and the other shareholders (Warrants) represented additional funds totalling €43.5 million.

Following the aforementioned transactions, COFEPP holds 50.97% of the share capital and 7 out of the total 12 positions on the current Board of Directors.

Publication of the 2019-2022 strategic plan

On 25 March 2019 MBWS published its 2019-2022 strategic plan, which aims to lay the foundations for a sustainable return to profitable growth within the medium term, targeting 2022 EBITDA of €13-19 million.

To achieve this target, the Group has launched a transformation drive based on six strategic priorities:

- Focus turnaround initiatives and investments on value-creating assets,
- Redefine the Group's international footprint,
- Work together with value-creating partners,
- Streamline the operational model and reduce the cost base,
- Strengthen synergies and the partnership with COFEPP,
- Foster employee commitment and acquire appropriate decision-making and control tools.

This transformation will take place in two phases:

- In the short term (2019-2020), approve and implement strategic decisions on the basis of their contribution to improving profitability in order to gradually return to positive EBITDA,
- In the medium term (2021-2022), pave the way for future growth by reinvesting cash flows generated in order to achieve an EBITDA target of €13-19 million by 2022.

Ongoing renegotiation of debt with bank partners

In early 2019, MBWS was involved in a conciliation procedure, after which a mediator/adviser was appointed for the period from end May until September 2019, subsequently extended until end June 2020. This appointment has mainly helped the Group conduct negotiations with the banks involved in the 26 July 2017 syndicated credit facility within a protected framework. Shareholders are reminded that the discussions held with the Group's financial partners and public creditors in 2019 continued under the conciliation procedures initiated on 20 December 2018 in favour of the Company and its subsidiaries MBWS France, Moncigale and Cognac Gautier.

On 23 January 2019, the medium-term loan and bridge loan lenders agreed to extend the standstill agreement and waive their right to demand immediate repayment of the medium-term loan until no later than 28 February 2020. The lenders have also waived the half-year instalments under the medium-term loan during the same period and, until completion of the capital increases provided for under the agreement with COFEPP, the repayment of the bridge loan.

A repayment under the bridge loans for a principal amount of €7.5 million granted on 29 May 2018 was made in March 2019, in view of the completion of the capital increases (excluding share warrants), and the *Commission des Chefs de Services Financiers d'Île-de-France* ("CCSF") extended the transitional public debt repayment plan approved on 27 June 2018 until the end of June 2019, subsequently extended again until full repayment under the plan.

On 12 July 2019, the medium-term loan and bridge loan lenders agreed to extend the standstill agreement and waive their right to demand immediate repayment of the medium-term loan until no later than 30 June 2020.

Disposal of Porto Pitters

In late July 2019 MBWS sold the Porto Pitters brand and corresponding business activity, in accordance with the commitments made to the French antitrust authorities.

Under this agreement, the brand is acquired by IDL (International Drinks Limited), while production, distribution and quality control will be carried out by QVB (Quinta & Vineyard Bottlers). Both companies belong to The Fladgate Partnership, a Portuguese group.

The disposal had a marginal impact on Group revenues, as Porto Pitters sales accounted for only 0.4% of Group revenues in 2018.

The completion of this transaction was approved by the antitrust authorities.

Sazerac group to distribute MBWS brands in the United States

On 2 October 2019, MBWS and Sazerac/375 Park Avenue Spirits ("Sazerac") announced the signing of a strategic partnership for the distribution of MBWS brands in the United States.

In keeping with its undertaking to review its business activities in view of their strategic interest and capacity to generate long-term value-added for the Group, MBWS conducted an assessment of its international footprint. This led to the conclusion that MBWS revenues lacked critical mass on the US market, which is becoming increasingly competitive due to ongoing market concentration in both wholesale and distribution sectors.

Accordingly, the Group decided to seek out a partner of sufficient stature, network size and culture to ensure widespread distribution of Marie Brizard Wine & Spirits brands.

The choice fell on Sazerac and 375 Park Avenue Spirits, as these two groups have already cooperated in the distribution of Sazerac's main brands in France and Brazil. This partnership is in line with MBWS's 2022 strategy to return to profitable growth.

The partnership was launched on 1 January 2020 via the transfer of the Marie Brizard Wine & Spirits brand distribution business to Sazerac and 375 Park Avenue Spirits. From this date onwards, MBWS Americas has shifted the focus towards the other countries in the Americas cluster.

DISPOSAL OF SOBIESKI TRADE

In line with its statements upon publication of the 2019-2022 strategic plan, MBWS reviewed its business lines in terms of their tactical or strategic interest and capacity to generate value-added for the Group over the long term.

On this basis, MBWS decided to sell Sobieski Trade, a Polish distribution company engaged in wholesale that operates independently of other Group operations in Poland. This company lacked critical mass to meet the Group's profitability requirements. In 2018, the business generated negative EBITDA from revenues of €107.5 million.

Sobieski Trade was sold on 15 November 2019 to United Beverages, one of the primary importers of premium wines and spirits and one of the main distributors of alcoholic beverages in Poland. The sale was approved by the Polish antitrust authorities on 7 November 2019.

At the same time, this sale represents an opportunity for Group brands in Poland. A new distribution agreement between MBWS Polska and Sobieski Trade was signed prior to the sale and has been maintained.

CONDITIONAL AGREEMENT SIGNED BETWEEN MBWS AND COFEPP TO COVER MBWS CASH REQUIREMENTS

On 20 December 2019, MBWS announced the signing of a conditional agreement with majority shareholder Compagnie Financière Européenne de Prises de Participations (COFEPP), which currently holds around 51% of MBWS's share capital and voting rights. Under the agreement, COFEPP has agreed to finance MBWS's cash requirements in 2020, subject to fulfilment of a number of conditions precedent and in accordance with the terms set out below.

MBWS faced an urgent need for cash requiring injections of funds from the beginning of 2020, notably due to prior losses, declining business volumes in Poland and changes in legislation affecting the flavoured wine market. Having sought third-party financing to no avail, MBWS reviewed all possible solutions and finally asked majority shareholder COFEPP to grant further financing, to be made available as soon as possible.

Provided MBWS's lending banks, who represent MBWS SA's entire debt excluding factoring, give their prior approval to the assignment of their receivables under the €45 million loan agreement signed on 26 July 2017 and outstanding overdrafts (the "Bank Receivables") to COFEPP no later than 15 January 2020, COFEPP has agreed to grant MBWS the following financing:

• an initial current account advance amounting to €15 million (bearing compounded interest at an annual rate of EURIBOR 3 month (*) + 425 bps), which would be paid to MBWS by 17 January 2020, of which (i) subject to specific conditions, €7.4 million would be provided to MBWS for the requirements of Polish business operations and (ii) €7.6 million would be paid to MBWS France, which should cover cash requirements until mid-March 2020 ("Bridge 1"); and

• a second current account advance amounting to €17 million (bearing compounded interest at an annual rate of EURIBOR 3 month (*) + 425 bps), which would be paid to MBWS by 17 March 2020 and mainly used for general cash requirements ("Bridge 2").

(*) Floored at zero

Bridge 1 and Bridge 2 would be guaranteed via a number of security interests on Group assets, in particular via pledges of the Sobieski, Marie Brizard and William Peel trademarks and of shares in MBWS France, Cognac Gautier and Vilnius Degtine.

In addition to the banks' consent to the assignment of the Bank Receivables, the grant of Bridge 2 is also conditional on (i) the public creditors' agreement in principle to a standstill on part of the Group's tax and social security liabilities, (ii) amendment of the Scotch whisky wholesale supply agreement between MBWS and a supplier and (iii) the stabilisation of estimated cash requirements for 2020.

If all conditions precedent are satisfied, Bridge 1, Bridge 2 and the Bank Receivables would subsequently be fully incorporated into MBWS's share capital by COFEPP as part of a rights issue by MBWS for a maximum total amount (including issue premium) of €105.3 million, via the issuance of new ordinary shares to be subscribed with cash and/or by offsetting receivables ("Rights Issue").

COFEPP has agreed to subscribe for its statutory entitlement in proportion to its equity interest in MBWS and to underwrite up to 75% of the Rights Issue, i.e. a total global amount (including issue premium) of €79 million, primarily by offsetting receivables in respect of Bridge 1, Bridge 2 and the Bank Receivables. If the conditions precedent applicable to the Rights Issue are not lifted by 30 June 2020, the Bridges would be repaid no later than 31 March 2022.

The subscription price for the new shares to be issued as part of the Rights Issue would be €1.50 per share.

COFEPP's subscription and underwriting commitments in relation to the Rights Issue are conditional on fulfilment of the customary statutory and regulatory conditions precedent for this type of transaction (i.e. authorisation by the Extraordinary General Meeting, AMF approval of the transaction prospectus, MBWS capital reduction by reducing par value to allow the transaction to take place at the aforementioned price, etc.).

Diana Holding, which holds around 8.8% of MBWS's share capital and voting rights, has agreed to vote in favour of all transactions envisaged under this agreement.

Following the Rights Issue, if COFEPP honours the aforementioned commitments to subscribe for its statutory entitlement and underwrite the Rights Issue for a total amount of €79 million, COFEPP will hold 77.5% of MBWS's share capital and voting rights.

Note 2.8: Distribution agreement with COFEPP for French market

In accordance with the strategic plan commitments, MBWS and COFEPP have agreed to implement commercial and organisational synergies in respect of key regions.

A plan has been launched in France to redeploy the MBWS sales force by pooling part of MBWS's sales operations with third-party distributors.

As such, the sales operations of the out-of-home consumption, supermarket and convenience store network have been assigned to sales structures belonging to the majority shareholder, COFEPP.

Distribution agreements have been signed with BLMHD for out-of-home consumption and Opteam Spirit for supermarkets and convenience stores, effective 1 March 2020.

This sales reorganisation led to the establishment of a job protection plan entailing 47 job cuts at MBWS France.

2.2.7 Material events and amendments to the Articles of Association that have occurred since financial year-end

Agreement to assign all MBWS lending bank receivables to COFEPP

Following the signing of the agreement between MBWS SA and COFEPP on 20 December 2019 (see Note 2.2.6 of this chapter), in mid-January a three-way agreement was signed between MBWS, COFEPP and MBWS's lending banks confirming the assignment of the Bank Receivables to the Company (i.e. the 26 July 2017 loan agreement for a principal amount of €45 million and almost all outstanding overdrafts) to COFEPP, the Company's majority shareholder, which currently holds 50.97% of MBWS's share capital. The assignment of said receivables became effective in January 2020.

Under the same arrangements, COFEPP also granted MBWS a standstill on all assigned Bank Receivables destined for capitalisation as part of the planned capital increase described below.

On 20 May 2020, this standstill was extended until 26 January 2021 to make allowance for the postponement of the planned capital increase following the postponement of the General Meeting called to approved the 2019 financial statements.

Implementation of Bridge 1(a) in the amount of €15 million and Bridge 1(b) in May 2020 pending implementation of Bridge 2 provided for under the 20 December 2019 agreement

ESTABLISHMENT OF ADVANCE 1 IN THE AMOUNT OF €15 MILLION IN JANUARY 2020

Following the signing of an agreement between MBWS SA and COFEPP on 20 December 2019 providing for two conditional cash flow bridge loans, Bridge 1 amounting to €15 million was set up to enable the Group to meet its cash requirements.

Also in accordance with this agreement, to which the subsidiary MBWS France adhered, COFEPP agreed with MBWS France on an initial current account advance for a principal amount of €7.6 million made available in mid-January to cover Q1 2020 cash requirements.

Moreover, in early February COFEPP made the balance of Bridge 1 available to the Group via a second tranche of €7.4 million used to fund operations in Poland.

Bridge 2 has not yet been paid. Bridge 2 is conditional on (i) the public creditors' agreement in principle to a standstill on part of the Group's tax and social security liabilities, (ii) amendment of the Scotch whisky wholesale supply agreement between MBWS and a supplier and (iii) the stabilisation of estimated cash requirements for 2020.

ESTABLISHMENT OF ADVANCE 1(B) IN MAY 2020

As the conditions precedent applicable to Bridge 2 had not yet been lifted and, in particular, fulfilment of the condition to amend the Scotch whisky wholesale supply agreement remained uncertain, COFEPP agreed to amend the 20 December 2019 agreement by agreeing to the establishment of Advance 1(b), limited to a global cap of €10 million, to cover the Group's immediate cash requirements. This agreement provides for the following arrangements:

As the conditions precedent applicable to Bridge 2 had not yet been lifted and, in particular, fulfilment of the condition to amend the Scotch whisky wholesale supply agreement remained uncertain, it was agreed to amend the 20 December 2019 agreement in order to cover the Group's immediate cash requirements by providing for:

(i) a firm undertaking on the part of COFEPP to immediately pay MBWS (no later than 20 May) a €6 million current account advance (bearing compounded interest at an annual rate of EURIBOR 3 month floored at zero + 425 bps); then

(ii) provision, at COFEPP's discretion, of a current account advance capped at €4 million to enable the MBWS Group to meet its cash requirements until 15 July 2020; this second portion of the advance may only be provided subject to COFEPP's consent and proof of the cash requirements in question.

The aforementioned advances shall be capped at a global amount of €10 million and secured, at COFEPP's discretion, via junior pledges of Sobieski trademarks, all shares in Gaïa I and/or the current account receivable between MBWS and MBWS France, coupled with a pledge covering shares in Cognac Gautier and/or Marie Brizard trademarks, in favour of COFEPP.

The amount of Advance 1(b) shall be deducted from Advance 2, amounting to €17 million and not yet paid, as provided for in the 20 December 2019 agreement. The security interests provided for by the 20 December 2019 agreement in respect of Advance 2, in the event that this advance is finally paid, remain unchanged.

Provision of the entire Advance 1(b) amount would cover the Group's estimated cash requirements until 15 June 2020, if solely the €6 million firm portion is provided by COFEPP, and until 15 July 2020 if the entire Advance 1(b) totalling €10 million is made available.

MBWS PLANNED CAPITAL INCREASE

The 20 December 2019 press release stated the terms of a capital increase planned by MBWS, with preferential subscription rights (Rights Issue), at a total maximum amount of €105.3 million (including issue premium), conditional on the payment of Advance 2 among other things.

The amount and subscription price of the planned Rights Issue as set out in the 20 December press release remain unchanged. As mentioned earlier, COFEPP has agreed to subscribe to at least 75% of the amount of the Rights Issue. Advance 1(b) will be fully incorporated into the share capital of MBWS, as will Advance 1 and Advance 2, as part of this Rights Issue. As stated earlier, the completion of this Rights Issue is also subject to approval by the Extraordinary General Meeting of shareholders and to AMF approval of the prospectus.

Following the Rights Issue, if COFEPP honours the aforementioned commitments to subscribe for its statutory entitlement and underwrite the Rights Issue for a total amount of €79 million, including issue premium, COFEPP will hold 77.5% of MBWS's share capital and voting rights.

COVID-19 pandemic

MBWS is closely tracking the progress of the COVID-19 pandemic and has assigned top priority to ensuring the safety and health of its employees and partners. Stringent precautions and hygienic measures have been introduced at all facilities, in line with WHO recommendations and those issued by governments in the countries where the Group operates. As such, MBWS has limited access to its facilities to employees carrying out tasks critical to business continuity that cannot be performed working from home.

The Group is constantly monitoring the situation in order to adapt the measures taken in accordance with developments in the pandemic. None of the Group's principal facilities in France have been impacted to date. The Group has shown proof of flexibility, in particular in order to limit potential supply chain disruption and give priority to orders for products most in demand.

Nevertheless, restrictions imposed to curb the spread of the virus could impact MBWS's business in some markets, particularly in out-of-home consumption networks, to which the Group's exposure is limited however in global terms. Furthermore, since its outset the health crisis has temporarily generated specific sales of wholesale distillate and rectified alcohol by the Central and Eastern European subsidiaries for producing disinfectant; the Group has also donated a small portion of its production to persons in need.

Although it is still too early to assess the impact of COVID-19 on the 2020 financial year, MBWS's capacity for resilience has nonetheless been demonstrated by sales results for Q1 2020 (as published in the 29 April press release) and the month of April, as Group net revenues totalled €85.9 million (down 3% versus 2019 at constant consolidation scope and exchange rates), in line with Group forecasts, partly due to the wholesale business.

To cope with the pandemic (see risk factors in Chapter 2.3.1), the Group has drawn on various assistance schemes provided by governments in France and other countries where the Group operates (short-time working arrangements for some production units and field sales force teams, deferral of social security payments).

The uncertain development and duration of the situation make it impossible at present to assess the impact of the COVID-19 crisis on MBWS's forecasts for 2020.

In view of the circumstances, MBWS is taking the required initiatives to limit the effects of the pandemic on its cash position. The Group remains fully committed to its transformation plan aimed at cutting costs and returning to long-term profitability.

MBWS has made all the required applications for government assistance schemes set up in all European countries to help businesses adapt staff costs to lower levels of business during the crisis, whilst preserving jobs.

2.2.8 Equity investments and controlling interests

As part of the legal restructuring programme launched by the Group, in January 2019 MBWS SA acquired the shares of Spanish subsidiary MBWS España from MBWS France.

In November 2019, MBWS sold Sobieski Trade, a subsidiary jointly held by MBWS SA and MBWS Polska at the time of the sale.

2.2.9 Dividends

The Company has not paid any dividends in respect of the last three financial years.

2.2.10 Five-year financial highlights

Item (in euros except for headcount)	2015	2016	2017	2018	2019
I. Financial position at year-end					
Share capital	53,031,188	56,660,912	56,673,030	56,677,308	89,395,808
Number of shares outstanding	26,515,594	28,330,456	28,336,515	28,338,654	44,697,904
II. Comprehensive income from continuing operations					
Revenues excluding tax	5,496,911	5,946,991	5,645,415	6,560,417	7,457,588
Profit/(loss) before tax, depreciation, amortisation and provisions	(13,937,477)	32,648,333	(15,689,946)	(35,331,352)	11,013,862
Income tax	436,598	2,270,200	(6,789,082)	(127,608)	(5,021)
Profit/(loss) after tax, depreciation, amortisation and provisions	17,494,629	56,165,228	(97,238,164)	(89,701,613)	(29,799,788)
Amount of profit paid out					
III. Earnings per share					
Profit/(loss) after tax and before depreciation, amortisation and provisions	(0.54)	1.07	(0.31)	(1.24)	0.25
Profit/(loss) after tax, depreciation, amortisation and provisions	0.66	1.98	(3.43)	(3.17)	(0.67)
Dividend per share					
IV. Staff					
Headcount	30	44	52	46	34
Payroll expense	3,813,360	4,529,038	5,722,218	7,042,825	5,000,803
AMOUNTS PAID FOR EMPLOYEE BENEFITS (SOCIAL SECURITY, SOCIAL WELFARE ORGANISATIONS, ETC.)	**1,985,777**	**2,651,210**	**3,663,191**	**10,932,512**	**2,376,914**

2.3 RISK FACTORS

To meet the requirements of the new "Prospectus 3" regulation applicable as of 21 July 2019, the presentation of the "Risk Factors" chapter has been reviewed in order to include only risks that are material and specific to the Company. At the date of this Universal Registration Document, the risks set out below are those identified by the Company as liable to have a material impact on its business, image, financial position, earnings and ability to achieve its targets.

The risk-mapping process was carried out by the Internal Audit department. First, the department conducted a survey of risk factors by holding interviews with the main Group managers, followed by a review phase with senior management. At the date of filing the Universal Registration Document, eight risk factors were considered to be specific, material, probable and liable to have an adverse impact on the Group.

These risks were classified into five categories and ranked in order of the extent of the MBWS Group's residual exposure to them. Residual exposure was assessed taking into account the potential impact of the risks for the Group, their likelihood of occurrence and the degree of control exercised by the Group in order to mitigate their impact or likelihood. Exposure is presented on a scale of low, moderate or high.

The table below summarises the risks considered to have a "material and specific" level of exposure.

Category	***Risk***	***Residual exposure****
Economic risks	Risk related to COVID-19 pandemic	High
Business-related risks	Risk of dependence on specific brands	High
Business-related risks	Risk of dependence on specific customers	High
Business-related risks	Risk related to the competition	High
Business-related risks	Risk related to the decline in the wine market in France	Moderate
Financial risks	Liquidity risk	High
Legal and regulatory risks	Risk related to changing regulations affecting the wines and spirits market	Moderate
Strategic risks	Risk related to execution of the strategic plan	High
* Residual exposure includes the impact of action plans.		

Meanwhile, for the purposes of the statement of non-financial performance, the MBWS Group conducted an analysis of risks related to the environmental and social consequences of its business activities. The specific procedures followed to identify and analyse these risks are set out in Section 3.2.7 "Non-financial risks and opportunities" of this Universal Registration Document.

2.3.1 Economic risks

Risk related to the COVID-19 pandemic

DESCRIPTION OF RISK

The COVID-19 pandemic which broke out in China towards the end of 2019 could have a major adverse impact on the MBWS Group's revenues and earnings, depending on its duration in particular. At the date of publication of the 2019 URD, these effects are being felt on all geographical markets in which the Group operates. Marie Brizard Wine & Spirits is closely tracking the progress of the COVID-19 pandemic and has assigned top priority to ensuring the safety and health of its employees and partners and business continuity. None of the Group's principal facilities in France have been impacted to date.

Nevertheless, since mid-March, restrictions imposed to curb the spread of the virus have impacted the Group's business, affecting volumes of sales of our brands, for the following reasons:

- Households are giving precedence to essential needs;
- In some countries, businesses considered as non-essential have been shut down;
- The economy has slowed down.

Following the prolongation of lockdown measures, these effects are expected to last at least throughout Q2 2020.

Although it is still too early to assess the impact of COVID-19 on the 2020 financial year, MBWS's capacity for resilience is nonetheless demonstrated by sales results for Q1 2020 (as published in the 29 April press release) and the month of April.

RISK MANAGEMENT MEASURES

Since the start of the crisis and the introduction of lockdown measures, the Company has been operating in crisis management mode. All Company stakeholders meet three times a week in order to i) draw up a report on business in all Group companies, ii) verify and monitor the application of good practices and, more generally, iii) take all steps required by the situation.

Stringent precautions and hygienic measures have been introduced at all facilities, in line with WHO recommendations and those issued by governments in the countries where the Group operates. As such, MBWS has limited access to its facilities to employees carrying out tasks critical to business continuity that cannot be performed working from home.

To forestall the potential consequences of the COVID-19 crisis, the Company is striving to manage Group cash in its best interests and, accordingly, to ensure that its resources are assigned to priority Group requirements: this is the subject of a weekly review. The Group seeks opportunities for reducing fixed costs and overheads, which are reviewed and adjusted in accordance with measured and expected impacts on business, in addition to measures implemented under the 2019-22 strategic plan currently being rolled out. The Group is also keeping tight control of working capital.

Risk of dependence on specific brands

DESCRIPTION OF RISK

MBWS boasts a large portfolio of brands, including six "core brands":

WILLIAM PEEL, No. 1 Scotch whisky brand in France, the world's largest market for the beverage, with a 23.5% market share in 2019. The brand continued its international expansion and has proved particularly popular in Poland and Lithuania, where it has become the No. 2 Scotch whisky on the domestic market in terms of market share by volume.

MARIE BRIZARD, whose growth over the coming years will be driven by the rejuvenation of the brand's image, current trends in cocktail drinking and recent flavour innovations.

SOBIESKI is a vodka distributed in around 80 countries. In 2019, Sobieski consolidated its No. 2 position on the French vodka market.

KRUPNIK, No. 3 vodka on the Polish market in 2019.

COGNAC GAUTIER continues its growth on priority markets, driven by its growing reputation as recognised by numerous international awards. As such, the brand continued to grow in its top market, Canada, where it is ranked fourth.

FRUITS and WINE kept its leading position with a 30% market share in terms of sales revenue, despite the declining popularity of this type of beverage in France. The brand continued to develop overseas, notably in Bulgaria and Japan.

These six core brands account for 34.4% of 2019 consolidated revenues and around 86% of revenues from Group brands. Brand business is primarily concentrated in France (39.6%), other European countries (53.9%) and the Americas (5.5%).

Our companies' business performance is primarily driven by core brand sales. Underperformance by one of these core brands in any of our markets could have a major impact on Group earnings.

Such underperformance could be exacerbated by the COVID-19 pandemic. This impact is difficult to measure at present and the situation is being constantly monitored by the Company.

RISK MANAGEMENT MEASURES

The Company:

• regularly analyses the appropriateness of the route to market taken by our core brands in each of these key markets. For example, the change in route to market in the United States and Spain has help to retrieve a level of performance that will ultimately limit the Group's dependence on the French market.
• seeks to promote, as far as possible, a commercial strategy of negotiation and execution based on increasing the value margin in a category of products primarily based on a volume approach.
Furthermore, during the second quarter of 2019 the Company:
• conducted a review regarding the development of its brands. In time, this review should enable the Group to deploy some core brands on markets currently underserved or not served at all by the Group.
• organised a brainstorm on innovation and differentiation in order to encourage, over the medium term, the development of new products that conform to the latest trends and consumer expectations.

Risk of dependence on specific customers

DESCRIPTION OF RISK

Depending on the region, the MBWS Group brings its products to market through various channels.
In European markets, the Group primarily enters into agreements with mass retailers.
In France, the mass retail (supermarket) sector accounted for 95% of 2019 revenues. In 2019, our subsidiary Moncigale still generated around 40% of its business with its main customer.
In some key markets, the Group has assigned the distribution of its products to major distribution companies. In 2019, for example, in the United States, Southern Glazer's Wine & Spirits was the top Imperial Brands customer on the domestic US market accounting for 32% of the brand's revenues. The change in route to market in 2020 through the signing of an exclusive distribution agreement for the domestic US market entails 100% dependence on 375 Park Avenue Spirits, a subsidiary of Sazerac Company, Inc., on this market.
In Spain, the change in route to market in May 2020 through the signing of an exclusive distribution agreement for the Spanish domestic and border market entails 100% dependence on Bardinet España, a subsidiary of COFEPP.
Commercial dependence and customer risk could:
• restrict Group companies' bargaining power and, therefore, their room for manoeuvre in fixing prices.
• impact our ability to maintain a satisfactory margin, as the customer could ask for a reduction in sale prices or participation in promotion campaigns.
• expose the Group to major losses if major customers are lost.

RISK MANAGEMENT MEASURES

The Group has set up a specific structure dedicated to its international business. This structure is tasked with monitoring key markets, developing new ones and diversifying distribution channels.
For example, Moncigale has launched a national and international development plan aimed at diversifying its customer base and refocusing its business on its own brands.

Risk related to the competition

DESCRIPTION OF RISK

The markets in which the Group operates are highly competitive and fragmented in terms of price, services, brand awareness and product quality.
Group competitors include large international wine and spirits groups, local producers and distributors and new disruptive market players.
Competitors exert pressure through aggressive price policies, major promotional expenditure and innovations catering for trends on the wines and spirits market.
This competitive pressure may have the following effects:
• Increase in our promotional expenditure;
• Our inability to retain market share;
• Difficulties increasing or maintaining our margins and, therefore, profitability.

RISK MANAGEMENT MEASURES

The MBWS Group:
• seeks to build durable partnerships, either with its majority shareholder or with major commercial partners, in order to create sustainable business relationships.
• closely monitors the market to identify new players and rapidly apprehend new market trends.
Furthermore, as stated earlier, the Group is strengthening its policy of differentiation and innovation.
The MBWS Group has also launched an initiative to optimise costs and sales policy aimed at improving margins and, accordingly, free up sufficient funds to invest in its brands.

Risk related to the decline in the wine market in France

DESCRIPTION OF RISK

The MBWS Group produces and distributes wine in France, Spain and Bulgaria. The French market served by our subsidiary Moncigale is one of the major markets for our wine business. Nevertheless, the last few years have seen a decline in volumes of wine sold in France. According to the International Organisation of Vine and Wine, wine consumption in France fell by over 20% from 2000 to 2017. Changes in household consumption habits coupled with punitive tax policies have contributed to the decline in consumption of wine and flavoured wine-based beverages.

In 2019, Moncigale posted revenues of €72.2 million, 91.5% of which were generated in France. Revenues were down 15% versus 2018. Revenues fell 14.5% on the French market.

A continuing decline in volumes of wine sold could have an adverse impact on our subsidiary's performance and our wine business as a whole.

RISK MANAGEMENT MEASURES

In 2019, our subsidiary Moncigale launched an international development initiative aimed at entering new markets and refocusing on own brands.

Thanks to its innovation policy, the MBWS Group is able to market a revamped offering in new market segments for our wines.

The Group has invested resources to participate in professional associations that defend the interests of the French wine industry.

2.3.2 Financial risks

Liquidity risk

DESCRIPTION OF RISK

Liquidity risk means the risk of being unable to meet operating requirements with financial resources in order to ensure a return to profitability, brand development, capital expenditure and, ultimately, continuity of business.

The Company must have sufficient financial resources at all times to fund its operating requirements. As such, the Company conducted a specific review of its liquidity risk at the date of this Universal Registration Document on the basis of the following information.

At 31 December 2019, Group cash and cash equivalents amounted to €21.8 million, while gross debt amounted to €72.9 million consisting of the senior loan, under which €45 million is drawn, short-term credit facilities and factoring arrangements.

As mentioned earlier, under a three-way agreement signed on 17 January 2020, MBWS's lending banks assigned the Company's entire bank debt and almost all outstanding overdrafts to COFEPP.

Under this agreement, COFEPP also granted MBWS a standstill on all assigned bank receivables destined for capitalisation, subject to certain conditions, as part of a rights issue for a maximum total amount (including issue premium) of €105.3 million, in which COFEPP has agreed to subscribe for its statutory entitlement in proportion to its equity interest in MBWS and to underwrite up to 75% of the issue, i.e. a total global amount (including issue premium) of €79 million.

In accordance with the agreement signed on 20 December 2019, to which MBWS France adhered (the "Initial Agreement"), COFEPP agreed with MBWS and MBWS France on an initial €15 million current account advance, which was paid during the first quarter of 2020 as follows:

(i) €7.6 million paid to MBWS France on 20 January 2020 to bolster cash reserves until mid-March 2020, and

(ii) €7.428 million paid to MBWS on 5 February 2020 to finance the purchase, by a French subsidiary of MBWS, of a 68% equity stake in the Lithuanian company Vilnius Degtine from MBWS Polska, in order to allow MBWS Polska to meet its short-term cash requirements ("Advance 1").

The agreement signed with COFEPP on 20 December 2019 provided for a second current account advance amounting to €17 million (bearing compounded interest at an annual rate of EURIBOR 3 month floored at zero + 425 bps), to be paid to MBWS during first quarter 2020 ("Advance 2"), subject to the following main conditions:

(i) the public creditors' agreement in principle to a standstill on part of the Group's tax and social security liabilities,

(ii) amendment of the Scotch whisky wholesale supply agreement between MBWS and a supplier, and

(iii) the stabilisation of estimated cash requirements for 2020.

As the conditions precedent applicable to Advance 2 had not been lifted at the date of the Universal Registration Document and, in particular, fulfilment of the condition to amend the Scotch whisky wholesale supply agreement remained uncertain, it was agreed to amend the Initial Agreement in order to cover the Group's immediate cash requirements by providing for:

(i) a firm undertaking on the part of COFEPP to immediately pay MBWS (no later than 20 May) a €6 million current account advance (bearing compounded interest at an annual rate of EURIBOR 3 month floored at zero + 425 bps); then

(ii) provision, at COFEPP's discretion, of a current account advance capped at €4 million to enable the MBWS Group to meet its cash requirements until 15 July 2020; this second portion of the advance may only be provided subject to COFEPP's consent and proof of the cash requirements in question.

The advances referred to in paragraphs (i) and (ii) above shall in any event be capped at a global amount of €10 million (together, "Advance 1(b)") and secured, at COFEPP's discretion, via junior pledges of (i) Sobieski trademarks, (ii) all shares in Gaïa I and/or (iii) the current account receivable between MBWS and MBWS France, coupled with a pledge covering shares in Cognac Gautier and/or Marie Brizard trademarks, in favour of COFEPP.
The amount of Advance 1(b) shall be deducted from the amount initially set for Advance 2. The security interests provided for by the Initial Agreement in respect of Advance 2, in the event that this advance is finally paid, remain unchanged (the "Amended Agreement").
Provision of the entire Advance 1(b) amount would cover the Group's estimated cash requirements until 15 June 2020, if solely the €6 million firm portion is provided by COFEPP, and until 15 July 2020 if the entire Advance 1(b) totalling €10 million is made available.
The Group parent company and consolidated financial statements for 2019 have been prepared in accordance with the going concern principle, in view of the known situation as at the reporting date, taking into account the most recent post-balance sheet events as described above and the most recent cash requirement estimates made in light of the changing situation related to the COVID-19 health crisis, based on the assumption that the conditions precedent applicable to Advance 2 amounting to €17 million will be lifted during the coming months, thereby enabling the Group to recapitalise.
If the aforementioned assumptions prove to be mistaken, the Group could find itself unable to realise its assets and settle its debts within the normal course of its operations and the classification of assets and liabilities could be materially impacted.

RISK MANAGEMENT MEASURES

The Company is following the schedule of cash receipts and payments as required in order to conduct its operations.
The Company is constantly working on optimising its credit coverage and the financing of its business operations.
The Company has adopted a policy of controlling operating expenditure incurred, including tighter management of working capital.
Within the framework of its 2019-2022 strategic plan, the Company has rolled out a cost-cutting plan, as well as a review of capital expenditure in order to retain only essential expenditure.

2.3.3 Legal and regulatory risks

Risk related to changing regulations affecting the wines and spirits market

DESCRIPTION OF RISK

The Group generates sales in four key development regions with a stronger presence in certain countries. The four key development regions are:
• Western Europe, Middle East and Africa
• Central and Eastern Europe
• The Americas
• Asia Pacific
In each of these regions, the production and sale of wines and spirits are governed by complex, restrictive regulations issued by a number of national and international authorities and organisations.
The regulations applicable to wines and spirits market operators are becoming increasingly stringent.
Potential changes in the regulations could:
• restrict our promotional operations
• increase production costs
• limit our ability to market our products
• increase taxes and duties on certain products
Accordingly, changes in regulations have or could have an impact on product sales volumes, on product margins and, as a result, on the Group's consolidated earnings and outlook.

RISK MANAGEMENT MEASURES

Assisted by law firms or independent advisers, the regional managers survey changes in regulations affecting the MBWS Group.
In addition, the R&D department specifically monitors regulations in European countries, thereby providing regional operations managers with a full overview and regular updates on changes in regulations affecting Group products.
The Company has set up a marketing team focused on innovation in order to anticipate the main consumer trends and facilitate the development of new products in line with regulatory changes.

2.3.4 Strategic risks

Risk related to execution of the strategic plan

DESCRIPTION OF RISK

A strategic plan for the 2019-2022 period was drawn up at the beginning of 2019. The Group is launching a transformation drive based on six strategic priorities:

- Focus turnaround initiatives and investments on value-creating assets
- Redefine the Group's international footprint
- Develop value-creating partnerships
- Streamline the operational model and reduce the cost base
- Strengthen synergies and the partnership with COFEPP
- Foster employee commitment and acquire appropriate decision-making and control tools

Achievement of the plan depends not only on these strategic priorities, but also on economic conditions on wines and spirits markets. Failure to achieve these priorities or the occurrence of unforeseen events could thwart the achievement of plan goals, including the goal to achieve a sustainable return to profitable growth over the medium term, and have an adverse impact on the Group's business, earnings and profitability.

RISK MANAGEMENT MEASURES

As part of the process of monitoring the strategic plan, the Board of Directors holds a periodic review in order to identify any deviations from plan milestones.

The Company has also set up an extended Executive Committee attended by the regional directors. The meetings are an opportunity to share progress with action plans and identify any deviations.

Despite these measures, exceptional circumstances such as the COVID-19 crisis may disrupt the original schedule drawn up for achievement of the strategic plan.

2.3.5 Insurance and risk coverage

In 2015 the Group introduced a centralised management process for its insurance policies. The main policies signed at Group level for all subsidiaries primarily cover:

- direct damage to property: this cover includes movable and immovable property, such as buildings, machinery and equipment;
- operating and related losses;
- civil liability including contamination: these schemes are tailored to local conditions and provide comprehensive cover (barring exclusions) for any material and non-material damage caused to third parties. In the United States, an "umbrella" policy for the commercial activities relating to the sale of alcohol and other requirements specific to this country has been taken out.

Any local insurance policies are supplemented by the Group's insurance policies.

2.4 INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

In July 2010, the French Financial Markets Authority (AMF) published a document entitled "Risk management and internal control procedures: frame of reference" in July 2010.

In May 2016, the AMF published a document entitled "Guide to periodic reporting by companies listed on a regulated market".

The Company refers to both documents with regard to its internal control system.

Definition of internal control

The internal control system consists of a set of resources, behaviours, procedures and actions implemented by the Company's senior management to enable the Company and its subsidiaries to improve their control over their business activities, increase the efficiency of their operations and optimise their use of resources. The internal control system is not limited to a set of procedures or accounting and financial processes.

The primary aim of the system is to ensure:

- the application of the instructions and guidelines determined by senior management;
- the proper operation of the Company and its subsidiaries' internal processes, including those aimed at protecting its assets;
- compliance with laws and regulations;
- the reliability of financial and accounting information.

In addition to issues directly related to the accounting system, the internal control system includes:

- the general internal control environment, i.e. all the behaviours, levels of awareness and actions taken by management (including the corporate governance process) concerning the internal control system and its importance within the entity;
- control procedures, which refer to the policies and procedures determined by management in order to achieve the entity's specific targets.

The internal control system is placed under the guidance of senior management.

This system is in keeping with an approach aimed at identifying, assessing and managing the risks likely to affect the achievement of the Group's targets, including targets of a strategic, operating, financial or reputation al nature or those relating to compliance with laws and regulations.
Our internal control system applies across a wide scope, which includes the controlled companies and subsidiaries where the business activities are likely to pose risks. The priority measures aimed at strengthening the internal control system in 2019 were as follows:
• Enhancing senior management awareness of specific risks;
• Monitoring action plans launched in prior years;
• Ad hoc audits performed under the audit plan drawn up at the end of 2018.
Like any system, no matter how well designed and implemented our internal control system is, it cannot provide an absolute guarantee regarding the achievement of the Group's targets and does not amount to an absolute guarantee that the risks to which the Group is exposed will be fully eliminated.

Redefinition of the organisational structure of the Company and its subsidiaries

The Group's business activities break down between the production and marketing of wine and spirits. The Group has chosen an organisational structure based on four "clusters", in order to promote efficiency in its business activities, team responsiveness, the exchange of best practices and cross-divisional control over its operations.

Internal control environment

The members of the Executive Committee and the Managing Directors of our subsidiaries are responsible for implementing internal control procedures in the context of operations.
Relevant information is circulated and disclosed to all Group employees via three main channels:
• **Strengthening vertical communication** (top-down) by increasing the frequency and expanding the scope of the Internal Newsletter emails circulated to employees, coupled with stepping up information updates on company performance (by conference call and/or in situ, in the various production facilities).
• **Developing horizontal communication** via the implementation of "Workplace" in September 2017. This corporate social media platform enables employees to follow news concerning the Group and their specific area of activity in a more informal manner, besides, most importantly, encouraging them to get personally involved in internal communications by posting information for their colleagues. "Workplace" allows each employee to showcase their own achievements, results and initiatives. Four months after the launch of "Workplace", around a third of eligible employees (holders of a business email address) had activated their account, while around 50% were active at least once a week.
• **Encouraging employees to speak their minds**, by fostering a Group-wide culture of dialogue and sharing.

IT system organisation and security

Arrangements are made on a local basis to ensure continuous processing of accounting data. Accordingly, some hardware is duplicated in order to provide automatic back-up in the event of an unforeseen hardware failure.
For data storage and protection purposes, accounting and financial information is protected via the granting of access rights to specific named individuals via passwords. All data is backed up on a daily basis and a second back-up copy is stored in a secure location.

Risk management

The Group's organisational structure enables it to manage the risks and opportunities relating to its business activities. This responsibility is conveyed at every level within the Company and its subsidiaries. All employees have an influence on the internal control system, apply the processes within the scope of their remit and contribute to the risk management system. Accordingly, in 2017 the Company introduced a succession plan to ensure continuity in all Group functions.
The main participants involved in the process of identifying, assessing and managing risks and opportunities are senior management, the Board of Directors, the Finance Division, the various committees and Internal Audit.
These participants draw on their experience in order to anticipate risks and opportunities relating to trends in the wine and spirits sector. Risks are managed at the appropriate organisational level. They are set out in section 2.3 Risk Factors in the 2019 Financial Report.

Main participants involved in managing the internal control system

SENIOR MANAGEMENT AND THE EXECUTIVE COMMITTEE

The Executive Committee draws up the main principles of the internal control and risk management system, determines the roles and responsibilities of the main stakeholders, coordinates the implementation of those principles and ensures their effective application. The Company's senior management team provides its expertise and assistance to the various subsidiaries, while taking specific local features into account.
The Executive Committee is also responsible for monitoring key initiatives, including:
• Ongoing optimisation of working capital;

• Implementing a consistent and proactive sales policy based on category management;
• Reviewing the market positioning of the Group's brands;
• Generating significant synergies aimed at maximising efficiency and operating responsiveness while reducing the cost structure. Implementing industrial best practices and pooling the Group's purchases will be the first drivers for this area of improvement;
• Pooling know-how and expertise.

THE BOARD OF DIRECTORS

The Company's Board of Directors is a collegiate body responsible for assisting senior management, helping to set the Group's strategic guidelines and ensuring their implementation and the proper operation of the Company and its subsidiaries.
The Board of Directors has introduced:
• internal rules of procedure that were adopted on 25 April 2008 and amended and approved on 17 December 2013, 10 October 2014, 29 June 2015, 29 November 2016 and 28 February 2019.
• special committees: Audit Committee, Appointments and Remuneration Committee, Strategic and Commercial Committee.
The Board of Directors is familiar with the essential features of the internal control and risk management system selected and implemented by senior management and ensures that the major risks incurred by the Group are identified. In this regard, senior management keeps the Board informed of the development of the Group's main risks and of the related action plans.
Regarding the process for preparing the accounting and financial information, the Board checks that the guidance and control process applied is able to guarantee the reliability of the accounting and financial information.

THE AUDIT COMMITTEE

The Audit Committee ensures the existence and application of internal control procedures with regard to accounting and finance operations and other corporate functions.
It keeps itself informed of the major risks identified, their assessment and their development over time.

INTERNAL AUDIT

Internal Audit, which was set up in December 2013, at the initiative of the Audit Committee and Board of Directors as part of the Legal Division, is involved with all Group companies. Its role is threefold:
• Coordinate the roll-out and implementation of the internal control system based on the guidelines issued by senior management;
• Provide methodological support to the subsidiaries in terms of internal control and specific financial and technical risks;
• Conduct its own assignments in addition to those performed by external auditors.
Internal Audit assignments are planned in agreement with senior management and the Audit Committee. The assignments are determined in accordance with the risks identified by the governance bodies or by the Statutory Auditors.
The priority issues addressed by Internal Audit during the 2019 financial year were as follows:
monitoring established Group policies;
reviewing specific reports (including reports on commitments and litigation);
performing specific audits at the request of senior management;
identifying business risk;
ensuring compliance with new regulations on risk management;
monitoring action plans aimed at strengthening the internal control process within the Group;
The conclusions of the audit assignments are fed back to the management team of the company concerned. A summary of those conclusions, together with the action plan to which the local company's management team has committed, are then presented to senior management. The results of all Internal Audit assignments are shared with the Statutory Auditors. Conversely, the comments made by external auditors as part of their checks are taken into consideration by Internal Audit.
Internal Audit plays an active role in monitoring the internal control system via operating and compliance audits. It ensures compliance both with local laws and regulations and with the Group's principles and standards.

THE FINANCE DIVISION

The main role of the Finance Division is to assist and monitor the operating divisions where their financial activities are concerned. The division determines the consolidation and management rules and defines procedures and best practices in areas such as management, accounting and consolidation, financing and cash management, tax, financial communications and information systems.
The Finance Division supervises the accounts department and contributes to the preparation of the annual positions and financial statements.

THE STATUTORY AUDITORS

Without getting involved in the management of internal control, through their various audits the Statutory Auditors carry out the procedures specific to their professional duties, in respect of both parent company and consolidated financial statements.

2019 internal control and risk management projects

A) CODE OF ETHICS AND CONDUCT

Internal Audit contributed to the revision of the MBWS Group Code of Ethics and Conduct in cooperation with the Group Legal Division.

This code defines the conduct expected of MBWS within the scope of its business relations.

The code provides guidelines covering potentially complex situations and helps employees to deal with issues they may encounter within and outside the Group.

B) ENHANCING COMPANIES' AWARENESS OF SPECIFIC RISKS

As part of its drive to continuously improve the internal control system, Internal Audit fosters awareness of specific risks among the Managing Directors throughout the year.

C) MONITORING OF SPECIAL ACTION PLANS IN POLAND

In order to eliminate loopholes in the processes of committing to and controlling promotional expenditure, Internal Audit monitored:

the reorganisation of the sales team

the bolstering of finance teams

changes in the process of approving promotional expenditure

the introduction of new performance indicators

D) RISK-MAPPING PROCEDURE

In late 2019, Internal Audit launched a risk-mapping procedure aimed at identifying and drawing up a hierarchy of risk factors liable to prevent the Group from achieving its targets.

First, the department conducted a survey of risk factors by holding interviews with the main Group managers, followed by a review phase with senior management. Action plans were drawn up to cover the most significant risks.

Material risks are presented in Section 2.3 of this chapter, where they are classified as follows:

Economic risks

Business-related risks

Financial risks

Legal and regulatory risks

Strategic risks

Meanwhile, for the purposes of the statement of non-financial performance, the MBWS Group conducted an analysis of risks related to the environmental and social consequences of its business activities. The specific procedures followed to identify and analyse these risks are set out in Section 3.2.7 “Non-financial risks and opportunities” of this Universal Registration Document.

Furthermore, measures launched since 2016 were continued in 2019.

A) ENHANCING SUBSIDIARY MANAGERS’ AWARENESS OF INTERNAL CONTROL

Throughout 2019, the Company’s senior management continued efforts to raise awareness among the subsidiaries’ management teams regarding the importance of the internal control process (increasing manager accountability, awareness meetings between Internal Audit and Managing Directors).

B) INTRODUCTION OF BUSINESS REPORTS AND SCORECARDS

The Finance Division continued its task of centralising the following reports in 2019:

scorecard tracking legal risks at each entity;

scorecard tracking contractual and off-balance-sheet commitments made at each entity;

listing of delegations of authority;

listing of bank powers.

These reports are reviewed by senior management, Internal Audit and the Statutory Auditors.

Preparation and processing of the accounting and financial information

The process for preparing the accounting and financial information is overseen and consolidated by the Group Finance Division.

The preparation and processing of the accounting and financial information is tailored to the organisational structure of the Group and its subsidiaries.

Each subsidiary is responsible for forwarding monthly financial and operating performance indicators to the Company. This data is reviewed at meetings attended by local management and the Group Executive Committee.

A) FINANCIAL STATEMENTS DATA INPUT PROCESSES

All the processes that take place prior to the production of the financial statements are subject to specific procedures and rules concerning approval, authorisation and recognition.

B) YEAR-END ACCOUNTING AND PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The year-end accounting processes are subject to specific instructions setting out detailed timetables, exchange rates to be applied, consolidation scopes and any particular points to follow. These instructions are sent to all the companies in order to ensure compliance with deadlines, guaranteed application of identical account closing parameters and harmonised data reporting.

Procedures for approving the various stages of the consolidation process have also been introduced. The main aim of these procedures is to approve the following points:

The proper application of accounting standards and principles;

The accurate restating of specific corporate data;

The identification, reconciliation and elimination of intercompany transactions;

Correct calculation of deferred tax;

The proper assessment and explanation of the change in net positions, from both a company and consolidated standpoint.

The Group subsidiaries draw up statements on a monthly basis. The statements are designed to identify and anticipate exceptional and non-recurring transactions. Accordingly, the subsidiaries may ask for support from the Group Finance Division when dealing with exceptional or complex transactions.

The aim of this process is to facilitate the annual (and half-yearly) closing process for the consolidated financial statements.

C) MANAGEMENT REPORTING AND FINANCIAL CONTROLLING

The reporting process is a key factor in the Group’s internal management and control system.

Group senior management draws on the various business reports provided by the Finance Division in order to manage its operating activities. The main business reports cover the following topics:

13-week cash forecasts; and

monthly operating performance scorecards.

The introduction of scorecards has standardised the reporting of information considered as key by the Group’s subsidiaries.

Group review processes have been strengthened. Both operating and financial performance are reviewed at monthly meetings attended by Company and subsidiary senior management teams.

These meetings rely on the various scorecards and dashboards introduced.

D) DATA CONSOLIDATION PROCESS

The Company's Finance Division oversees the accounting process and takes part in drawing up the annual and interim accounting positions and statements. The consolidated financial statements are produced on a half-yearly and annual basis.

Every six months, the Group's Consolidation Department issues instructions setting down a timetable of tasks and recalling the procedures for preparing the consolidation returns for the attention of each subsidiary's accounting department or shared accounting service centre.

In order to prepare the consolidated financial statements, the Company gathers the accounting information from all consolidated companies and processes it using specific consolidation software.

All Group subsidiaries are included in this consolidation system, which enables decentralised entry of consolidation returns.

The consolidation process is published and, accordingly, is approved by the Statutory Auditors every six months. Based on their various tests, the Statutory Auditors carry out the procedures required by their professional duties, in respect of both the Company and Group consolidated financial statements.

2.5 SHAREHOLDER STRUCTURE AND TRANSACTIONS IN SECURITIES

2.5.1 Shareholder structure

To the Company's knowledge and on the basis of documents received by the Company, as at 5 February 2020 no shareholder other than those listed below held more than 5% of the Company's share capital or voting rights.

Shareholder structure as at 5 February 2020

Shareholders	Number of shares	% of share capital held	Number of theoretical voting rights	% of voting rights held
COFEPP	22,779,967	50.96%	22,779,967	50.77%
Diana Holding	3,940,000	8.81%	3,940,000	8.78%
BDL Capital Management	2,886,968	6.46%	2,886,968	6.43%
Other	15,091,519	33.77%	15,257,693	34.01%
TOTAL	**44,698,454**	**100%**	**44,864,628**	**100%**

Different voting rights

We would remind you that Article 27 of the Articles of Association establishes a double voting right under certain conditions: "Any holder of fully-paid up shares, who can prove registration in their name for at least the previous four (4) years, shall enjoy double voting rights as provided for by law. Furthermore, in the event of a capital increase via the capitalisation of reserves, profits or additional paid-in capital, double voting rights will be granted to the new bonus registered shares allotted to a shareholder, where they are entitled to this right, as soon as they are issued.
Any share converted into a bearer share or where the ownership is transferred shall forfeit the double voting right."

On 1 July 2016, pursuant to the twentieth resolution of the General Meeting of 21 June 2016, the Board of Directors resolved to create a class of convertible preference shares that may be converted into ordinary shares subject to performance criteria. These preference shares are deprived of voting rights for resolutions taken during ordinary or extraordinary general meetings, although they carry a voting right at separate meetings of preference shareholders in accordance with Article 27 of the Articles of Association.
Therefore, as of the 2017 General Meeting, the Company's share capital consists of two classes of share, namely ordinary shares and preference shares.
On 1 August 2019, the Board of Directors noted that, following the conversion of 4,732 preference shares into ordinary shares, there were no longer any preference shares outstanding.

2.5.2 Potential share capital

In early 2016, the Company decided to offer the holders of (i) share warrants issued in 2004, (ii) share warrants issued in 2006, (iii) share warrants issued to the Shareholders 1, (iv) share warrants issued to the Shareholders 2 and (v) share warrants issued to Subordinated Bondholders the option to exchange their warrants for 2016 warrants on an irrevocable basis, as follows:
14 2004 warrants in exchange for 15 2016 warrants;
1 2006 warrants in exchange for 1 2016 warrants;
22 Shareholder 1 warrants in exchange for 1 2016 warrant;
8 Shareholder 2 warrants in exchange for 3 2016 warrants; and
42 SB warrants in exchange for 1 2016 warrant.
On 2 February 2016, the Chief Executive Officer, acting on the authority delegated to him, and having noted the announcement of the result of the public offer published by the AMF on 2 February 2016, decided to issue 2,628,381 2016 warrants, which may give rise to the issuance of a maximum of 2,628,381 shares in the Company.
The following warrants were contributed to the exchange offer:
547,078 2004 warrants in exchange for 586,155 2016 warrants;
43,132 2006 warrants in exchange for 43,132 2016 warrants;
2,035,264 Shareholder 1 warrants in exchange for 92,512 2016 warrants;
1,751,880 Shareholder 2 warrants in exchange for 656,955 2016 warrants; and
52,484,334 SB warrants in exchange for 1,249,627 2016 warrants.
In a press release dated 5 April 2016, Marie Brizard Wine & Spirits announced that on 31 March 2016, 1,659,938 2016 warrants had been exercised, thereby giving rise to the issuance of the same number of new shares and 2023 warrants. 142,278 2016

warrants were exercised between 31 March 2016 and 4 April 2016, giving rise to the issuance of an equivalent number of new shares.

The historical BSA Actionnaires shareholder warrants (1) expired on 23 April 2016, while the subordinated bondholder warrants, as well as the 2016 warrants, expired on 31 December 2016.

After the Group and COFEPP reached a firm agreement on 21 December 2018, at the MBWS Annual General Meeting held on 31 January 2019 the shareholders approved by an 89% majority a capital increase, with waiver of preferential subscription rights, which raised €37.7 million for MBWS (including €32.2 million by offset against the €7.7 million current account advance granted on 29 May 2018 and the bond bridge loan issued in February 2019 for a principal amount of €25 million) in exchange for 9.4 million newly issued ordinary shares in the Company.

Following settlement-delivery of the Reserved Capital Increase and the publication of the main terms of the strategic plan, MBWS granted the following share warrants to all of its shareholders, allotting one warrant per existing ordinary share:

(i) share warrants exercisable during one month (the "Short-Term Warrants") entitling holders to subscribe to new MBWS ordinary shares;

(ii) share warrants exercisable during 42 months (the "Long-Term Warrants") entitling holders to subscribe to new MBWS ordinary shares.

Under the Short-Term Warrant programme expiring on 29 April 2019, warrants for a total value of €20.7 million were exercised.

Under the Long-Term Warrant programme, between 1 April 2019 and 2 December 2019, 37,743 Long-Term Warrants were exercised, resulting in the issuance of 16,410 shares for a total amount of €49,230 (€32,820 par value plus €16,410 issue premium).

The situation regarding potential share capital is set out in the table below.

Information relating to potential share capital

	31/12/2018	**31/12/2019**	**05/02/2020**
Number of shares comprising the share capital	**28,338,654**	**44,697,904**	**44,698,454**
Potential number of shares arising from the share warrants issued in 2004	0	0	0
Potential number of shares arising from the share warrants issued in 2006	0	0	0
Potential number of shares arising from the share warrants issued to the historical shareholders (1 and 2)	0	0	0
Potential number of shares arising from 2015 bonus share allotments	8,600	0	0
Potential number of shares arising from 2015 stock options	73,000	73,000	73,000
Potential number of shares arising from the share warrants issued following the exercise of the 2016 warrants (2023 warrants)	1,659,772	1,659,772	1,659,772
Potential number of shares arising from 2016 bonus share allotments	4,330	0	0
Potential number of shares arising from 2016 bonus preference share allotments	473,200	0	0
Potential number of shares arising from the Long-Term Warrants		16,401,987	16,401,987[(1)]
Potential number of shares	**30,557,556**	62,832,663	**62,833,213**
Total dilution	**7.83%**	**40.57%**	**40.57%**

(1) 850 shares already issued through the exercise of Long-Term Warrants but not yet recognised by the Board of Directors as at the date of this report

Information on the share warrants

	Conversion ratio	**Subscription price per share**	**Exercise price per warrant**	**Final exercise date**	**Settlement method**
Share warrants issued following the exercise of the 2016 warrants (2023 warrants)	1.00	25.00	25.00	31/12/2023	Cash
Long-Term Warrants	2.3	0	3.00	29/09/2022	Cash

2.5.3 Employee shareholding

The Company is not aware of any significant employee shareholding in Marie Brizard Wine & Spirits.

As a reminder, bonus shares, stock options and performance shares have been allotted to specific Group employees and managers for incentive purposes.

The terms of these allotments are as follows:

Allotment of bonus shares on 12 March 2015

The Board of Directors decided to allot 20 bonus shares to every employee of Marie Brizard Wine & Spirits and its French subsidiaries, i.e. a total of 9,380 bonus shares.

These bonus shares vested at the end of a two-year period following their allotment, on the sole condition that the employee was still working at the Company at the end of that period, and with no specific performance criteria. The shares are non-transferable for a period of five years beginning at the end of the aforementioned vesting period.

Allotment of options on 12 March 2015, subject to performance criteria

480,000 stock options were allotted to 26 managers of the Marie Brizard Wine & Spirits Group. Each option gives the beneficiary the right to subscribe for or purchase one share in Marie Brizard Wine & Spirits at an exercise price of €10.64 per share, calculated on the basis of the average opening price for the Marie Brizard Wine & Spirits share over the last 20 trading sessions prior to the date of the Board of Directors meeting.

Allotment of bonus shares on 1 July 2016

The Board of Directors decided to allot 10 bonus shares to every employee of Marie Brizard Wine & Spirits and its French subsidiaries, i.e. a total of 4,690 bonus shares.

These bonus shares vested at the end of a one-year period following their allotment, on the sole condition that the employee was still working at the Company at the end of that period, and with no specific performance criteria. The shares are non-transferable for a period of five years beginning at the end of the aforementioned vesting period.

Allotment of preference shares on 1 July 2016

4,852 preference shares (which may be converted into a maximum of 485,200 ordinary shares) were allotted to 27 Group managers, subject to the fulfilment of performance criteria or in the event of a change of control. As at 31 December 2019, there were no longer any preference shares outstanding, as they either lapsed or were converted into ordinary shares in 2019.

2.5.4 Share buyback programme

Pursuant to Articles L. 225-209 and L. 225-211 of the French Commercial Code, it is specified that the Company performed the following transactions during the 2019 financial year:

- 150,893 shares were purchased at an average price of €2.018 under the liquidity agreement;
- 155,695 shares were sold at an average price of €2.038 under the liquidity agreement;
- No transactions were carried out under the share buyback programme.

At 31 December 2019, the Company held 113,400 treasury shares representing 0.25% of the share capital, including:

- 73,234 shares assigned to the liquidity agreement at that date; and
- 40,166 shares assigned to stock option and bonus share plans.

Each share has a par value of €2.00.

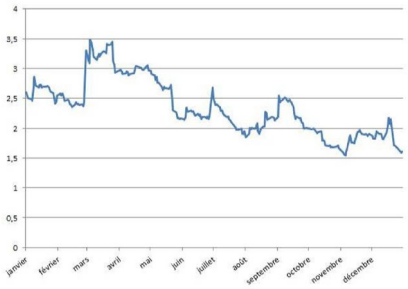
The value of all treasury shares held at 31 December 2019 was estimated at €181,666.80 on the basis of the closing share price.

2.5.5 Share price movements

The stock market data for the Marie Brizard Wine & Spirits share for the 2019 financial year is as follows:

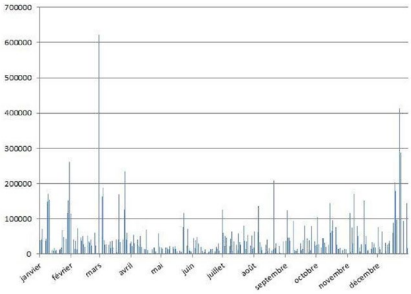
- Opening price on 2 January 2019: €2.61 - Number of shares as at 1 January 2019: 28,338,654;
- Closing price on 31 December 2019: €1.61 - Number of shares as at 31 December 2019: 44,697,904;
- Share price high: €3.65 on 1 March 2019;
- Share price low: €1.48 on 4 November 2019.

Evolution of Marie Brizard Wine & Spirits share during 2019



Marie Brizard Wine & Spirits share trading volumes in 2019

(Horizontal axis: Jan-Feb-March-April-May-June-July-Aug-Sept-Oct-Nov-Dec)



2.6 SPECIAL REPORT PREPARED BY THE BOARD OF DIRECTORS ON STOCK OPTIONS ALLOTTED OR EXERCISED DURING THE FINANCIAL YEAR

Stock options exercised or allocated in 2019 - Corporate officers

No stock options were exercised or allocated in 2019.

Stock options exercised or allotted in 2019 – Top 10 employees

No stock options were exercised or allocated in 2019.

Stock options exercised or allotted in 2019 – Other beneficiaries

No stock options were exercised or allocated in 2019.

3

STATEMENT OF NON-FINANCIAL PERFORMANCE

Article 225 of the Law of 12 July 2010, known as the Grenelle 2 Law, introduces provisions governing the publication and verification of information on Corporate Social Responsibility.
The law was supplemented by three implementing decrees which have been incorporated into the French Commercial Code:
• the Decree of 24 April 2012, which sets out the application thresholds for the law and lists the information to be provided;
• the Order of 13 May 2013, which specifies the procedures whereby the independent third-party body carries out its verification assignment;
• the Decree of 19 August 2016, which amends specific information regarding the circular economy, prevention of food waste and climate change.

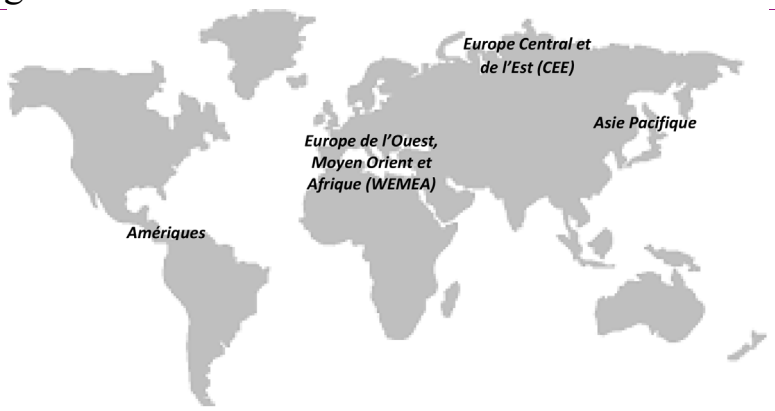
In 2017 and 2018 this law was supplemented by:
• the transposition in France of European Directive 2014/95/EU of 22 October 2014 on the non-financial statement (Ord. • 2017-1180 of 19 July 2017, OJ 21/07; Decree 2017-1265 of 9 August 2017, OJ 11/08);
• Law 2018-771 of 5 September 2018 on the freedom to choose one's professional future, art. 84; Law 2018-938 of 30 October 2018 on the balance of trade relations in the agricultural and food sectors and food that is healthy, sustainable and available to all, art. 55; Law 2018-898 of 23 October 2018, art. 20 on combating tax evasion.

3.1 MARIE BRIZARD WINE & SPIRITS: OUR BUSINESS

The Marie Brizard Wine & Spirits Group is a global player in the wine and spirits market primarily operating in Europe and the United States, where it has extensive local operations. The Group markets an extensive portfolio of wine and spirits brands, including William Peel, Sobieski, Krupnik, Marie Brizard, Fruits and Wine, and Cognac Gautier. The Group also sells major local brands on each market.

The Marie Brizard Wine & Spirits Group is sensitive to its constantly changing markets, to global diversity, to the specific nature of each region, depending on its own rules and customs, and to the rapid change in the worldwide political and economic environment.
The Marie Brizard Wine & Spirits Group's employees contribute to the international expansion of its businesses while respecting the culture, customs and history of each country, as well as national, regional and international laws and regulations.

3.1.1 Our 4 regional clusters



Key: Americas – Western Europe, Middle East & Africa (WEMEA) – Central & Eastern Europe (CEE) – Asia Pacific

3.1.2 Our key figures

The Group posted revenues net of excise duties totalling €275 million for the 2019 financial year. These revenues were distributed among the Group's various stakeholders: to a large extent for purchases from our suppliers, followed by salaries and other payroll expenses, national and local taxes and other levies, as well as other stakeholders such as financing partners.

275 M€
Chiffre d'affaires net de droits Groupe 2019

1265
Collaborateurs Groupe au 31 décembre 2019

56 M€
Salaires et charges Groupe 2019

179 M€
Achats Groupe 2019

€275m
2019 Group revenues excluding excise duties
1,265
Group headcount at 31 December 2019
€56m
2019 Group salaries and payroll expenses
€179m
2019 Group purchases

3.1.3 Our business

Three main types of company can be identified within the Group:
Production companies, whose role consists in producing the Group's wines and spirits.
These companies mainly carry out the following processes:
- Ageing and blending of wines;
- Alcohol distillation and rectification;
- Bottling;
- Packaging.

Distribution companies, whose role consists in marketing and promoting the Group's products within each cluster.

Group holding company: Marie Brizard Wine & Spirits SA. The purpose of the holding company is to provide operational support to its subsidiaries and to ensure the implementation of the strategic plan.
The sub-group comprising Marie Brizard Wine & Spirits France and its subsidiaries focuses on the production and marketing of products primarily under the following brands: William Peel, Marie Brizard, Fruits and Wine, Moncigale and Gautier.
In Poland, the Group produces and markets mainly Krupnik and Sobieski vodkas.

3.1.4 Our brands

Buoyed by powerful brands with strong cross-regional roots, the Marie Brizard Wine & Spirits Group is positioning itself as the main challenger on the wine and spirits market; the Group's ambitious development is based on six core brands:

- Sobieski, the No. 2 vodka in France, made in Poland;
- Krupnik, the No. 3 vodka in Poland and the No. 3 Polish vodka worldwide;
- William Peel, the No. 1 Scotch whisky in France and No. 6 worldwide;
- Marie Brizard, a brand of recognised expertise since 1755, on the liqueur market;
- Fruits and Wine, No. 1 on the French flavoured wine-based beverages market;
- Cognac Gautier, recognised 9 times as the "World's Best Cognac" since 2000.

3.1.5 Our markets

Marie Brizard Wine & Spirits enjoys a unique positioning and has a portfolio of brands tailored to current consumer trends, i.e. cocktails, female consumption, value for money, sophisticated flavours, etc. Its customers are comprised of mass retailers, wholesalers for the out-of-home markets and independent stores and wine merchants.

Buoyed by these advantages, Marie Brizard Wine & Spirits aims to strengthen its multi-region strategy and offer its customers trusted and flavoursome brands.

3.2 OUR STRATEGY

We aim to become a global player in the "mainstream" wine and spirits sector. The Marie Brizard Wine & Spirits Group seeks to promote sustainable development and respect for the individual.

3.2.1 Our mission statement

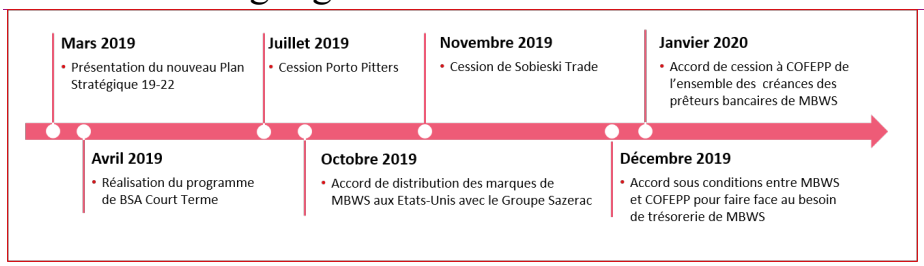
We offer our customers and consumers trusted brands that are bold and full of flavours and experiences.

3.2.2 Our governance

The Board of Directors is chaired by Georges Graux and is composed of 12 directors, including representatives of COFEPP and Diana Holding and two independent members.

Andrew Highcock has been Group Chief Executive Officer since October 2018. During 2018 the Board of Directors reviewed the possibility of finding a partner capable of providing the funds required for the Group's development and supporting the implementation of the strategy announced by the Chief Executive Officer on 25 March 2019 (see Section 3.2.4.: "Future prospects and 2019-2022 action plan"). Following discussions held over the final weeks of 2018, the Group signed a firm agreement with COFEPP (Compagnie Financière Européenne de Prises de Participation) on 21 December 2018. This agreement was approved by the shareholders at the Ordinary and Extraordinary General Meeting of Marie Brizard Wine & Spirits held on 31 January 2019, and was authorised by the AMF. On 28 February 2019 the French Competition Authority also delivered a favourable verdict on this partnership, conditional however on the sale of our Pitters brand (the impact on the Company is not material given that the brand accounted for just 0.4% of 2018 revenues) and the Tiscaz Tequila brand held by COFEPP. COFEPP confirmed the Group's capital increase and as of 31 December 2019 held 50.97% of the share capital of MBWS.

3.2.3 Recent highlights



March 2019: Presentation of new 19-22 Strategic Plan
April 2019: Execution of Short-Term Warrant programme
July 2019: Sale of Porto Pitters
October 2019: Agreement with Sazerac Group on distribution of MBWS brands in the USA
November 2019: Sale of Sobieski Trade
December 2019: Conditional agreement between MBWS and COFEPP to cover MBWS cash requirements
January 2020: Agreement on assignment of all MBWS lending bank receivables to COFEPP

3.2.4 Future prospects and 2019-2022 action plan

On 25 March 2019, Marie Brizard Wine & Spirits CEO Andrew Highcock presented the Group 2019-2022 strategic plan aimed at "laying the foundations today for a sustainable return to profitable growth within the medium term".
This transformation will take place in two phases.

• In the short term (2019-2020), the Group will approve strategic decisions on the basis of their contribution to improving profitability in order to gradually return to positive EBITDA.

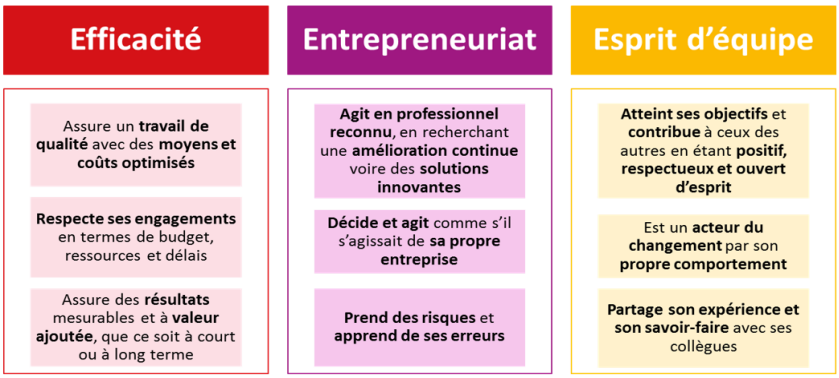
• In the medium term (2021-2022), MBWS will pave the way for future growth by reinvesting the cash flows generated.

This strategic plan is designed to redefine the Marie Brizard Wine & Spirits business model through a pragmatic approach to its geographical and industrial footprint and organisational structure. The strategic review carried out revealed the need to return to basics in order to build a sustainable Group capable of returning to profitable growth upon completion of the plan.
Commenting on the three-year plan, Andrew Highcock said:

"Rather than volume, we are prioritising the value, profitability and cash flow generation that our strategic decisions should produce. The partnership with COFEPP, approved within the past month, opens the door to a range of different opportunities. We have already identified a number of these, which will be implemented on a gradual basis."

3.2.5 Our values

The MBWS Group promotes three core values, which are broken down into skills.



Effectiveness	Entrepreneurship	Team spirit
Ensure **high-quality work** with **optimised resources and costs**	**Act as a recognised professional** by seeking **continuous improvement** and **innovative solutions**	**Achieve your targets** and help others to achieve theirs while staying **positive, considerate and open-minded**
Honour commitments in terms of budget, resources and deadlines	**Decide and act** as if it were your own company	Be a **vector of change** through your **own behaviour**
Deliver measurable, **value-adding results**, whether in the short or long term	**Take risks** and **learn from your mistakes**	**Share your experience and know-how** with your colleagues

3.2.6 Our sustainable development issues

On 12 November 2018, Andrew Highcock and the Executive Committee of Marie Brizard Wine & Spirits signed the Group's Environment, Health, Safety and Sustainable Development policy. This policy was translated into 7 company languages and sent to the Executive Committees of the 4 Group clusters as well as all employees in order for it to be understood and applied consistently. All teams are affected on a daily basis in all areas of activity: sales, production, purchasing, supply chain, marketing, research and development, packaging, human resources, etc.

The policy applies to all facilities, including production facilities, offices, warehouses and vineyards in all regions in which the company operates.

The policy addresses the following matters:

"By incorporating health, safety, the environment and sustainable development into our company's operations and decision-making processes, we are protecting our employees, our consumers, the environment and the communities in which we live and work.

Managing health, safety, the environment and sustainable development is an integral part of MBWS's mission to increase the value of our company. Focusing on these issues will contribute significantly to achieving our objectives and driving sustainable growth.

At MBWS, we believe it is unacceptable for a person to be injured at work. We seek to protect the health and safety of our employees, service providers and visitors through preventive actions to combat industrial accidents and occupational illness.

We strive to minimise the environmental footprint of our operations by improving efficiency in the use of energy and water, and by reducing pollution and waste production.

We are committed to complying with all regulations applicable to our company in the area of health, safety and the environment everywhere we work.

Our commitment to health, safety and the environment plays a key role in the design of our products, procedures and services.

This is our commitment to health, safety, the environment and sustainable development everywhere we operate."

Over the past few years, the Group has pursued a sustainable development drive in order to promote all aspects of this policy. Progress has been made in the areas of health and safety at work, the prevention of pollution, the circular economy, resource waste management, human resources management, supplier relations, etc. This progress is described in the following chapters.

Momentum is building, derived from the efforts made at each facility and by each operational team as part of a policy of continuous improvement, with a firm belief that all these elements are values upon which we can build a better future for our Group and a better world for all.

The 4 cornerstones of the Group:

1
Our People
2
Our Planet
3
Our Consumers
4
Our Partners
• Health, Safety & Well being
• Sense of belonging
• Capabilities increase
• Internal mobility
• Renewable energies
• Resource and water conservation
• Waste reduction
• Sustainable Packaging
• Climate change
• Good quality at the right price
• Food safety
• Responsible Drinking
• Green ingredients
• Innovative products
• Customers
• Suppliers
• Local communities
• Heritage conservation
• Shareholders

3.2.7 Non-financial risks and opportunities

In late 2018/early 2019, the Marie Brizard Wine & Spirits Group conducted its first non-financial risk-mapping exercise (in accordance with the regulatory requirements imposed by the transposition into French law of the European directive on the disclosure of non-financial information) supplementing the previous risk-mapping exercise carried out by the Group (see Section 2.3. “Risk factors”). This exercise involved identifying and rating the main non-financial risks affecting the Group.

In late 2019, in accordance with the guidelines laid down by the new “Prospectus 3” regulation, the main risk factors and their ratings were revised by senior management and the directors of each subsidiary.

The rating process did not identify any material risks that need to be added to the risk factors set out in Section 2.3. Nevertheless, in keeping with its CSR priorities, the Group continues to monitor and mitigate the risks identified as the most significant.

The opportunity/risk-mapping process was carried out in three stages:

1. Definition of issues within the sector and non-financial risks/opportunities: this list of potential risks was compiled on the basis of the non-financial indicators identified in Article 225 of the Law of 12 July 2010 and its implementing texts and amendments. In order to have a comprehensive overview of the potential risks, the Group also considered the materiality analyses carried out by other players in the same industry as well as bibliographical research within the sector. This list of risks and issues was then submitted to the Group’s various business lines.

2. Risk rating: each risk is assigned a rating following the method applied for ISO 9001 quality certification. Each business line conducted the assessment with regard to its activity and scope of action in global terms. All risks were rated according to two criteria: severity in the event of occurrence and probability of occurrence.

3. Prioritisation of risks: on the basis of the ratings assigned, the teams identified the most significant non-financial risks for their scope of operation at Group level. The process was approved by the Executive Committee.
Non-financial risks are presented below, classified under the relevant category.

• EMPLOYEE-RELATED
- Developing and retaining talent
- Developing professional skills
- Helping employees with changes
- Health and safety at work

• ENVIRONMENTAL
- Use of water, raw materials and energy; waste management
- Air, soil and water pollution
- Long-term climate change

• SOCIAL
- Responsible alcohol consumption
- Responsible purchasing policy
- Consumer health

The risks related to combating food insecurity, respecting animal welfare and promoting responsible, fair and sustainable food choices are considered not to impact the Group as it exists currently.
The policies implemented by the Marie Brizard Wine & Spirits Group to guard against non-financial risks are presented in the following chapters: 3.3 “Ethics and exemplarity”, 3.4 “Our role as an employer”, 3.5 “Our environmental role” and 3.6 “Our role in the community”.
The review carried out by the Group identified levers and opportunities that the corresponding teams have been able to transform into roadmaps and action plans in the areas of supply chain/purchasing, marketing, R&D/packaging, etc.

3.2.8 Our CSR governance

Marie Brizard Wine & Spirits has implemented an internal governance system enabling it to define and formulate its commitments in accordance with its Environment, Health, Safety and Sustainable Development policy, its interests and those of its various stakeholders. The Group’s strategy is under the direct responsibility of its Chief Executive Officer, Andrew Highcock. Strategy is coordinated by two departments; Operations, which covers health, safety and the environment, and Human Resources, which covers employee-related aspects. These departments manage local networks spread across the operating subsidiaries, with the aim of defining, coordinating and driving the Group’s CSR strategy. The Group’s social responsibility commitments are defined in operational terms and are monitored across the business as a whole.

3.3 ETHICS AND EXEMPLARITY

Business ethics and exemplarity are the guidelines of our governance process and form the framework for our social and environmental responsibility policy: the Executive Committee members and cluster Managing Directors are responsible for implementing them within the context of their operations.

3.3.1 Code of Ethics and Conduct - preventing tax evasion and corruption

A new version of our Code of Ethics and Conduct was adopted and circulated in October 2017. The Code was revised in 2019 and re-circulated to all employees. It sets out the basic principles with which every employee must comply when acting on behalf of the Group. Each employee is responsible for applying the Code when performing their duties.

The future strength of Marie Brizard Wine & Spirits lies in the values that guide the Group's daily business: Our success depends on daily adherence to these values and communicating them to all our stakeholders. Business integrity and ethics must be a goal and a priority for each one of us, in order to strengthen our Group's success every day.

Likewise, the future of our business depends on the policies, processes and controls that have been set up, as well as on each employee's individual contribution towards developing and continuously improving them.

Our Code of Ethics and Conduct applies to all Group employees in all countries in which the Group operates. This Code is a collective guide based on Group values. It is designed to guide our operations and to serve as a reminder that the implementation of the good practices described therein is a duty for each one of us, in addition to our duty to comply with applicable laws and regulations. The Code governs our relations with both colleagues and external partners.

We expect each of you to make a commitment to abide by this Code and to help ensure that the Code is followed in your immediate working environment. Accordingly, we have decided to translate and disseminate this Code down the hierarchical structure from October 2017 onwards.

In addition, a number of training courses on the Code of Ethics have been organised in Bulgaria.

As also expressed in its Code of Ethics and Conduct, the Marie Brizard Wine & Spirits Group condemns unlawful practices, unfair competition, bribery and corruption. As such, an Anti-Corruption Policy was drawn up and circulated to all subsidiaries in 2019. Training is provided on this subject, particularly in Bulgaria, Poland and Brazil. For example, Bulgaria organised training in anti-money laundering, the Code of Ethics and Conduct and anti-corruption.

In addition, the Internal Audit team periodically visits the subsidiaries in order to check that their affairs are properly managed. In 2019, in accordance with the Sapin 2 act, audits focused on procedures related to anti-corruption and supplier relations.

In addition to the Code of Ethics and Conduct, the Marie Brizard Wine & Spirits Group has prepared a user guide to its ethics hotline, which is available for consultation by all Group employees. This guide was also revised in 2019. The hotline is a system which is not designed to replace other whistleblowing procedures governed by applicable regulations in each country, including escalation via line management or staff representative bodies. The system allows MBWS employees to:

• obtain information and advice on the application or interpretation of the MBWS Code of Ethics and Conduct in the event of questions or uncertainty;

• report matters relating to accounting, finance, banks, or issues related to bribery and corruption, antitrust law, discrimination, harassment or serious breaches of health and safety regulations that endanger the physical or mental health of employees or are liable to seriously impact the Group's operations or incur its liability.

The ethics hotline guarantees confidentiality and respect for the rights of each individual in the handling of the relevant procedures. The Internal Audit Director oversees the quality of this system. In 2019, no instances of the aforementioned issues were reported via the ethics hotline.

With regard to tax evasion, the Marie Brizard Wine & Spirits Group fulfils its obligations in accordance with applicable local and international legislation. Tax affairs, including tax risks, as well as all other financial information, are regularly reviewed by the financial directors of each Group subsidiary, particularly at the time of each budget phase, the preparation of the annual and interim financial statements, and whenever else the need arises.

Our support services guarantee the correct implementation of our obligations (tax collection, proper management of alcohol stocks, etc.). They enable our company to ensure that we have paid the correct amount of income tax and any other amounts owed to the tax authority, as well as to monitor our regulatory obligations in relation to fraud.

Our 'customs' services guarantee correct customs procedures. They allow us to ensure our competitiveness through the incorporation of customs procedures and to achieve a high level of performance by facilitating customs operations based on our projects.

3.3.2 Compliance with laws and regulations in effect

We pay particular attention to the concept of corporate citizenship. The Marie Brizard Wine & Spirits Group condemns any illegal, criminal or morally unacceptable act and takes rapid and appropriate measures against such acts.
Each employee must make sure that they act in accordance with the laws and regulations of the country where they work, in an honest and ethical manner. In Poland, training on changes in legislation was organised at the Warsaw facility.
No exception to this commitment will be tolerated, regardless of whether an illegal act is performed "in the Group's interests", "in the customer's interests" or on the instructions of a line manager.
Compliance with laws and regulations (including fair business practices) is a principle:
• expressed by the Marie Brizard Wine & Spirits Group via its Code of Ethics and Conduct;
• reflected in the business reviews performed by senior management and/or by Internal Audit whenever necessary. In 2019, MBWS received no complaints or alerts regarding non-compliance with laws and regulations in effect.

3.3.3 Compliance with the ILO fundamental conventions and respect for human rights

All Marie Brizard Wine & Spirits Group subsidiaries comply with the ILO fundamental conventions, which cover issues including freedom of association and the right to collective bargaining, the prevention of discrimination in terms of employment and profession, the prevention of forced or mandatory labour and the effective abolition of child labour.
Training provided to HR staff enables the relevant skills to be structured and developed across the Group. Accordingly, HR managers at each entity guarantee the proper application of local, EU and international laws and agreements.
Our company also focuses on respect for human rights, both in our own operations and by our customers and suppliers. As noted in the Code of Ethics, our employees are required to pay daily attention to compliance with these principles and to contribute towards their development. Applicable domestic and international laws and regulations are incorporated into our development strategy.

3.3.4 Alcohol in society

We want to play a positive role in the wine and spirits industry. In line with new consumer expectations in terms of sustainable development, MBWS needs to adapt its business model in order to avoid losing customers or jeopardising its reputation.

We deplore the excessive consumption of alcohol. Alcohol abuse is a serious concern for a Group such as ours. Such behaviour harms the reputation of our high-quality products and the image of our consumers.

As a member of the French Spirits Federation (FFS), the Marie Brizard Wine & Spirits Group has undertaken to abide by the Federation's code of conduct and self-discipline. Compliance is overseen by our legal departments, which systematically approve all marketing operations conducted in France and by our overseas offices.

Furthermore, a guide to the creation of front and back bottle labels was made available in 2017. The guide sets out the rules provided for by EU regulations and the internal rules defined by the Marie Brizard Wine & Spirits Group, including those regarding the pregnant woman and waste recycling logos.

The guide ensures that all departments involved in the creation of labels have the same information and are aware of mandatory and optional notices and the logos required for labelling spirits, wine, flavoured wine-based beverage and soft drink bottles. Its application is monitored and approved by the R&D and legal departments. Moreover, MBWS applies a policy that is stricter than the regulations; in 2019 the Group decided, from 2020 onwards, to include at least energy values on all bottle labels, as well as the list of ingredients in the case of the main brands (on websites). MBWS makes sure that advertising is not directed at persons aged under 18. MBWS is also a member of the Polish Vodka Association, which aims to protect the values and tradition associated with Polish vodka. The association also organises awareness and prevention campaigns regarding alcohol consumption.

Special attention is paid to employees particularly exposed to risk in view of their occupation, such as product tasting during development phases and customer appointments. Risk assessments have been carried out since 2018 in order to define appropriate preventive measures. In this context, the Group issued a reminder that the consumption of alcohol at work is prohibited and released a guide outlining the procedure to follow for marketing, quality and R&D tastings, sales events and social occasions.

3.4 OUR ROLE AS AN EMPLOYER

3.4.1 Providing optimal support to employees during a period of significant transformation

A number of restructuring programmes were carried out in 2019 resulting in a profound transformation and reorganisation of the Group. For example, Sobieski Trade was sold during the second half of 2019, while subsidiaries MBWS France and MBWS España reorganised their field sales forces.

2019 was therefore a year of transition for the Group, which continues to implement large-scale projects:

• construction of a distillery in Lancut, Poland;

• roll-out of an ERP system in France and Spain, including the creation of a dedicated project team comprised primarily of Group employees;

• implementation of safety golden rules at all subsidiaries in order to establish an essential standardised framework in the area of safety and risk prevention.

Under challenging economic conditions requiring cost savings and other restrictions, training budgets have nonetheless been maintained. Pay rise budgets have also been preserved, in order to reward employees and retain talent in a tight job market environment. The Group has made allowance for non-financial risks identified with regard to providing support to employees during a period of transformation and attracting and developing talent. To mitigate these risks, the Group strives to support its employees at such times of change. The goal is to ensure the success of the turnaround plan by redefining a shared vision. MBWS has also kept its employees regularly informed of events and action plans related to this change.

As such, the strategic plan has been presented to all departments. A progress review was also held at the beginning of 2020.

For example, in Bulgaria MBWS organised a satisfaction survey in 2019 in order to gather information on employees' commitment, morale, working conditions, pay and vision for the future.

Numerous measures have been taken in the different countries to maintain and foster employee commitment:

STAROGARD MEDICAL INSURANCE SCHEME

The Group endeavours to provide welfare benefits to its employees over and above their salaries. For example, at Starogard in Poland, a health insurance scheme was set up in February 2017 covering all employees. The scheme provides employees with private medical care and guarantees faster access to free specialist treatment.

Our employees also have the option of including their families in the scheme under the same terms and conditions.

SPORTS AND CULTURE CARDS IN POLAND

To help employees stay fit and in good health, the Starogard and Warsaw facilities in Poland offer "staff welfare" cards to employees at their request. These prepaid cards give employees free access to a sports activity of their choice at their chosen time. The cards can also be used for cultural activities such as going to the cinema or theatre.

DIET SCHEME AT ZIZURKIL

The Zizurkil facility has hired a dietician to design a guide to healthier menus for the canteen. The scheme was set up in consultation with the occupational health practitioner to improve employees' glucose and cholesterol levels and reduce the risk of overweight. The programme was launched in late 2017 and the facility is monitoring its efficacy.

NEW CHILD ASSISTANCE SCHEME AT STARA ZAGORA

To help families preparing for the birth of a new child, the management of our Stara Zagora facility in Bulgaria has decided to make a financial contribution and pay a lump sum to employees for each new birth in their household.

Industrial relations

Special attention has been paid to the quality of industrial relations and information-sharing at local level.

In 2019, the Group signed 20 collective agreements, compared to 19 in 2018. The agreements relate to salaries, the organisation of staff representation and the anticipation of economic developments.

In line with its aim of fostering regular and constructive dialogue with the employee representatives of the different Group subsidiaries, in 2018 the Group opted to apply the provisions of the so-called 'Macron Labour Law' in France (Order no. 2017-1386 of 22 September 2017 on the new organisation of social and economic dialogue and encouraging the exercise and importance of trade union responsibilities). The Group proposed the creation of Social and Economic Committees (SECs) at all its French units to the social partners and suggested coordinating the renewal of the said committees in order to consolidate the role and stabilise the composition of the French Works Council (the central body in France). As such, all the French trade unions signed the corresponding pre-election protocols with management, while Social and Economic Committee elections were held for all French units between March and May 2017 for two-year terms of office. In 2019, a special agreement was signed in France between management and staff representatives at Mongicale. The agreement concerns methodology and introduces three wide-sweeping measures:

• Involvement of staff representatives in brainstorms conducted by various working groups regarding Mongicale's future prospects,
• Introduction of a system for collectively informing employees of these brainstorm sessions,
• Individual and collective measures designed to anticipate potential changes in jobs and skills.

Group senior management also made sure that staff representative bodies were periodically informed about the Group's overall situation at the ordinary meetings of these bodies; two extraordinary meetings of the central body were also organised in January and April. Management also kept employees regularly informed. Accordingly, periodic meetings were held in 2019 with employees in France. These collective meetings with the Chief Executive Officer and members of the Executive Committee were designed to share all information on the implementation of the strategic plan and its results, including a Q&A session. The subsidiaries also reported the same information at local level. Information and consultation meetings were also held with trade unions in Poland.

3.4.2 Developing and retaining talent

Our first objective is to allow our employees to take charge of their own personal development.

Since 2018, the Marie Brizard Wine & Spirits Group has included the personal development plan in the annual review process, using an identical format for all subsidiaries. This plan allows each employee to build their professional development goals within the Group and to identify areas for improvement under the guidance of their line manager.

The tool also promotes and encourages internal mobility across the Group and the recognition of employees' career aspirations.

Our aim is for each employee, regardless of their professional status, to benefit from a review and development interview. For this reason, a review process was created for all employees working at production facilities. The aim is for all employees to have passed an annual review by 2020.

Amid a generally challenging environment, an initiative has been launched to present the new strategic plan and rally employees around it. Values have been reaffirmed and simplified (number reduced from four to three) in order to more closely match the challenges facing the Group and the real work performed on the ground. The Group is also currently redefining these values in terms of key skills expected of each employee.

Lastly, given the fact that a large number of restructuring programmes have had to be carried out to ensure continuity of business, special attention has been paid to compliance with the required procedures and consultation with staff representatives. Having been forced to make far-reaching structural changes with major consequences for employees, the Group has strived to offer as much support as possible to the employees concerned and to ensure their employability to enable them to find new jobs on the market.

Initial measures were also taken to facilitate subsequent transfers between MBWS and COFEPP, which may be a source of professional development and promotion opportunities for employees.

3.4.3 Equal treatment

All of the Marie Brizard Wine & Spirits Group's subsidiaries comply with legal provisions in terms of employment rights, gender equality, employment and inclusion of disabled people and anti-discrimination. Moreover, the Marie Brizard Wine & Spirits Group has expressed the values to which it is committed in the new Code of Ethics and Conduct, which has been translated into all Group languages and circulated to all Group companies and employees.

WOMEN IN A COMPANY FOUNDED BY A WOMAN

The company and its eponymous brand are named after their founder, Marie Brizard; two centuries down the line, the Group that bears her name remains faithful to her values and women play a vital role alongside their male counterparts, including at Group management level. At 31/12/2019 the holding company MBWS SA posted a healthy gender balance with a majority of women (60%).

41% of management positions in all Group companies are held by women. The women and men who occupy these positions are responsible for implementing strategy and deploying Group policies.

41% of Board members are women and the Remuneration and Appointments Committee (REMCO) is 75% female. Our area of improvement identified for the coming years is, like many other companies, to increase the proportion of women on the Group Executive Committee, currently only 20%. Lastly, MBWS has calculated the professional gender equality index in France for the first time.

MAKING ALLOWANCE FOR DISABLED EMPLOYEES

Special attention is paid to integrating disabled employees, including adapting workloads where necessary. In France, MBWS has a partnership for pension and personal protection insurance and contributes to a number of workshops for employees affected personally or for family reasons (personal care role). The Company also liaises with staff representative bodies in order to pass on information to employees so that they can take part in these workshops.

Furthermore, an external social worker regularly visits the Lormont facility and may be consulted by any employee who requests.

3.4.4 Developing employees' skills

Employee skills development is a form of investment and a major growth driver. We need to support employees as part of our ambitions and in order to achieve our strategic goals.

All Marie Brizard Wine & Spirits Group subsidiaries are committed to providing training for employees. In 2019, training focused on occupational health and safety, understanding industrial and sales processes, and managerial skills. Further training courses were provided on anti-money laundering, anti-corruption, the Code of Ethics and Conduct, ISO 9001 and protection of the environment. Special induction sessions are provided for new recruits in Poland to help them integrate into the new environment.

"People Reviews" were conducted in 2018 in each country and company. They will be held again in 2020 and will give rise to action plans.

The People Reviews are aimed at:

- spotting talent and defining action plans to develop it,
- preparing succession plans for key positions,
- sharing business strategies and their impact on HR.

They are jointly coordinated by the management committees and HR department.

Lastly, mobility has always been a source of growth at MBWS. In 2019, MBWS focused on internal mobility in light of the ongoing Group restructuring programme.

3.4.5 Health and safety at work

Over the past few years the Marie Brizard Wine & Spirits Group has conducted an awareness campaign among employees regarding the importance of safety at work, via a number of grassroot initiatives. Backed by the commitment shown by each of its facilities, in 2017 the Group continued to build the foundations of a strong corporate safety culture. The Environment, Health, Safety and Sustainable Development policy was translated into all Group languages in order to be shared amongst all facilities and employees.

In order to develop a safety culture, it is vital for all Group employees to be aware of the importance of their personal involvement and focus their vigilance on the most significant risks.

Actions based on behavioural improvements were developed at a number of facilities:

- Safety patrols,
- Recording and review of near misses and hazardous situations,
- Daily meetings starting with a safety review,
- One danger reported per month (see details below),
- Personal protective equipment catalogues per workstation in several facilities.

A vast majority of facilities have also updated their risk maps by involving the employees concerned in defining preventive measures. A number of training courses were provided in health and safety at work, first aid and dealing with industrial accidents, particularly in France, Spain, Lithuania, Poland and Bulgaria.

More specifically, the French marketing and R&D teams have taken awareness training on the procedure to follow for innovation and sales tastings.

A number of sites have developed and implemented operational procedures to reduce the risks related to machine operation, control of hazardous energy, ATEX zones, hazardous materials transportation, working at heights, the use of chemical products and the updating of Safety Sheets.

A MAJOR FOCUS ON COLLISIONS AND TRAFFIC RISKS

An action plan designed to safeguard movements and eliminate potential collisions involving pedestrians, operators, transporters and vehicles has been developed for all Group production facilities and warehouses. Safety rules and procedures were established at Group level and then rolled out locally by the project teams. The sharing of best practices between teams, particularly with regard to technical and structural solutions, has made this work quicker and more efficient. A vast majority of employees attended training and awareness sessions on the risks related to forklifts, the importance of respecting walkways and wearing personal safety equipment.

WORLD DAY FOR SAFETY AND HEALTH AT WORK

Since 2016, the Marie Brizard Wine & Spirits Group has organised events commemorating World Day for Safety and Health at Work, held on 28 April each year. Following the launch of the 'Environment, Health, Safety and Sustainable Development' policy and its logo and slogan, most facilities (production workshops, warehouses, offices and vineyards) took part in activities organised on the theme of the Group's 8 Golden Rules.

GOLDEN RULES

The Golden Rules aim to focus the attention of all employees on practices that could potentially lead to high-risk situations. Understanding these main risks and describing them in identical terms for all and in a simple and clear format helps to mobilise all employees working at every level.

Group facilities conducted technical improvement initiatives in work zones in order to reduce exposure to the risks targeted by the Golden Rules. The launch of these initiatives was accompanied with activities such as quiz sessions, presentations followed by games or surveys, displaying posters and projections of management films in order to spread the message to even the most remote facilities.

By way of example, one of the Golden Rules relates to the use of personal safety equipment: risk assessments helped to define per zone and per task the rules for wearing gloves, safety shoes, high-visibility jackets, ear protection, belts, harnesses and helmets, and to communicate these rules clearly via information sessions before putting them into practice.

3.5 OUR ENVIRONMENTAL ROLE

3.5.1 Overall environmental policy

Each subsidiary puts into practice and manages Group environmental policy on a local basis, depending on its business activities and local laws and regulations. Subsidiaries comply with legal requirements and hold the required operating permits.
In France, the facilities of Marie Brizard Wine & Spirits France (Lormont), Moncigale (Beaucaire) and Maison Gautier (Aigre) are subject to authorisation under the French ICPE environmental protection scheme. Regulatory audits are conducted to verify compliance with regulations and the related action plans are monitored monthly by the operations department.
The subsidiaries have taken out the insurance required for their activity to cover civil liability resulting from environmental damage.
The Marie Brizard Wine & Spirits Group takes care to avoid chronic or accidental soil pollution at all of its facilities, by ensuring proper storage and usage conditions for raw materials and by correctly managing rainwater and treatment process discharges. Management carries out targeted inspections and improvement action plans are currently being implemented.
Indicators including water and energy consumption and waste generation have been defined and are tracked monthly by all production facilities in order to optimise the use of these resources, identify anomalies and correct wastage and leaks.
Employee awareness campaigns are organised by circulating articles on sustainable development and via targeted meetings.
A number of facilities produce or purchase renewable energy, which accounted for 38% of total energy consumption in 2019.

3.5.2 Pollution

The Marie Brizard Wine & Spirits Group is aware of the impact of its operations on the environment and implements prevention measures to prevent any negative impact on the atmosphere, water and ground. Production facilities receive particular attention regarding these issues, especially in relation to regulations governing classified facilities in France and equivalent regulations in other countries.

3.5.3 Water pollution

All Marie Brizard Wine & Spirits Group production facilities have introduced programmes aimed at monitoring the status of wastewater, while over half of the production facilities have their own treatment plants managed in-house or by a specialist firm. The data gathered enables these facilities to monitor changes in water quality and, if necessary, guide choices of solutions for improvement and assess the efficiency of these solutions.
A preliminary wastewater treatment plant at our Lormont facility in France aims to decontaminate the facility's industrial discharges before they are collected by the municipal sewage system. Water analyses are conducted periodically and forwarded to the relevant authorities. Samples are taken every day and the related pollution loads are monitored via weekly, monthly or quarterly indicators depending on the pollutant. The wastewater treatment plant operator forwards MBWS a monthly report including:

• a record of volumes treated, pollution loads, energy consumed, waste generated, etc.;
• an analysis of the water flowing in and out of the wastewater preliminary treatment plant by an outside laboratory, depending on the guidelines imposed;
• a report on any incidents that have affected the operation of the treatment plant: breakdown, maintenance, etc.

Every month, MBWS submits this report online via the reporting website (GIDAF) of the French ministry responsible for classified installations required to monitor their own operations. Every quarter, MBWS forwards the report to the local water board.

A number of facilities have implemented measures to limit material wastage of alcohol, fruit juice, distillation by-products and other substances in order to reduce the pollution load managed by treatment plants.

3.5.4 Noise pollution

The Marie Brizard Wine & Spirits Group has not identified any noise or light pollution that exceeds current standards. Nor has the Group incurred any administrative sanctions relating to this issue. However, the Group remains attentive to potential local requirements and is committed to abiding by the regulations.

WASTE PREVENTION AND MANAGEMENT

The Marie Brizard Wine & Spirits Group is continuing its waste reduction initiative through staff awareness training on sorting and recycling. In general terms, the waste from production facilities is placed into 'material' or energy recovery streams. A waste sorting system has been introduced by the subsidiaries for sorting recyclable materials such as glass, paper and cardboard, plastic, wood and metal.

Recycling efficiency is improving and waste sorting levels are increasing. Over the last three years the Group has reorganised the production facilities and phased out obsolete packing: this led to a significant (but one-off) increase in certain types of waste such as metal, wood and glass which was sent to recovery streams.

"Group" indicators are used to monitor the development of appropriate recycling solutions and reduce the amount of waste generated. In 2019, the Group sorted 3,434 tonnes of waste, including 936 tonnes of paper and cardboard, 540 tonnes of glass, 158 tonnes of metal, 307 tonnes of plastic and 307 tonnes of wood.

3.5.5 Consumption of raw materials

The Marie Brizard Wine & Spirits Group monitors the sustainable use of the raw materials required for its operations and has established procedures to monitor and limit losses and prevent waste.

We have also conducted studies to incorporate eco-designed packaging and sorting instructions and minimise the use of glues, solvents and inks.

We also carried out work for the recycling of our adhesive labels at the Moncigale facility. A similar study is underway at the Lormont site.

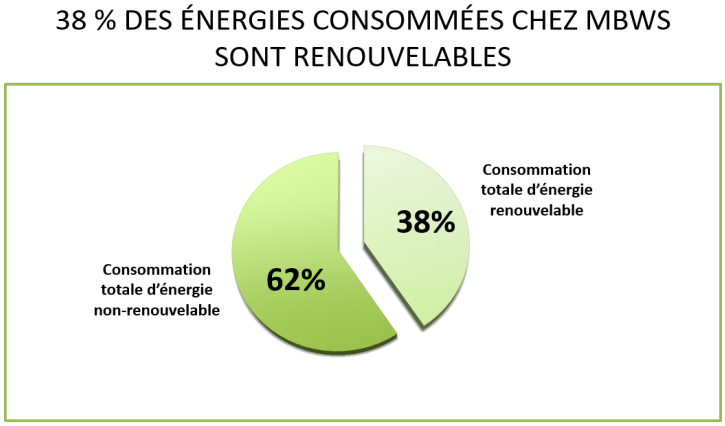
Since 2016, major work has been carried out to reduce the weight of glass bottles used for our high-volume ranges. This work continued in 2018 with the revamping of the Sobieski range, including lighter bottles, and in 2019 with the preparation of similar changes to the Krupnik range scheduled for 2020. The Group also continues to optimise the weight of cardboard packaging.

Adelphe recycling firm worked with the marketing, development, purchasing and packaging departments in awareness and brainstorming sessions in order to establish the actions required to reduce the environment impact of our packaging. The topics addressed were: knowledge of materials for which there is a recycling solution, consideration of disruptive components, use of our decision-making tools, use of recycled paper and cardboard, communication that raises awareness of sorting among consumers, media communication to support citizen awareness.

3.5.6 Energy consumption

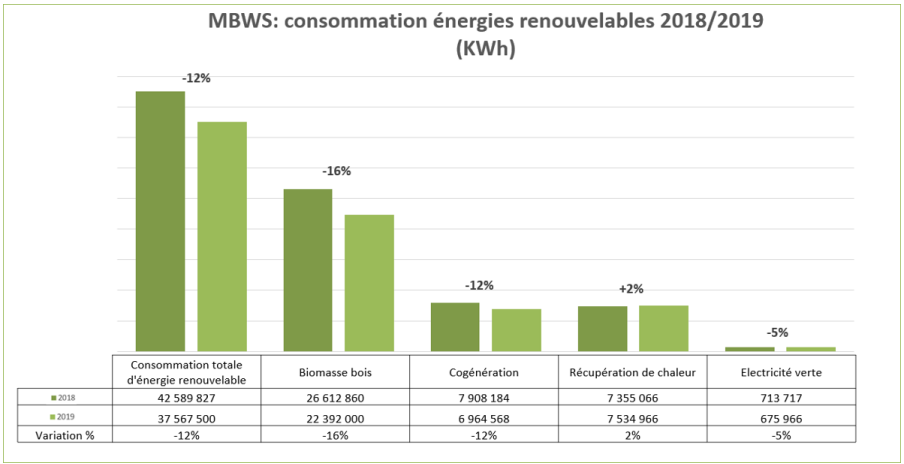
The Marie Brizard Wine & Spirits Group is committed to reducing energy consumption at all of its facilities.
The total amount of renewable and non-renewable energy consumed by the Group in 2019 was down 6% versus 2018.
The main types of energy consumed by the Group are natural gas (42%) and electricity (17%). Fossil fuels apart from natural gas include domestic fuel oil, LPG, non-road diesel, petrol, diesel and heavy fuel oil.
Nevertheless, 38% of the total energy used by the Group is renewable, including the following processes:

- wood biomass (60%);
- heat recovery (20%);
- cogeneration (biogas, 19%).



38% of the energy consumed at MBWS is renewable
Total non-renewable energy consumption – 62%
Total non-renewable energy consumption – 38%

These internally-produced renewable energies primarily come from the Obeliai distillery in Lithuania, where these procedures are implemented simultaneously using new rectification and distillation equipment. Excess unused electricity is sold and fed into the local grid.
The Starogard facility in Poland produces vodka and carries out on-site rectification, i.e. the redistillation of raw alcohol in order to purify it. Rectification is carried out via a system of columns. This equipment emits a large amount of heat, which is recovered via a heat exchange system. Over 7.5 million kWh (estimate) of heat was recovered in this way at the Starogard facility in 2019, thereby avoiding the consumption of natural gas together with the resulting CO_2 emissions.



	Consommation totale d'énergie renouvelable	Biomasse bois	Cogénération	Récupération de chaleur	Electricité verte
2018	42 589 827	26 612 860	7 908 184	7 355 066	713 717
2019	37 567 500	22 392 000	6 964 568	7 534 966	675 966
Variation %	-12%	-16%	-12%	2%	-5%

MBWS: renewable energy consumption 2018/2019 (kWh)

	Total renewable energy consumption	Wood biomass	Cogeneration	Heat recovery	Green electricity
2018					
2019					
Change %					

The wastewater treatment plant at the Beaucaire facility in France produces biogas, which is used to heat the discharges flowing into the plant (in order to bring them to a temperature of 35°C).
In 2018, domestic fuel oil consumption fell by 95% across the Group, primarily as a result of using a heat pump boiler at the Cognac Gautier packaging facility and significantly improving internal transfers with an internal combustion forklift in Beaucaire. The complete removal of propane at the Lormont facility was also an important factor.
In 2019, domestic fuel oil consumption amounted to 19.9 m^3.

100% GREEN POWER AT VILNIUS

In August 2017 our bottling plant in Vilnius signed an agreement with a certified Lithuanian company that supplies energy entirely derived from renewable sources. To enhance its independence and capacity, this company has diversified its sources of energy, using local hydroelectric power and wind farms located in Lithuania and Estonia.
The contract embodies Vilnius' contribution towards reducing climate change and promoting local sustainable development.
The other facilities review opportunities for reducing energy consumption whenever they upgrade their processes or install new equipment, such as the new rectification column at Starogard (Poland), the new heat pump in the bottling plant at Aigre (France) and new power lines at Stara Zagora (Bulgaria). Other measures include, at Lormont, optimising the operating settings of power-consuming equipment, adjusting heating and air conditioning periods in the packaging plant and identifying leaks in the compressed air circuit. Several facilities have switched to LED lighting or installed presence detectors.
In 2017 and 2018, energy audits were conducted on Starogard and Lancut (Poland) and Moncigale (France) under French standards EN 16247-1 and EN 16247-3, and an additional non-EN French standard audit was conducted at Vilnius and Obeliai (Lithuania). Areas of improvement identified by these audits were discussed with local management with a view to gradual implementation.
Energy intensity ratio is one of the KPIs tracked by the industrial operations team and any discrepancies are discussed at monthly meetings.

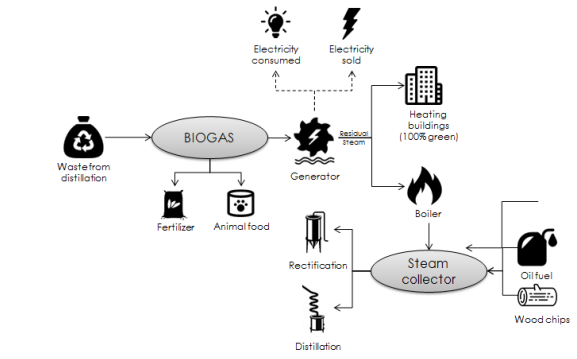
3.5.7 Circular economy

The generation of energy for internal use also enables us to recover and re-use waste or by-products.
These measures enable us to not only limit the use of fossil fuels, but also to contribute to circular economy projects.
The circular economy model is based on creating positive value loops every time a material or product is used or re-used, before it is ultimately destroyed. It specifically emphasises extension of the useful life of products, use rather than ownership, and the re-use and recycling of components.

A DISTILLERY WHERE NOTHING IS WASTED!

The Obeliai distillery in Lithuania has installed two renewable energy generation plants that have created a genuine virtuous circle where nothing is wasted:
• a plant that generates steam from wood residue. Steam contributes to the operation of our distillation and rectification equipment;
• a biogas plant that generates energy from our own fermentation waste. The biogas is used in a generator to produce both electricity and steam. Electricity is partly consumed on site and partly fed into the local grid and sold. The steam generated is used partly to heat offices and partly for the on-site rectification and distillation processes. All heating at Obeliai is currently powered by green energy;
• the biogas plant also produces liquid residues which are then used as fertilisers by local farmers;
• fermentation residue not consumed by the biogas plant is sold as animal fodder.

CIRCULAR ECONOMY PROCESS AT OBELIAI



3.5.8 Water consumption

Water is used as an ingredient in products and for cleaning processes. However, in view of its subsidiaries' operating locations, the Group has not identified any situations of water stress to date.

Water consumption is proportional to our production operations, as it may be used in technical installations (e.g. cooling systems), for tank cleaning and as an ingredient in certain beverages. Almost 87% of the 602,431 m^3 of water consumed by the Group comes from our own sources: the vast majority of our production sites take water from their own wells.

Water consumption indicators form part of the KPIs tracked by all production facilities. The facilities monitor and assess their water consumption in order to avoid any overruns. Initiatives targeting reduced consumption have been carried out at the facilities, such as ensuring correct pipe sealing in Starogard (Poland).
At Zizurkil (Spain), technical improvements have been carried out to reduce water consumption during the product changeover phases on the bottling lines and during machinery and pipework cleaning operations. These improvements have increased the speed of these operations and reduced the amount of water consumed.

3.5.9 Land use

The Group did not have a significant impact on land use in 2019 as the major works were carried out during 2017 in Lormont in France and in Lancut in Poland.
The Lancut facility in Poland has been given a complete facelift in order to house a state-of-the-art grain alcohol distillery with a production capacity of 32 million litres of pure alcohol. The distillery started operating in early 2019.

A CUTTING-EDGE, RESPONSIBLE DISTILLERY

We wanted this new Lancut distillery to be environmentally responsible, using more energy-efficient machinery and generating less pollution than a standard distillery, in line with our commitment to preserve the environment and reduce disturbance to local communities. All heat production circuits are optimised so that nothing is wasted and surplus heat is channelled into other production processes.
We prioritise local industry for our cereal supply and we have reviewed our processes in order to improve efficiency while cutting down on water consumption.
We have also sought ways of recycling residues: what used to be liquid fermentation waste, difficult to treat, has now been transformed into protein-rich animal fodder.

3.5.10 Food waste

Agricultural and natural products form the basis for our production: eliminating all kinds of food waste is one of the goals pursued on a daily basis by the teams working at our R&D laboratories and production and storage facilities. As far as possible, we recycle waste and by-products as compost for farming, animal fodder or for energy recycling, particularly through anaerobic digestion.
To minimise our impact and identify corrective measures wherever needed, all of our production facilities have introduced indicators to monitor wastage of principal ingredients such as wine, sugar, alcohol, cognac and cereal grains. There is a particular focus on alcohol waste and quantitative targets are tracked monthly by the industrial operations department.
Working groups at Starogard, Lormont and Beaucaire have organised initiatives to reduce alcohol loss by mapping liquid flows from reception until bottling. Losses are thereby tracked at all phases of the process and action plans are drawn up to reduce the amount of loss.

3.5.11 Climate change

Climate change, protecting biodiversity and related potential changes in regulations are a challenge in terms of procurement and guaranteeing production. The Group is insured against natural disasters such as floods, which could occur more often due to global warming.

The new building at Lormont was designed with a raised floor to protect the building from flooding. The floor is situated above the River Garonne 100-year flood level.

The Zizurkil facility in Spain is located in a flood area near the River Oria. To prevent flood risk (recurrence intervals of 100 and 500 years), the facility has built a 2.5 m high barrier. To further protect the facility against flood water, a tarmac cycle path has been built between the flood barrier and the banks of the Oria.

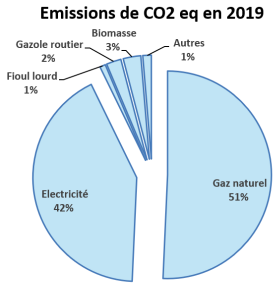
SCOPE 1 AND 2 EMISSIONS

Climate change is considerably impacted by energy consumption. For this reason, the Group has calculated its direct and indirect CO_2 emissions from 2017 onwards.

The main impact is related to Scope 1 emissions generated by our use of natural gas (88% of total consumption), mainly at our Starogard rectification and production facility. An energy recovery system has also been installed at this facility (over 7.5 million kWh according to estimates, i.e. around 18% of total consumption amounting to 42 million kWh). The energy recovered is used to heat administrative buildings, thereby avoiding the consumption of natural gas and corresponding CO_2 emissions.

Electricity (Scope 2 emissions) accounts for 42% of total Group emissions (Scope 1 and 2). Over 50% of these emissions are produced by the Lancut facility in Poland. Meanwhile, the Group generates renewable energies via its biogas and biomass plants, which have enabled it to reduce the use of fossil fuels. In particular, Obeliai in Lithuania feeds a large amount of its surplus green electricity into the grid.

Biomass, which is used at Obeliai in Lithuania, is the 3rd largest producer of emissions (3% of the total).



CO2 eq emissions in 2019

Natural gas (51%) Electricity (42%) Heavy fuel oil (1%) Road diesel (2%) Biomass (3%) Other (1%)

SCOPE 3 EMISSIONS AND THE LORMONT CARBON REPORT

With regard to Scope 3 CO_2 emissions (generated throughout our value chain including raw material production, business travel and product end of life), the Group has opted to focus on measuring emissions related to internally generated waste and business travel.

With regard to upstream and intercompany chartered transport flows, initiatives are underway to determine the points at which the Group has a key impact on emissions reduction.

The Group drew up a carbon report for a pilot site in order to identify the main sources of emissions. This analysis and calculation work was carried out at Lormont in France, a facility whose main activity is whisky bottling.

As a starting point, data was collected from all sources of emissions, including ingredient production and transport, packaging manufacture (bottles, boxes, labels, aluminium caps and crates) and transportation, on-site energy use, the carbon impact of buildings and procedures (machinery and IT), downstream transport of finished products, business travel, fuel consumption by salespeople and employee commuting.

The Lormont carbon report showed that, for our bottling site, CO_2 emissions are generated to a very large extent by the whisky production process (50%) followed by the glass production process for bottles (24%) and the transport of our finished products to customers (12%), bearing in mind that the figure for transportation is an estimate given that the Group does not control this part of the goods flow. All other sources accounted for less than 3% of total site emissions. Following this initial analysis, discussions are underway to decide on the measures that will have the greatest impact.

With regard to business travel, the Group encourages the use of available networking tools (rooms and computers fitted with video-conferencing systems) which enable us not only to optimise the management of travel expenses and time management, but also to reduce our environmental footprint through lower CO_2 emissions.

3.5.12 Protection of biodiversity

Human life has always relied on flora and fauna as a food source, in that people harvest the food they need from the natural environment. Biodiversity contributes, among other things, to the supply of numerous foodstuffs, raw materials for industry and medicines, as well as materials for construction and domestic use.

Our commitment as a company is vital to preserving and strengthening biodiversity, particularly within agricultural systems, in order to protect all of these vital services it provides.

SUSTAINABLE FARMING

The Beaucaire facility in France advises its wine suppliers to use sustainable farming methods in order to limit discharges into the soil and waterways and strives to limit the use of insecticides in the vineyards.

During site visits, our buyers play an important educational role and propose guidelines for labels such as HVE (high environmental value) or Terra Vitis.

The HVE label is part of the national environmental value certification procedure for agricultural holdings. It is applied to agricultural holdings in accordance with three levels of certification:

• Level 1: compliance with environmental regulations and completion by farmers of an operational assessment taking account of the level 2 standards or level 3 indicators.

• Level 2: a best-efforts obligation and compliance with a set of 16 standards for environmental efficiency.

• Level 3: a 'high environmental value' performance obligation, based on indicators related to biodiversity, phytosanitary strategy, fertilisation and irrigation management.

The Terra Vitis approach was launched in 1998 at the initiative of a group of Beaujolais winemakers concerned about environmental protection. It was soon replicated across all French vineyards and resulted in the creation of the Terra Vitis national federation in 2001. This certification is recognised by the French government and controlled by independent bodies. A Terra Vitis-certified producer is automatically awarded HVE level 2 by the French Ministry of Agriculture.

A number of Beaucaire's suppliers were awarded HVE certification in 2018. Furthermore, the on-site team entered into a 3-year contract with a winery for the provision of support in the transition to organic farming.

Some wine producers who supply Maison Gautier hold regular meetings at the vineyard to discuss progress and crop vulnerability to disease during the current year. Their discussions cover the need for action and the quantity and quality of treatment applied in relation to the weather, with the goal of minimising the amount of treatment required. Maison Gautier supports and advises wine producers throughout all phases of grape production, thereby establishing a genuine working relationship built on trust and close proximity.

Furthermore, Maison Gautier in Aigre has for many years prohibited the use of any chemical product for weeding, which is now done by hand.

HUMANS AND BEES

An abundance of bees is a sign of a healthy vineyard in a diverse ecosystem. Current best practices seek to increase diversity in the field in order to avoid disturbing ecosystems and promote pollination of local flora, including vines. Bees are therefore qualitative indicators for vineyards and cellars. Our winery, Bodegas Marqués del Puerto in Fuenmayor, is located on a migratory path used by bees. The bees naturally build hives in busy areas of the vineyard. As a result, they could pose a risk to employees or visitors allergic to bee stings.

Instead of using a system that may harm the environment, our wine growing team opted to offer shelter to the bees by installing 4 hives on the cellar roof, far from employees and visitors: these new homes have been warmly welcomed by our pollinating friends.

OUR ORGANIC PRODUCTS

The Vilnius facility in Lithuania and the Beaucaire facility in France received BIO certification from the EKOagros organisation in Lithuania for vodka and from ECOCERT in France for certain wines and wine-based drinks. Moreover, Beaucaire has been raising awareness among its wine suppliers for a number of years, in partnership with its largest customers, in order to convince them to use sustainable farming methods in order to limit their impact on the environment (for further details see the "Sustainable farming" chapter).

Moncigale produces an organic range under the Fruits and Wine label spearheaded by the organic version of its iconic Grapefruit Rosé flavour. This was made possible by meticulous selection of organic ingredients and the application of specific manufacturing and bottling criteria, in order to guarantee the organic origin of these products to our consumers.

3.6 OUR ROLE IN THE COMMUNITY

The Marie Brizard Wine & Spirits Group is aware of its role in the communities of the regions in which it operates. This is a crucial role that enables the Group to contribute to the economic and social development of the regions in which its subsidiaries operate and to exploit these regions' heritage and local traditions.

In 2019, some facilities, including Lancut (Poland) and Stara Zagora with its vineyards (Bulgaria), undertook reorganisation and modernisation programmes to accommodate new production processes or improve existing ones. These initiatives have boosted local business by encouraging employment, through the purchasing of raw materials and components, and the creation of start-ups.

3.6.1 Territorial, economic and social impact

A number of Group facilities, including Lormont (France), Lancut (Poland) and Stara Zagora (Bulgaria) have over the past few years undertaken modernisation programmes to accommodate new production processes or improve existing ones.

In addition to this economic impact, the Marie Brizard Wine & Spirits Group is deeply rooted in the history and local traditions of its locations.

Maison Gautier has been making cognac since the 18th century, while Marie Brizard liqueur was created in Bordeaux in 1755 by a bold and creative woman of the same name. The Moncigale facility, which produces standard and flavoured wines, has been located in the south of France since 1921. The vodka production plants in Poland were founded at Lancut in 1764 and Starogard in 1846, while Domain Menada and its vineyards were founded in Bulgaria in 1901 and our Obeliai distillery in Lithuania in 1907.

This heritage is being increasingly exploited and is a source of pride for all employees at local level.

MAISON GAUTIER, AIGRE (FRANCE)

Gautier is one of the longest standing producers of cognac. Its history began in the 18th century, when the Gautier family produced barrels made of wood from the forest of Tronçais, renowned for the quality of its oak trees. In 1755, the family was granted royal permission to produce and King Louis XV signed the deed establishing the cognac house. The Maison Gautier was thereby founded and the cellars installed in the former watermill at Aigre overlooking the River Osme, where the facility is still located today.

The expertise employed at Aigre is based on traditional know-how used by a cellar master who draws from the interaction between natural resources in:

- the selection of locally produced cognac wines and “eau-de-vie”,
- meticulous selection of oak casks,
- a long ageing process in the naturally humid environment of the traditional cellars.

Cognac Gautier actively showcases and promotes its know-how and origins by taking part in local trade and industry fairs organised in the Charente region, such as the annual fair at Aigre, the village where the facility is located.

DOMAIN MENADA AND ITS VINEYARDS, STARA ZAGORA (BULGARIA)

The art of grape growing and winemaking dates from the time of the Thracians and is therefore deeply intertwined with the history of Bulgaria. The Domain Menada Winery, located in the Thracian Valley, was founded in 1901 and currently possesses one the three largest vineyard estates in the country. The Domain Menada vineyards are located in the central part of southern Bulgaria, near the town of Stara Zagora. The grapes are grown and picked in three different vineyards spanning over 426 hectares in the valley. 65% of the grapes used for wine production come from the domain's own vineyards and include Cabernet Sauvignon, Merlot and local grape varieties such as Rubin and Mavrud.

The whole process from grape cultivation to bottling is strictly monitored and controlled by our experts, in order to ensure optimum quality and taste.

Every year on 14 February, wine producers and grape growers celebrate St. Trifon Zarezan's Day (Trifon the Pruner). The origin of this tradition goes back a long way and is probably linked to Dionysus, the Thracian god of wine.

On this day, grape farmers visit their vineyards to prune the vines. The day marks the end of winter and the beginning of spring.

All employees of MBWS Bulgaria (respectively the employees of Domain Menada, Domain Menada Distribution, MBWS Bulgaria, Menada and Sakar Vineyards) visit the vineyards and the day ends with a celebratory meal in the restaurant.

THE LANCUT DISTILLERY, POLAND

Since 1970, the Lancut distillery has managed a neoclassical manor house designed by Ludwig Bogochwalski.

The conversion of this historical building into a museum in 1993-94 required extensive reconstruction, fund-raising and other resources such as exhibits and information. The work was based on documentation and photos of the distillery from the time when Count Alfred Potocki pioneered the production of Rosoglios liqueur and rum.

The exhibition shows the development of the plant and its everyday operations. Exhibits include photographs, original records, certificates, labels, bottles (including some highly sophisticated curving designs), price lists, measuring vases, tasting glasses and original machinery from Lancut and other Polish distilleries. Production processes are illustrated by models. All of the exhibits tell the story of the plant, including its successes abroad and contribution to the life cycle of the Lancut distillery. In addition to its large collection of historical items, the museum also presents the present range of vodkas produced and may be visited on request. In 2018, over 2,000 people visited the museum, and negotiations are underway with local authorities to increase its visitor capacity.

DESTYLARNIA SOBIESKI, STAROGARD (POLAND)

Our Starogard facility has a long history of vodka production in Poland. The first drop was produced in 1846. Today, Starogard employees are proud to be preserving this tradition, producing an output of 35 million litres in 2019 (78 million bottles) comprising two iconic vodka brands, Krupnik (74%) and Sobieski (21%).

The original building is a listed historical monument placed under the protection of the city's heritage officer. The facility houses an exhibition of objects, documents, photos, bottles and tools which through the ages have contributed towards forging the economic, social and urban identity of the city.

3.6.2 Relations with persons or organisations concerned by the Company's business activities

At some facilities, the Marie Brizard Wine & Spirits Group has set up an arrangement with organisations that help disabled people unable to work in a conventional environment to find work, consolidate their education and develop occupational skills.

RELATIONS WITH ORGANISATIONS PROVIDING ASSISTANCE TO DISABLED PERSONS

The Lormont facility (France) works with two centres that employ people with moderate disabilities. Their teams, which are managed by an in-house workshop supervisor, carry out various co-packing tasks (attaching stickers and tax stamps, re-palletisation, boxing, inserting items into pouches, inserting promotional glasses, etc.).

At Starogard (Poland), the office and production unit cleaning team includes around a dozen people with different types of handicap. They are employed by a company specialising in finding work for disabled people throughout the country.

RELATIONS WITH HIGHER EDUCATION INSTITUTIONS

Several Group facilities regularly hire students as interns as part of their higher education courses.

BLOOD DONATION DAY AT ZIZURKIL (SPAIN)

In June 2019, the Zizurkil facility organised a blood donation day in which employees volunteered to donate their blood.

COMMUNITY HARVEST AT STARA ZAGORA, BULGARIA

For the fifth year running, a community harvest was organised by the Stara Zagora vineyards. Employees pick grapes on a non-working Saturday morning during the harvest period. A certain amount of money is raised depending on the number of participants and hours worked. The money collected plus additional donations from employees unable to participate and from the Group were then given to a charitable cause.

This year, MBWS sponsored a state-funded day-care centre for children from the city of Stara Zagora suffering from physical and psychological disorders. The centre was inaugurated in 1998 and includes a main building and a playground. The playground had not been renovated for 20 years and the play facilities were no longer suitable given the children's health condition. Accordingly, 56 employees and partners collected €1,687 and MBWS made a donation to renovate the courtyard and make the necessary alterations. All business units of MBWS Bulgaria were involved in the initiative.

Our employees were delighted to participate in this cause and chose to wear t-shirts emblazoned with slogans reflecting the value of team spirit.

3.6.3 Subcontracting and suppliers

Relations with suppliers and subcontractors are based on respect for the values enshrined in the Marie Brizard Wine & Spirits Group's Code of Ethics and Conduct. Generally speaking, when subcontractors are used, management ensures proper compliance with the laws and sees that subcontractors pay attention to the impact of their actions on the environment and employee relations. Group suppliers of our most strategic purchases (whisky, wine, bottles, flavouring, caps, boxes) are frequently assessed and given a rating, at least once a year, in accordance with quality, price, innovation and service criteria. Since 2018, this assessment has also included the requirements set out in our "Supplier Ethical Charter". In 2017, the charter was sent to all strategic suppliers and those considered to be at risk. It is now included in all new contracts and comprises four chapters:

- Health and safety,
- Working conditions,
- Environment,
- Ethics and transparency.

A 'quality / environment / health and safety certification' survey was sent to MBWS's strategic suppliers, enabling the progress made by these suppliers in these areas subject to certification and CSR initiatives to be measured. A score is assigned to the supplier on the basis of the questionnaire. Equal weighting is given to the CSR criteria and to the other four categories. Progress reviews are periodically held with strategic suppliers whose scores are not up to standard. The purpose of these reviews is to agree on areas of improvement based on assessment criteria, thereby building a long-term business relationship. Eventually, if no progress is made, MBWS reserves the right to break the contract with the supplier. In 2019, 95% of direct purchases (ingredients for product manufacture) from strategic suppliers were assessed by MBWS.

Furthermore, an analysis of supplier risks and their criticality is updated every year. An audit plan is drawn up by the purchasing and quality departments to audit the suppliers identified as most at risk.

The tender process for selecting new suppliers includes a questionnaire on "quality, environmental, health and safety certification".

In terms of subcontracting, MBWS France subcontracts a certain amount of product manufacture. All subcontractors are subject to yearly assessment and quality assurance control, just like other suppliers. In France, MBWS has partnered with an ESAT work-based support establishment to supply product packaging personnel at Lormont.

3.6.4 Consumer health

The Marie Brizard Wine & Spirits Group develops its products with a view to increasingly exceeding customer expectations. Our guideline is to offer our customers and consumers trusted brands full of flavour and experiences.

In keeping with our values, we take all the necessary steps to control our in-house operations and achieve operational excellence.

R&D guidelines are drafted and put into practice at the three R&D units operated by the Marie Brizard Wine & Spirits Group. These guidelines enable us to standardise practices in terms of recipe development, compliance checks and accelerated ageing techniques, in order to bring to market products that comply with regulations and stay the course over time.

In 2019, Marie Brizard Wine & Spirits revised a number of recipes in order to bring them closer to consumer expectations. The same year, the company began to look into ways of exploiting the use of flavours and natural colourants. Marie Brizard Wine & Spirits also worked on reducing the sugar and alcohol content of some ranges of alcoholic and flavoured drinks. Around 34% of recipes were adjusted in these ranges.

The operation and development of our Group are based on compliance with and promotion of the values enshrined in our quality systems:

- Continuous improvement of performance, driven by analysis of performance indicators,
- Compliance with applicable regulations in all markets and strict adherence to food safety guidelines,
- Customer satisfaction and consumer preferences: guaranteed optimum service in accordance with customer expectations,
- Recognition as the best supplier in its market segment.

The MBWS Group's production facilities refer to the ISO 9001 standard for the operation of their quality management system with the aim of continually increasing customer satisfaction and involving all employees in the drive for performance and improvement. In 2019, 70% of MBWS facilities were ISO 9001 certified and 50% had also obtained GFSI-recognised certification in the area of food safety (IFS and/or BRC certification). A major operation was conducted in 2019 at the production plants to verify the absence of fraud regarding certain ingredients. For this purpose, MBWS set up a dialogue with suppliers in order to obtain a guarantee of the origin of the ingredients, in order to promote food safety and minimise the risks of adulteration. One Spanish facility also obtained IFS certification for the first time in 2019 and the Group aims to have all Spanish facilities certified in the future.

Controlling product and process quality is a key priority for the Group and MBWS is attentive to its customers' requirements. In 2019, the Group received 46 complaints from consumers.

A guide was drawn up in 2018 in order to harmonise best manufacturing practices at all Group facilities. This reference document establishes mandatory best practices, strong recommendations and recommendations in terms of food safety. The guide was deployed at all facilities in 2019.

A working group covering the issues of safety and hazardous material transportation drafted a procedure for creating and managing data sheets. The procedure was supplemented by training provided to the teams concerned.

Quality management software available to all France teams (500 active users) is currently being deployed at all Group entities. Practical, useful and ergonomic, this system is valued for guaranteeing up-to-date information at all times (procedures, processes, indicators, etc.). It also facilitates control and management of activities thanks to customisable workflows and offers flexible dashboards for monitoring the performance our organisation. This excellent communication tool offers interconnectivity between production facilities and supports experience-sharing to help drive efficiency within our businesses.

3.6.5 Crisis management

As a company operating in the alcoholic beverage sector, the Marie Brizard Wine & Spirits Group is exposed to standard risks and threats that may affect the Group's safety and stability. If a situation becomes critical, the company must be able to recover swiftly and efficiently whilst minimising the medium and long-term impacts. Resilience against potential impact scenarios is an essential prerequisite of success, which is why the Group has developed a "General Crisis Management" guide.

The Marie Brizard Wine & Spirits Group has identified a number of different types of incident liable to occur within the Group:

- Product safety: accidental quality control oversight, malicious interference with products, contamination, counterfeiting, etc.
- Health, safety and industrial relations: serious industrial accident, epidemic, strike, terrorist threat, bomb alert, etc.
- Operations: fire, explosion, flood, natural disaster, environmental accident, etc.
- Brand and company image: media, social networks, militant groups, competitors, etc.
- Information technology: system failure, hacking of confidential information, etc.
- Regulations: breach of regulations with consequent risk of legal proceedings, fines, etc.

• Economical and financial: profit warning, rumours of bankruptcy, etc.

The “General Crisis Management” guide defines potential risk scenarios, the solution to be implemented by the Group, each person’s roles and responsibilities and the checklists to be applied, depending on the type of incident. The guide includes a “General Crisis Management” procedure and two procedures focused on consumer safety, “Food Safety” and “Product Recall”.

Crisis committees are updated whenever necessary and each new member is informed about the procedure to follow.

3.7 APPENDICES – REPORTING SCOPE, PERIOD AND METHOD

3.7.1 Statement scope and period

The information presented in our statement covers the period from 1 January to 31 December 2019.

Given the nature of the Marie Brizard Wine & Spirits Group, it is necessary to organise a “variable-geometry” scope depending on the subject of the indicators.

Where applicable, it is accepted that companies that joined the Group after 1 January of the year in question are not included in the scope of this statement. These companies will implement non-financial reporting procedures from the following year onwards. Companies closed down or sold during the year in question are not included.

In 2019, all entities included in the scope of the statement of non-financial performance form part of the financial scope of the Marie Brizard Wine & Spirits Group and are fully consolidated in the Group financial statements.

Exceptions in 2019 are as follows: Sobieski Trade, which was sold, the no longer operational Madrid/Barcelona establishment, the Shanghai/Hong Kong, Miami (USA) and Fuenmayor (Spain) facilities representing 2.5% of the workforce (based on 2018 data) and Zizurkil (Spain) in respect of indicators on training hours, representing 3.8% of the workforce (based on 2019 data).
In order to improve clarity and provide a more accurate analysis of CSR data, some legal entities have been separated by "facility", mainly under the following categories: production, administration, distribution, storage, vineyard.
Quantitative information covers all the entities. It is worth noting that the environmental data only concerns our production facilities, to the exclusion of other facilities and vineyards.

3.7.2 Reporting standards

The non-financial reporting protocol describes the procedure for reporting Group social and environmental indicators for its business areas. The protocol also sets out internal guidelines for contributors and a set of guidelines for external verification of data.
The Marie Brizard Wine & Spirits Group has drawn up its own CSR reporting protocol, which is used in conjunction with the CSR information-gathering platform. It is revised in line with changes in regulations and feedback.
Data is gathered for each facility and consolidated at Group level. The rules for determining the CSR scope are specified in the section entitled "CSR scope". 2019 environmental data covers only the production facilities.

3.7.3 Data collection and reliability

In 2016, the Marie Brizard Wine & Spirits Group invested in a digital platform for collecting and analysing CSR data.
The platform has now been deployed at all facilities.

3.8 APPENDICES - DEFINITIONS

Year-end headcount

Headcount (or employees) corresponds to the individuals who have an employment contract with the entity (fixed-term or permanent contract, on a full or part-time basis, including employees on work-study contracts). Secondees, interns, temporary staff, service providers, consultants and other external staff are not recorded in headcount.
Headcount is recorded as the individuals who are physically present at the end of the period, and not on a full-time equivalent (FTE) basis.
Employees whose contracts expired in the evening of 31 December are recorded in the headcount present as at 31 December of the year in question.

Absenteeism

Absenteeism refers to employees who have missed one or more working days in part or in full as a result of:
• Illness, including travel accidents and occupational illness,
• Industrial accidents and travel accidents,
• Unjustified absence.
Excluding:
• Justified absence (paid and unpaid holiday, extra working time recovery, training leave, leave for family matters such as child's illness, birth, wedding, death, house move, etc.),
• Parental leave.
Days of absence are counted in calendar days for industrial accidents and occupational illnesses and in working days for all other reasons for absence.

Hiring

Hires on fixed-term contracts concern individuals who accepted a fixed-term contract during the reporting period.
These individuals may be:
• external applicants who accepted a fixed-term contract ("hire");
• temporary staff who accepted a fixed-term contract ("hire");
• individuals on fixed-term contracts who agreed to a renewal of their fixed-term contract for reasons other than the foregoing ("re-hire").
Permanent contract hires concern individuals who accepted a permanent contract during the period.
These individuals may be:
• external applicants who accepted a permanent contract ("hire");
• temporary staff who accepted a permanent contract ("hire");
• individuals on fixed-term contracts who accepted a permanent contract ("re-hire").

Lay-offs

Lay-offs concern persons working for the Company on permanent contracts whose employment contracts were terminated at the employer's initiative subject to payment of statutory compensation.
Mutually-agreed terminations and fixed-term contract expiries are not counted.

Other non-voluntary departures

Other non-voluntary departures include compulsory retirement, termination of probation period by the employer or early termination of the employment contract due to force majeure or death.

Voluntary departure

Voluntary departure includes resignation, mutually-agreed termination, voluntary retirement, termination of probation period by the employee, expiry of fixed-term contract, early termination of fixed-term contract by the employee, abandonment of position.

One-day fixed-term contracts

Bulgaria has a system of one-day fixed-term contracts: these contracts are excluded from published "hiring" and "departure" data as this is a seasonal contract specific to Bulgaria (grape-picking) and its inclusion would artificially inflate hiring and departure movements. In 2017, this exclusion accounted for 6 times the number of global hires (permanent and fixed-term contracts), bearing in mind that the same worker could sign a number of one-day contracts.

Industrial accidents

Number of accidents recorded during the year. Relapses resulting from previously recorded accidents (in Year N or earlier) are not recorded a second time. Likewise, an accident reported the previous year that continues to result in days of absence in the current year is not recorded again, as it was already recorded in the previous year. Travel accidents are not included.

Lastly, all accidents reported during the year are counted, regardless of whether they have been formally recognised by the social security organisation or equivalent body.
In the event that their recognition is rejected, these accidents are removed if the refusal is received prior to the close of the data reporting period.
The following formulas have been applied in order to calculate the frequency (FR) and severity (SR) rates:
• FR = number of recorded accidents with time off work over the year x 1,000,000/actual hours worked;
• SR = total number of days of absence due to industrial accidents x 1,000/actual hours worked.

Training

All training hours mentioned in the report concern training courses provided at local level and at Group level.

Water and energy consumption

Water consumption relating to production processes and cooling systems has been included in this indicator in the case of the Group's production facilities.
Energy consumption is quantified for the production facilities.
This definition includes direct or primary sources of energy (e.g. gas) and indirect or transformed energy (e.g. electricity consumption), as well as renewable energy generated by our facilities.
The energy used to operate industrial vehicles (e.g. forklifts) and fuel consumption by commercial vehicles and company cars is also included.
Where actual consumption figures are not available, the facilities estimate their consumption based on past consumption or energy bills.
In August 2017 a new "green power" indicator was introduced, corresponding to the new contract signed by Vilnius (Lithuania).

CO_2 emissions

This term is used with regard to the record of greenhouse gas (GHG) emissions generated by a product or operation. Scopes 1, 2 and 3 distinguish the source of the greenhouse gas emissions, thus facilitating the identification of solutions:

• Scope 1 corresponds to direct emissions resulting from the burning of fossil fuels such as gas, oil, coal, etc. (e.g. heating, use of company cars, etc.).

• Scope 2 denotes indirect emissions related to consumption of electricity, heat or steam required for production processes.

Emission factors are taken from the ADEME Base Carbone database as at 10/11/2017.

3.9 APPENDICES – KEY INDICATORS

Staff data

Headcount	Brazil	Bulgaria	China	Denmark	Spain	France	Latvia	Lithuania	Poland	USA	TOTAL	Change (%)
Total year-end headcount - 2018	32	140	6	10	92	463	6	239	918	32	**1,938**	
Total year-end headcount - 2019	29	142		9	48	414	6	199	418		**1,265**	**-35**

Breakdown of headcount by age	2017	2018	2019	Change 2018/2019 (%)
Aged 34 and under	594	533	**301**	**-44**
35 to 44 years	603	567	**363**	**-36**
45 to 54 years	498	494	**356**	**-28**
Aged 55 and over	324	327	**253**	**-23**

Breakdown of headcount by gender	2017	2018	2019	Change 2018/2019 (%)
Women	700	659	**488**	**-26**
Men	1,319	1,262	**786**	**-38**

Headcount	Unit	2017	2018	2019	Change 2018/2019 (%)
Total hires	**Number**	678	555	**392**	**-29**
Total leavers	**Number**	838	625	**457**	**-27**
of which lay-offs	**Number**	93	76	**44**	**-42**

Remuneration	Unit	
Payroll 2018	**€000**	**66,251**
Payroll 2019	**€000**	**56,259**
Change	**%**	**-15.1**

Organisation of working hours	Unit	2017	2018	2019	Change 2018/2019 (%)
Total employee overtime (paid and unpaid)	Hours	69,436.6	51,544.5	30,619	-41
Total actual employee hours worked	Hours	3,434,812	3,263,826	2,761,446	-15
Total number of days of absence	Working days	7,831	7,656	5,366	-30
Number of industrial accidents with time off work recorded over the year (incl. 29 “employee” accidents in 2019 and 3 “temporary worker” accidents)	Number	45	26	32	+23
Number of industrial accidents without time off work recorded over the year (incl. 6 “employee” accidents in 2019 and 1 “temporary worker” accident)	Number	21	9	7	-22
Number of occupational illnesses recorded over the year	Number	2	3	2	-33
Industrial accident severity rate (employees and temporary workers)	Rate	0.8	0.26	0.42	+61
Industrial accident severity rate (employees)	Rate	0.75	0.28	0.32	+14
Industrial accident frequency rate (employees and temporary workers)	Rate	13.1	7.48	14.21	+90
Industrial accident frequency rate (employees)	Rate	12.57	7.35	10.5	+43
Number of training hours completed	Hours	22,105	15,508	11,979	-23
Number of training hours completed per employee	Hours/employees			9.5	
Other employment indicators	Unit	2017	2018	2019	Change 2018/2019 (%)
Disabled persons employed	Number	37	32.69	28.51	-13
Number of collective agreements signed during the year	Number	16	19	20	+5
Number of workplace safety/health agreements signed during the year	Number	1	1	0	-

Environmental data

Non-renewable energy consumption	Unit	2017	2018	2019	Change 2018/2019 (%)
Electricity	kWh	13,019,493	12,077,762	16,800,948	+39
Heating oil	kWh	3,520,703	168,739	199,614	+18
Natural gas	kWh	45,855,107	44,381,255	41,594,874	-6
LPG	kWh	411,967	281,403	319,073	+13
Propane	kWh	28,627	1,329	0	-100
Road diesel	kWh	2,143,577	2,022,157	1,419,764	-30
Petrol	kWh	59,855	49,429	31,172	-37
Non-road diesel	kWh	1,273,785	308,289	322,938	+5
Fuel oil	kWh	1,644,049	2,991,866	540,693	-82
Total non-renewable energy consumption	kWh NCV	67,957,164	62,282,231	61,229,077	-2
Total non-renewable energy consumption	kWh/l			0.4	

Renewable energy consumption	Unit	2017	2018	2019	Change 2018/2019 (%)
Consumption by cogeneration	kWh	3,406,532	7,908,184	6,964,568	-12
Consumption of biomass wood energy	kWh	24,903,840	26,612,860	22,392,000	-16
Consumption by heat recovery	kWh	6,818,517	7,355,066	7,534,966	+2
Green power consumption*	kWh	306,491	713,717	675,966	-5
Total renewable energy consumption	kWh NCV	35,435,380	42,589,827	37,567,500	-12
Total energy consumption	kWh NCV	103,392,544	104,872,058	98,796,577	-6
Greenhouse gas emissions (Scope 1 and 2)	Unit	2017	2018	2019	Change 2018/2019 (%)
Scope 1 CO_2 emissions	tCO_{2e}	14,674	13,311	11,563	-13
Scope 2 CO_2 emissions	tCO_{2e}	4,686	4,310	8,398	+95
Scope 1 and 2 CO_2 emissions	tCO_{2e}	19,360	17,621	19,960	+13
Water consumption	Unit	2017	2018	2019	Change 2018/2019 (%)
Spring water	m^3	424,421	408,107	525,402	+29
Mains water	m^3	79,374	72,421	77,029	+6
Total water consumption	m^3	503,795	480,528	602,431	+25
Total water consumption per litre of product (including formulation)	m^3/l			3.9	
Consumption of raw materials	Unit	2017	2018	2019	Change 2018/2019 (%)
Sugar	t	5,787	5,867	5,704	-3
Neutral alcohol	LPA	29,904,436	35,591,422	33,409,503	-6
Wine	hl	629,092	586,616	386,515	-34
Cereal grain	t	30,797	29,177	22,756	-22
Waste	Unit			2019	
Hazardous waste	t			19	
Non-hazardous waste	t			4,164	

3.10 REPORT BY ONE OF THE STATUTORY AUDITORS, DESIGNATED AS THE INDEPENDENT THIRD-PARTY BODY, ON THE STATEMENT OF NON-FINANCIAL PERFORMANCE

To the General Meeting,

In our capacity as the statutory auditor of your company (hereinafter the "entity") designated as the independent third-party body, accredited by COFRAC under number 3-1049,[10] we hereby present our report on the statement of non-financial performance relating to the financial year ended 31 December 2019 (hereinafter the "Statement"), presented in the Group's management report in accordance with the provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code.

RESPONSIBILITY OF THE ENTITY

It is the responsibility of the Board of Directors to prepare a Statement in accordance with the statutory and regulatory provisions, including presentation of the business model, a description of the principal non-financial risks, presentation of the policies applied in respect of these risks and the effects of these policies, including key performance indicators.

The Statement has been prepared by applying the entity's procedures (hereinafter the "Guidelines"), the major elements of which are presented in the Statement and may be consulted upon request at the entity's registered office.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the provisions of Article L. 822-11-3 of the French Commercial Code and the French Code of Ethics for statutory auditors. Furthermore, we have introduced a quality control system that includes documented policies and procedures aimed at ensuring compliance with the applicable statutory and regulatory provisions, corporate conduct rules and professional standards.

RESPONSIBILITY OF THE STATUTORY AUDITOR DESIGNATED AS THE INDEPENDENT THIRD-PARTY BODY

It is our duty, on the basis of our audit, to formulate a reasoned opinion drawing a conclusion expressing limited assurance of:

the compliance of the Statement with the provisions of Article R. 225-105 of the French Commercial Code;

the accuracy of the information provided pursuant to Article R. 225-105 (I)(3) and (II) of the French Commercial Code, in particular the effects of the policies, including key performance indicators, and the actions relating to the principal risks, hereinafter the "Information".

It is not our duty, however, to issue an opinion on the entity's compliance with other applicable statutory and regulatory provisions, including those related to anti-corruption and tax evasion, or on the compliance of products and services with applicable regulations.

NATURE AND SCOPE OF THE WORK

Our audit as described below was conducted in accordance with the provisions of Articles A. 225-1 et seq. of the French Commercial Code, the professional standards issued by the French National Institute of Auditors regarding our engagement and international standard ISAE 3000[11]:

• We acquired an understanding of the activity of all entities included in the consolidation scope and of the degree of exposure to the main risks;

• We assessed the appropriateness of the Guidelines in terms of relevance, completeness, reliability, objectivity and comprehensibility, taking industry best practices into consideration, where applicable;

• We verified that the Statement covers each category of information referred to in Article L. 225-102-1 (III) in terms of social and environmental responsibility as well as respecting human rights and preventing corruption and tax evasion;

• We verified that the Statement presents the information provided for in Article R. 225-105 (II), where relevant to the main risks, and includes, where applicable, an explanation of the reasons for the omission of any information required pursuant to the second paragraph of Article L. 225-102-1 (III);

10 The scope of this accreditation may be consulted on www.cofrac.fr.

11 ISAE 3000 – *Assurance engagements other than audits or reviews of historical financial information*

• We verified that the Statement presents the business model and a description of the main risks related to the activity of all the entities included in the consolidation scope, including, where relevant and proportionate, the risks generated by its business relations, products or services, as well as the policies, measures and effects, including key performance indicators related to the main risks;
• We consulted documentary sources and conducted interviews in order to:
- assess the process of selecting and approving the main risks and the consistency of results, including the key performance indicators adopted, with regard to the main risks and policies presented;
- corroborate the qualitative information (measures and results) we considered to be most relevant[12]. In the case of some risks[13], our audit was conducted on the consolidating entity. With regard to other risks, the audit was conducted on the consolidating entity and a sample of other entities[14];
• We verified that the Statement covers the consolidation scope, i.e. all the entities included in the consolidation scope pursuant to Article L. 233-16, subject to the limits set out in the Statement;
• We acquired an understanding of the internal control and risk management procedures implemented by the entity and we assessed the information-gathering process with regard to the completeness and accuracy of the Information;
• For the key performance indicators and the other quantitative results that we considered the most significant[15], we implemented:
- analytical procedures whereby we verified the correct consolidation of the data collected as well as the consistency of the changes in this data;
- detailed checks by means of sample tests in which we verified the correct application of the definitions and procedures and reconciled the data with supporting documentation. This work was carried out on a sample of contributing entities(5) and covers between 21% and 68% of the consolidated data selected for these tests;
• We assessed the overall consistency of the Statement with regard to our knowledge of all the entities included in the consolidation scope.

We believe that the work we carried out by exercising our professional judgement enables us to draw a conclusion expressing limited assurance; a higher level of assurance would have required more extensive audit work.

MEANS AND RESOURCES

Our review was conducted by six people over a total period of approximately three weeks between January and May 2020.
In conducting our work, we called on assistance from our sustainable development and social responsibility experts. We conducted around a dozen interviews with individuals responsible for preparing the Statement.

CONCLUSION

Based on our work, we did not identify any material misstatements likely to call into question the fact that the consolidated statement of non-financial performance complies with the applicable regulatory provisions and that the Information, taken as a whole, is presented in a fair manner, in accordance with the Guidelines.

Paris-La Défense, 2 June 2020
KPMG S.A.

Anne Garans
Partner
Sustainability Services

12 Systems for providing support to employees during the Group transformation; Policies adopted with regard to health and safety at work; Measures to reduce the environmental impact of packaging related to operations; Measures taken to monitor the impact of operations on water resources and land use; Anti-corruption policies; Systems for assessing supplier ethical, social and environmental responsibility; Policies adopted to prevent tax evasion; Initiatives for raising employee awareness of the dangers of alcohol; Measures to reduce the sugar and alcohol content of products.
13 Developing and retaining talent; Helping employees with changes; Corruption risk; Risk related to human rights; Risk related to preventing tax evasion; Responsible alcohol consumption; Responsible purchasing policies; Consumer health.
14 Moncigale: Beaucaire establishment (France); Destylarnia Sobieski: Starogard establishment (Poland); MBWS Holding (France).
15 Total year-end headcount; Breakdown of headcount by age and gender; Total hires; Total dismissals; Number of training hours completed per employee; Frequency rate of accidents with time off work (employees); Industrial accident severity (employees); Total non-renewable energy consumption per litre of product; CO_2 emissions (Scopes 1 and 2); Total water consumption per litre of product; Hazardous waste; Non-hazardous waste.

Stephane Devin
Partner

4

CONSOLIDATED FINANCIAL STATEMENTS

4.1 CONSOLIDATED FINANCIAL STATEMENTS AND NOTES FOR THE 2019 FINANCIAL YEAR

Annual consolidated income statement

(€000)	Note	2019	2018 restated (1)
REVENUES		**483,485**	**472,855**
Excise duties		(207,999)	(192,102)
REVENUES EXCLUDING EXCISE DUTIES	4	**275,486**	**280,753**
Purchases consumed		(179,178)	(185,929)
External expenses	5.1	(44,852)	(55,517)
Personnel expense	5.2	(56,450)	(59,556)
Taxes and levies		(3,957)	(4,837)
Depreciation and amortisation charges		(21,389)	(9,704)
Other operating income	5.3	10,135	10,805
Other operating expenses	5.3	(8,161)	(11,882)
UNDERLYING OPERATING PROFIT/(LOSS)		**(28,366)**	**(35,867)**
Non-recurring operating income	5.4	3,307	1,196
Non-recurring operating expenses	5.4	(26,461)	(12,860)
OPERATING PROFIT/(LOSS)		**(51,520)**	**(47,531)**
Income from cash and cash equivalents	5.5	26	42
Gross cost of debt	5.5	(6,127)	(5,834)
NET COST OF DEBT		**(6,101)**	**(5,792)**
Other financial income	5.5	3,388	7,448
Other financial expenses	5.5	(3,881)	(7,567)
NET FINANCIAL INCOME/(EXPENSE)		**(6,594)**	**(5,911)**
PROFIT/(LOSS) BEFORE TAX		**(58,114)**	**(53,442)**
Income tax	5.6	(512)	(5,560)
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS		**(58,626)**	**(59,002)**
NET PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS (1)		**(7,295)**	**(2,997)**
NET PROFIT/(LOSS)		**(65,921)**	**(61,999)**
Group share		(65,926)	(61,904)
of which net profit/(loss) from continuing operations		(58,631)	(58,907)
of which net profit/(loss) from discontinued operations (1)		(7,295)	(2,997)
Non-controlling interests		5	(95)
of which net profit/(loss) from continuing operations		5	(95)
of which net profit/(loss) from discontinued operations			
Net earnings per share from continuing operations, Group share (€)	5.7	(1.42)	(2.23)
Diluted net earnings per share from continuing operations, Group share (€)	5.7	(1.42)	(2.23)
Net earnings per share, Group share (€)	5.7	(1.60)	(2.12)
Diluted net earnings per share, Group share (€)	5.7	(1.60)	(2.12)
Weighted average number of shares outstanding		41,249,151	27,751,313
Diluted weighted average number of shares outstanding		41,249,151	28,224,513

1) The 2018 financial statements have been restated in accordance with the application of IFRS 5 – Discontinued Operations. See Note 1.25 on the impact of applying this standard.
IFRS 16: As the Group has elected to apply the simplified retrospective approach, the 2018 financial statements have not been restated for the application of IFRS 16 – Leases. See Note 1.2 on the impact of applying this standard.

Annual statement of comprehensive income

(€000)	**2019**	**2018**
Net profit/(loss) for the financial year	**(65,921)**	**(61,999)**
Items reclassifiable through profit & loss		
Cash flow hedges, net of tax	630	500
Translation differences	(214)	852
Items not reclassifiable through profit & loss		
Revaluation of defined benefit plan liabilities, net of tax	(102)	364
Other items of comprehensive income for the financial year, net of tax	**314**	**1,716**
COMPREHENSIVE INCOME/(LOSS)	**(65,607)**	**(60,283)**
Of which:		
Group share	(65,597)	(60,141)
Share attributable to non-controlling interests	(10)	(142)
The amounts of comprehensive income/(loss) are shown net of tax.		

Annual consolidated balance sheet

ASSETS

(€000)	Note	31/12/2019	31/12/2018 (1)
Non-current assets			
Goodwill	6.1	15,039	15,036
Intangible assets	6.1	88,031	88,622
Property, plant and equipment	6.2	56,180	69,451
Financial assets	6.3	2,387	2,298
Non-current derivatives	6.12		58
Deferred tax assets	5.6	1,328	4,315
Total non-current assets		**162,965**	**179,780**
Current assets			
Inventory and work-in-progress	6.4	53,991	64,558
Trade receivables	6.5	46,669	61,905
Tax receivables		1,735	1,987
Other current assets	6.6	32,686	29,782
Current derivatives	6.12	157	94
Cash and cash equivalents	6.7	26,193	21,832
Total current assets		**161,431**	**180,158**
Assets held for sale	1.25		138
TOTAL ASSETS		**324,396**	**360,076**

(1) IFRS 16: As the Group has elected to apply the simplified retrospective approach, the 2018 financial statements have not been restated for the application of IFRS 16 – Leases. See Note 1.2 on the impact of applying this standard.

LIABILITIES

(€000)	Note	31/12/2019	31/12/2018 (1)
Shareholders' equity			
Share capital	6.8	89,396	56,677
Additional paid-in capital		66,710	175,712
Consolidated and other reserves		25,568	(48,636)
Translation reserves		(22,234)	(20,102)
Consolidated net profit/(loss)		(65,926)	(61,905)
Shareholders' equity (Group share)		**93,514**	**101,746**
Non-controlling interests		223	1,601
Total shareholders' equity		**93,737**	**103,347**
Non-current liabilities			
Employee benefits	6.9	5,533	5,776
Non-current provisions	6.10	3,238	705
Long-term borrowings – due in > 1 year	6.11	9,689	11,812
Other non-current liabilities	6.13	1,855	1,889
Non-current derivatives	6.12		201
Deferred tax liabilities	5.6	16,424	19,652
Total non-current liabilities		**36,739**	**40,036**
Current liabilities			
Current provisions	6.10	10,178	4,053
Long-term borrowings – due in < 1 year	6.11	50,933	48,897
Short-term borrowings	6.11	12,292	30,115
Trade and other payables		63,719	67,888
Tax liabilities		481	811
Other current liabilities	6.13	56,315	64,348
Current derivatives	6.12	2	580
Total current liabilities		**193,920**	**216,692**
Liabilities held for sale			
TOTAL EQUITY AND LIABILITIES		**324,396**	**360,076**

(1) IFRS 16: As the Group has elected to apply the simplified retrospective approach, the 2018 financial statements have not been restated for the application of IFRS 16 – Leases. See Note 1.2 on the impact of applying this standard.

Annual consolidated cash flow statement

(€000)	**2019**	**2018 (1)**
Total consolidated net profit/(loss)	**(65,921)**	**(61,999)**
Eliminations:		
Depreciation and provisions	31,407	8,515
Fair value revaluation gains/losses	279	(90)
Gains/(losses) on disposals and dilution	8,550	(44)
Operating cash flow after net cost of debt and tax	**(25,685)**	**(53,618)**
Income tax charge/(income)	512	5,826
Net cost of debt	6,101	6,078
Operating cash flow before net cost of debt and tax	**(19,072)**	**(41,713)**
Change in working capital 1 (inventories, trade receivables/payables)	19,922	3,337
Change in working capital 2 (other items)	(17,524)	(20,176)
Tax paid	(301)	1,179
Cash flow from operating activities	**(16,975)**	**(57,372)**
Purchase of minority interests	(1,102)	
Purchase of PP&E and intangible assets	(9,056)	(22,488)
Purchase of financial assets	187	
Increase in loans and advances granted	(117)	(312)
Decrease in loans and advances granted	435	16,659
Disposal of PP&E and intangible assets	2,429	5,040
Impact of change in consolidation scope	(238)	
Cash flow from investment activities	**(7,462)**	**(1,101)**
Capital increase	58,576	51
Purchase of treasury shares	13	(306)
New borrowings	235	11,885
Borrowings repaid	(5,356)	(6,216)
Net interest paid	(6,877)	(6,667)
Net change in short-term debt	(17,933)	22,080
Cash flow from financing activities	**28,658**	**20,826**
Impact of exchange rate fluctuations	140	(252)
Change in cash and cash equivalents	**4,361**	**(37,899)**
Opening cash and cash equivalents	21,832	59,731
Closing cash and cash equivalents	26,193	21,832
Change in cash and cash equivalents	**4,361**	**(37,899)**

(1) IFRS 16: As the Group has elected to apply the simplified retrospective approach, the 2018 financial statements have not been restated for the application of IFRS 16 – Leases. See Note 1.2 on the impact of applying this standard.

Statement of changes in annual shareholders' equity

(€000)	**Share capital**	**Additional paid-in capital**	**Consolidated reserves**	**Revaluation of defined benefit plan liabilities**	**Fair value adjustments**	**Translation reserves**	**Treasury shares and redeemable share warrants**	**Shareholders' equity (Group share)**	**Non-controlling interests**	**Total shareholders' equity**
Opening position as at 01/01/2018	**56,673**	**175,666**	**(39,306)**	**70**	**(987)**	**(21,002)**	**(9,439)**	**161,675**	**2,200**	**163,875**
Comprehensive income/(loss) for the period			(61,905)	364	500	900		(60,141)	(142)	(60,283)
Capital increase	4	46						50		50
Treasury shares							(306)	(306)		(306)
Stock option plan expenses										
Change in consolidation scope			456					456	(456)	
Other changes			69	(58)				11		11
CLOSING POSITION AS AT 31/12/2018	**56,677**	**175,712**	**(100,685)**	**376**	**(487)**	**(20,102)**	**(9,745)**	**101,746**	**1,601**	**103,347**
(€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 as at 01/01/2019	**56,677**	**175,712**	**(100,685)**	**376**	**(487)**	**(20,102)**	**(9,745)**	**101,746**	**1,601**	**103,347**
Profit for the period			(65,926)					(65,926)	5	**(65,921)**
Translation differences						(199)		(199)	(15)	**(214)**
Items of other comprehensive income				(102)	630			528		**528**
Comprehensive income/(loss) for the period			**(65,926)**	**(102)**	**630**	**(199)**		**(65,597)**	**(10)**	**(65,607)**
Capital increase	32,719	25,786						**58,505**		**58,505**
Treasury shares							13	**13**		**13**
Stock option plan expenses										
Change in consolidation scope			1,983	(73)		(1,933)		**(23)**	(1,368)	**(1,391)**
Other changes		(134,788)	133,658					**(1,130)**		**(1,130)**
Transactions with shareholders	**32,719**	**(109,002)**	**135,641**	**(73)**		**(1,933)**	**13**	**57,365**	**(1,368)**	**55,996**
CLOSING POSITION AS AT 31/12/2019	**89,396**	**66,710**	**(30,970)**	**202**	**143**	**(22,234)**	**(9,732)**	**93,514**	**223**	**93,737**

NOTES TO THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS - CONTENTS

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 27-29 Rue de Provence, Paris (75009).

The consolidated financial statements for the year ended 31 December 2019 were approved by the Board of Directors on 26 May 2020.

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 consolidated financial statements of MBWS S.A. and its subsidiaries (the Group) were prepared in accordance with IFRS (International Financial Reporting Standards), as adopted by the European Union on 31 December 2019.

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

The accounting principles and policies applied to the consolidated financial statements for the year ended 31 December 2019 are identical to those applied to the consolidated financial statements for the previous year, except for the changes in accounting standards set out below.

IFRS STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE EUROPEAN UNION AND COMPULSORY FROM 1 JANUARY 2019

The following standards, interpretations and amendments are applicable to MBWS from 1 January 2019:

- IFRS 16 "Leases";
- Amendments to IFRS 9 "Financial Instruments" - Prepayment Features with Negative Compensation;
- Amendments to IAS 19 "Employee Benefits" - Plan Amendment, Curtailment or Settlement;
- Amendments to IAS 28 "Investments in Associates and Joint Ventures"- Long-term Interests in Associates and Joint Ventures;
- IFRS improvements published in December 2017 (2015-2017 cycle);
- IFRIC 23 "Uncertainty over Income Tax Treatments".

IFRS 16 "LEASES"

Changes resulting from the application of IFRS 16 are set out in Note 1.2 - Changes in accounting policies.

IFRIC 23 "Uncertainty over income tax treatments"

This interpretation clarifies all situations of uncertainty regarding income tax treatments. The analysis of these situations has not identified any position of material uncertainty for the Group. The impact of first-time application of IFRIC 23 on the Group's tax charge is therefore immaterial.

PRINCIPAL STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED BY THE EUROPEAN UNION BUT NOT REQUIRING COMPULSORY APPLICATION AS OF 1 JANUARY 2019

None.

PRINCIPAL STANDARDS, AMENDMENTS AND INTERPRETATIONS PUBLISHED BUT NOT YET ADOPTED BY THE EUROPEAN UNION

The following standards, interpretations and amendments are applicable to MBWS after 31 December 2019:

- IFRS 17 "Insurance Contracts";
- Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Materiality";

• Amendments to IAS 28 “Investments in Associates and Joint Ventures” and IFRS 10 “Consolidated Financial Statements” - Sales or asset contributions carried out between the Group and equity associates;
• Amendments to IFRS 3 “Business Combinations” - Definition of a business.

Note 1.2: Changes in accounting policies

APPLICATION OF IFRS 16 - LEASES

IFRS 16 – Leases establishes the model for recognising leases. The new standard replaces IAS 17 – Leases, and applies to all leases or parts of leases that include, for the lessee, use of an identified asset for a set period of time in exchange for periodic payments. At the lease commencement date, a liability is recognised on the balance sheet corresponding to the present value of future fixed lease payments. Payments taken into consideration in order to measure the future lease liability exclude non-lease components and include fixed amounts the lessee expects to pay the lessor over the probable term of the lease. Under assets, a right-of-use asset is recognised corresponding to the value of the liability less lease incentives received from the lessor, plus upfront lease payments and initial direct costs. After the lease commencement date, the future lease liability is reduced by lease payments made and increased by the discounting expense for the period in application of the incremental borrowing rate. The liability may be remeasured in the event of a reassessment or change in future lease payments. The right-of-use asset is depreciated on a straight-line basis over the lease term and may also be remeasured in the event of a reassessment or change in future lease payments.

IMPACT OF THE APPLICATION OF IFRS 16 ON MARIE BRIZARD WINE & SPIRITS FINANCIAL STATEMENTS

MBWS has applied IFRS 16 since 1 January 2019. MBWS recognises a right-of-use asset and a lease liability on the balance sheet in respect of leases, subject to the following exceptions permitted by the standard: (i) leases for a remaining term of no more than 12 months, (ii) leases where the underlying asset is of low value, (iii) the variable portion of leases (where the variability is related to the asset’s use or performance). Lease payments not recognised on the balance sheet are recognised as expenses. Likewise, where a lease contains an explicitly identifiable portion relating to the provision of services that do not meet the definition of a lease, said portion is also recognised under expenses. Application of IFRS 16 as of 1 January 2019 led to recognition of the following items:

• Balance sheet: a liability in respect of future lease payments and a right-of-use asset for leases falling within the scope of IFRS 16
• Income statement: lease payments previously presented under underlying operating profit/(loss) are eliminated. A depreciation charge corresponding to the straight-line depreciation of right-of-use assets is recognised under underlying operating profit/(loss). A financial expense corresponding to interest payments on lease liabilities is recognised under net financial income/(expense).
• Cash flow statement: cash outflows related to leases, which were previously presented under cash flow from operating activities, are henceforth presented under cash flow from financing activities.

Leasehold rights, which were previously recognised under intangible assets, and finance leases previously recognised in accordance with IAS 17 are henceforth presented under right-of-use assets as a component thereof. Depending on the legal terms applicable to each one, leasehold rights are either depreciated over the term of the underlying lease or not depreciated but subject to impairment testing where there is an indication that the asset may be impaired.

The lease term taken into consideration corresponds to the non-cancellable period of the lease, including periods covered by extension and termination options that the Group is reasonably certain to exercise or not. The discount rate adopted by the Group corresponds to the incremental borrowing rate and was determined per lease, per entity and per currency. Incremental borrowing rates were determined by drawing up tables of borrowing rates calculated per subsidiary on the basis of a combination of risk-free rates and credit spreads. The rates adopted for each lease are calculated in accordance with these rate tables and lease maturity. The rates applied as at 1 January 2019 to calculate the impact of first-time application were established on the basis of the remaining lease term as at said date.

Leases of non-current assets with a depreciation period of under five years are assigned a short-term rate. Leases of non-current assets with a depreciation period of over five years are assigned a long-term rate.

In its business activities, the Group enters into lease agreements as a lessee in respect of the following main asset groups:
• Land, buildings and office premises;
• Vehicles;
• Machinery and equipment.

As at 1 January 2019, the average incremental borrowing rates determined in accordance with lease maturity and weighted as per lease liabilities are presented in the table below:

	ST rate (%)	LT rate (%)
Denmark	2.8	3.0
Spain	2.8	4.2
United States	5.5	5.6
France	2.8	3.5
Lithuania	2.8	3.1
Poland	4.5	5.7
China	5.2	6.2
Brazil	9.1	10.7
Bulgaria	2.8	3.5

The Group has elected to apply the simplified retrospective approach, which provides for recognition of a liability at the transition date equal solely to the present value of remaining lease payments, matched by a right-of-use asset adjusted for upfront lease payments made. This approach is equivalent to treating 1 January 2019, the transition date, as the commencement date of all leases irrespective of their actual effective date. Under this approach, comparative periods are not restated. The standard provides for a number of simplification measures on transition. In particular, the Group has opted to exclude leases with a remaining term of less than 12 months and leases of low-value assets and not to capitalise costs directly related to lease execution.

At 1 January 2019, IFRS 16 had an impact of €16.3 million on non-current assets and €16 million on financial liabilities. Right-of-use assets by type are presently directly in the tables of changes in non-current assets, which may be found in Notes 6.1 "Intangible assets and goodwill" and 6.2 "Property, plant and equipment". The corresponding financial liability is presented in Note 6.11 "Borrowings". The difference between the impact on assets and liabilities is mainly due to the adjustment of the liability corresponding to the right-of-use asset for upfront or outstanding lease payments.

At 31 December 2019, IFRS 16 application had the following impact on the financial statements:

Main income statement items *(€000)*	**2018**	**2018 restated**	**2019**	**IFRS 16 impact**	**2019 excl. IFRS 16**
External expenses	(59,949)	(55,517)	(44,852)	4,527	(49,379)
EBITDA	**(28,015)**	**(27,173)**	**(12,090)**	**4,527**	**(16,616)**
Depreciation and amortisation charges	(10,744)	(9,704)	(21,989)	(4,052)	(17,937)
UNDERLYING OPERATING PROFIT/(LOSS)	**(37,891)**	**(35,867)**	**(28,366)**	**1,075**	**(29,441)**
Non-recurring operating income and expenses	(11,658)	(11,664)	(23,154)		(23,154)
Net cost of debt	(6,078)	(5,792)	(6,101)	(493)	(5,608)
NET PROFIT/(LOSS) GROUP SHARE	**(61,905)**	**(61,905)**	**(65,926)**	**582**	**(66,508)**

1) The 2018 financial statements have been restated in accordance with the application of IFRS 5 – Discontinued Operations. See Note 1.25 on the impact of applying this standard.

In 2019, lease payments recognised under expenses amounted to €423,000 in respect of leases with a remaining term of less than 12 months and low-value asset leases.

Main balance sheet items *(€000)*	**31/12/2018**	**31/12/2019**	**IFRS 16 impact**	**31/12/2019 excl. IFRS 16**
Property, plant and equipment	69,451	55,580	5,888	49,692
Non-current borrowings	11,812	9,689	3,486	6,203
Current borrowings	79,012	63,225	2,403	60,822

Reconciliation of off-balance sheet commitments at 31/12/2018 with lease liabilities at 01/01/2019 (€000)	
COMMITMENTS GIVEN FOR OPERATING LEASES AT 31/12/2018	**12,004**
Leasehold rights on land	1,136
Leases not giving rise to off-balance sheet commitments	4,489
IFRS exclusions (amount/term)	(572)
Impact of discounting	(832)
LEASE LIABILITY UNDER FORMER OPERATING LEASES AT 01/01/2019	**16,225**

The amount of €4.5 million mainly corresponds to commitments made to the Polish government that were not classified under off-balance sheet commitments at 31 December 2018.

Note 1.3: Going concern

THE BACKGROUND

For several years now, the Marie Brizard group (the "Group") has experienced operational and financial difficulties reflected by consolidated EBITDA losses of €11.9 million in 2017, €28.0 million in 2018 (€27.2 million restated) and €12.1 million in 2019 after application of IFRS 16 and restatement pursuant to IFRS 5.

These difficulties prompted the Group to apply for intervention by a conciliator, then later by a mediator/adviser, and by the Interministerial Industrial Restructuring Committee, two independent bodies that have overseen the process of seeking appropriate solutions during 2018-2020 to help them resolve the Group's difficulties.

As at 31 December 2017, the Group did not comply with the covenants attached to the syndicated credit facility agreement signed on 26 July 2017 in respect of the €45 million medium-term loan ("Medium-Term Loan") and a €32.5 million revolving credit facility on which the Group was unable to draw as a result.

Accordingly, under the conciliator's supervision, in 2018 the Group concluded new financing arrangements with its bank partners and obtained a current account advance from MBWS shareholder Compagnie Financière Européenne de Prises de Participation ("COFEPP").

The cash problems experienced by Marie Brizard Wine & Spirits SA and its subsidiaries in France (Marie Brizard Wine & Spirits France, Moncigale and Cognac Gautier) also gave rise to tax and social security liabilities, regarding which a transitional repayment plan was approved by the *Commission des Chefs de Services Financiers d'Île-de-France* ("CCSF") on 27 June 2018, subject to the provision of guarantees. By decision dated 27 June 2019, this plan was extended until full repayment of the aforementioned liabilities.

MAIN DEVELOPMENTS IN 2019

Implementation of COFEPP agreement dated 21 December 2018

In accordance with an undertaking made by COFEPP in late December 2018 to subscribe to a capital increase carried out by Marie Brizard Wine & Spirits, on 23 January 2019 the Medium-Term and Bridge Loan lenders agreed to extend the Bridge Loan standstill agreement and waive their right to demand immediate repayment of the Medium-Term Loan until no later than 28 February 2020.

They also waived the half-year instalments under the Medium-Term Loan during the same period. It was agreed that this agreement with the banks would be terminated early if the Bridge Loans were not repaid following the capital increase provided for under the agreement with COFEPP.

On 12 July 2019, the Medium-Term Loan and Bridge Loan lenders agreed to extend the standstill agreement and waive their right to demand immediate repayment of the Medium-Term Loan until no later than 30 June 2020.

Reserved capital increase and warrant programmes

On 29 March 2019, in accordance with the 31 January 2019 General Meeting vote in favour of COFEPP's recapitalisation proposal, Marie Brizard Wine & Spirits SA issued:

(i) share warrants exercisable during one month (the "Short-Term Warrants") entitling holders to subscribe to new MBWS ordinary shares of a total value of €49.3 million (including issue premium);

(ii) share warrants exercisable during 42 months (the "Long-Term Warrants" and, together with the Short-Term Warrants, the "Warrants") entitling holders to subscribe to new MBWS ordinary shares of a total value of €49.3 million (including issue premium).

In accordance with its undertaking, COFEPP:

(i) exercised its Warrants and subscribed to the shares issued upon exercise of said Warrants at a total value of €15 million (this transaction was carried out entirely through the exercise of Short-Term Warrants),

(ii) confirmed that it was not exercising, in total, more than 30% of the Warrants issued in accordance with its agreement with MBWS.

Under the Short-Term Warrant programme expiring on 29 April 2019, warrants for a total value of €20,743,350 were exercised (including €15 million by COFEPP). The contributions made by COFEPP (reserved capital increase and warrants) and the other shareholders (warrants) represented additional cash funds totalling €43.5 million.

Following the aforementioned transactions, COFEPP as majority shareholder held 50.97% of the share capital and 7 out of the total 12 positions on the current Board of Directors.

Following this reserved capital increase subscribed by COFEPP for a total amount of €37.7 million, including €32.2 million by offset against the €7.7 million shareholder current account advance granted on 29 May 2018 and the bond bridge loan issued in February 2019 for a principal amount of €25 million, the Bridge Loans for a principal amount of €7.5 million granted by the bank partners were repaid in accordance with the 23 January 2019 standstill agreement.

In 2019, the MBWS Group continued its discussions with its bank partners and COFEPP in order to reach an agreement within the scope of the ongoing conciliation procedure.

On 12 July 2019, the Medium-Term Loan and Bridge Loan lenders agreed to extend the standstill agreement and waive their right to demand immediate repayment of the Medium-Term Loan until no later than 30 June 2020.

Conditional agreement signed between MBWS and COFEPP to cover MBWS cash requirements

On 20 December 2019, MBWS and COFEPP signed an agreement, the main terms of which are as follows:

• assignment of bank receivables (Medium-Term and Short-Term);

• standstill on repayments of the Medium-Term Loan;

• establishment of interim financing in 2020 ("Advances") to finance MBWS cash requirements in 2020, subject to conditions precedent;

• if the aforementioned conditions precedent are satisfied, the bank receivables and Bridges would be incorporated into MBWS share capital by COFEPP as part of the MBWS capital increase described below.

POST-BALANCE SHEET EVENTS

Agreement to assign all MBWS lending bank receivables to COFEPP

Pursuant to this agreement, on 17 January 2020 COFEPP signed a three-way agreement between MBWS, COFEPP and the MBWS lending banks to assign receivables under the €45 million loan agreement signed on 26 July 2017 and currently outstanding overdrafts.

The assignment became effective in January 2020.

Under the same arrangements, COFEPP also confirmed the grant to MBWS of a standstill on all assigned bank receivables due to be capitalised as part of the planned capital increase. On 20 May 2020, this standstill was extended until 26 January 2021 to make allowance for the postponement of the planned capital increase following the postponement of the General Meeting called to approved the 2019 financial statements.

Establishment of Advance 1 in the amount of €15 million in January 2020

Following the signing of an agreement between MBWS SA and COFEPP on 20 December 2019 providing for two conditional cash flow advances, COFEPP set up the following advances for MBWS:

• current account Advance 1 amounting to €15 million to be paid in January and February 2020 (bearing compounded interest at an annual rate of EURIBOR 3 month (*) + 425 bps), including €7.4 million provided for the requirements of Polish business operations and €7.6 million paid to MBWS France to cover cash requirements until mid-March 2020;

• current account Advance 2 amounting to €17 million (bearing compounded interest at an annual rate of EURIBOR 3 month + 425 bps), which would be paid to MBWS by 17 March 2020 subject to conditions precedent (not lifted to date) and mainly used for general cash requirements.

(*) Floored at zero

Advances 1 and 2 would be guaranteed via a number of security interests on Group assets, in particular via pledges of the Sobieski, Marie Brizard and William Peel trademarks and of shares in MBWS France, Cognac Gautier and Vilnius Degtine.
Advance 2 has not yet been paid. Among other things, it is conditional on (i) the public creditors' agreement in principle to a standstill on part of the Group's tax and social security liabilities, (ii) amendment of the Scotch whisky bulk supply agreement between MBWS and a supplier and (iii) the stabilisation of estimated cash requirements for 2020.

Establishment of Advance 1(b) in May 2020

As the conditions precedent applicable to Advance 2 had not yet been lifted and, in particular, fulfilment of the condition to amend the Scotch whisky bulk supply agreement remained uncertain, COFEPP agreed to amend the 20 December 2019 agreement by agreeing to the establishment of Advance 1(b), limited to a global cap of €10 million, to cover the Group's immediate cash requirements. This agreement provides for the following arrangements:
(i) a firm undertaking on the part of COFEPP to immediately pay MBWS (no later than 20 May) a €6 million current account advance (bearing compounded interest at an annual rate of EURIBOR 3 month floored at zero + 425 bps); this amount was received on 25 May 2020;
(ii) provision, at COFEPP's discretion, of a current account advance capped at €4 million to enable the MBWS Group to meet its cash requirements until 15 July 2020; this second portion of the advance may only be provided subject to COFEPP's consent and proof of the cash requirements in question.
The aforementioned advances shall be secured, at COFEPP's discretion, via junior pledges of Sobieski trademarks, all shares in Gaïa I and/or the current account receivable between MBWS and MBWS France, coupled with a pledge covering shares in Cognac Gautier and/or Marie Brizard trademarks, in favour of COFEPP.
The amount of Advance 1(b) shall be deducted from Advance 2, amounting to €17 million and not yet paid, as provided for in the 20 December 2019 agreement. The security interests provided for by the 20 December 2019 agreement in respect of Advance 2, in the event that this advance is actually paid, remain unchanged.
Provision of the entire Advance 1(b) amount would cover the Group's estimated cash requirements until 15 June 2020, if solely the €6 million firm portion is provided by COFEPP, and until 15 July 2020 if the entire Advance 1(b) totalling €10 million is made available.

MBWS planned capital increase

The 20 December 2019 press release stated the terms of a capital increase planned by MBWS, with preferential subscription rights (Rights Issue), at a total maximum amount of €105.3 million (including issue premium), conditional on the payment of Advance 2 among other things.
The amount and subscription price of the planned Rights Issue, provided among other things that Advance 2 is paid, as set out in the 20 December press release remain unchanged. As mentioned earlier, COFEPP has agreed to subscribe to at least 75% of the amount of the Rights Issue. Advance 1(b) would be fully incorporated into MBWS share capital, as would Advance 1 and Advance 2, as part of this Rights Issue. As stated earlier, the completion of this Rights Issue is also subject to approval by the Extraordinary General Meeting of shareholders and to AMF approval of the prospectus.
Diana Holding, which holds around 8.8% of MBWS's share capital and voting rights, has agreed to vote in favour of all transactions envisaged under this agreement.
Following the Rights Issue, if COFEPP honours the aforementioned commitments to subscribe for its statutory entitlement and underwrite the Rights Issue for a total amount of €79 million, including issue premium, COFEPP will hold 77.5% of MBWS's share capital and voting rights.

GOING CONCERN

The Group financial statements for 2019 have been prepared in accordance with the going concern principle, in view of the known situation as at the reporting date, as described above, and the most recent cash requirement estimates made in light of the changing situation related to the COVID-19 health crisis (see Note 7.5 Post-balance sheet events), based on the assumption that a number of the measures and transactions mentioned above have yet to be finalised over the upcoming months, including contractual negotiation of a bulk supply agreement for Scotch whisky, by way of condition precedent to the payment of Advance 2 by COFEPP, and the public creditors' agreement in principle to a standstill on part of the Group's tax and social security liabilities (see above).
To cope with the pandemic (see risk factors in Chapter 2), the Group has drawn on various assistance schemes provided by governments in France and other countries where the Group operates (short-time working arrangements for some production units and field sales force teams, deferral of social security payments).
Moreover, the implementation of the roadmap at present and over the coming months in line with strategic plan targets will improve the overall profitability of Group operations, thereby generating additional cash.
If the aforementioned initiatives fail and if the assumptions prove to be mistaken, the Group could find itself unable to realise its assets and settle its debts within the normal course of its operations and the classification of assets and liabilities could be materially impacted.

Note 1.4: 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 1.5: 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.

Information on the main judgements made when applying the accounting principles and on the main assumptions relating to the use of estimates is disclosed in the following notes:

- Note 1.3: Going concern
- Note 1.29: Deferred taxes
- Note 6.1: Impairment tests on non-financial assets
- Note 6.9: Valuation of pension commitments
- Note 6.10: Estimation of provisions
- Note 6.12: Valuation of financial instruments

Note 1.6: Consolidation method

Entities over which the Group exercises exclusive control, directly or indirectly, are fully consolidated. Control exists where MBWS SA has the power to direct the entity's relevant business activities either directly or indirectly, with a view to influencing its exposure or its rights to variable returns from its involvement with that entity.

The financial statements of controlled entities are consolidated from the date on which control is obtained until the date on which control ceases.

Full consolidation enables all the assets, liabilities and income statement items of the companies concerned, plus the share in their income and equity attributable to MBWS SA, to be taken into account, after eliminating intra-Group transactions and income.

Transactions between consolidated companies, together with any internal income within the consolidated entity (including dividends), are eliminated.

Note 1.7: Translation method

Translation of foreign subsidiaries' financial statements

The presentation currency of the Group's consolidated financial statements is the euro.

The financial statements of subsidiaries that use a different functional currency are translated into euros using the year-end method:

• Balance sheet items are translated into euros on the basis of the official closing exchange rates;

• Income statement items are translated using the average exchange rate for the financial year for each currency.

The resulting differences are entered under items of other comprehensive income as a counter-entry to translation reserves in shareholders' equity, until the investments to which they relate are disposed of or written off.

Transactions in foreign currencies

Transactions denominated in foreign currencies are translated at the exchange rates in effect on the transaction date. At financial year-end, monetary assets and liabilities in foreign currencies shown on the balance sheet are translated at the closing exchange rate. The resulting differences are entered in the income statement, with the exception of differences arising from transactions equivalent to net investment transactions, which are recognised as a translation difference in items of other comprehensive income.

Translation differences relating to commercial purchase and sale transactions are recorded in underlying operating profit/(loss). Exchange differences relating to financial transactions are recorded under net financial income/(expense).

Note 1.8: Presentation of current/non-current items

MBWS presents assets and liabilities in its consolidated balance sheet in accordance with a current/non-current classification.

An asset is considered as current if:

• it is used or sold as part of the normal operating cycle;

• it is held for transaction purposes over a period of less than 12 months following the financial year-end;

• it is a cash asset whose use is not subject to restrictions.

All other assets are classified as non-current.

A liability is considered as current if:

• it is settled as part of the normal operating cycle;

• it is settled within a period of 12 months following the financial year-end;

• or if the entity does not have an unconditional right to defer settlement of the liability for a period of at least 12 months following the financial year-end.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current.

Note 1.9: Business combinations and goodwill

Business combinations are recognised according to the acquisition method, pursuant to IFRS 3 revised. Identifiable assets and liabilities are recognised at their fair value on the acquisition date (barring exceptions) within an evaluation period of no more than 12 months from the acquisition date.

The difference between 1) the sum of the fair value of the consideration transferred by the purchaser plus the amount of non-controlling interests ("minority interests") in the acquired entity and 2) the balance of the identifiable assets and liabilities valued at fair value (barring exceptions) is recognised under goodwill. In the event that this difference is negative (badwill), it is recorded under income (profit) at the acquisition date.

The transaction expenses incurred by the Group as part of a business combination, such as business finders' fees, legal fees, due diligence fees and other professional and advisory fees, are expensed as incurred.

Changes in the percentage of the interest held by the Group in a subsidiary that do not result in a loss of control are recognised as equity transactions.

Note 1.10: Trademarks and other intangible assets

Intangible assets are valued at their acquisition cost less accumulated amortisation and any impairment charges recorded. Other intangible assets include trademarks, software, patents, software licensing agreements and long-term leasehold rights on land in Poland. Trademarks are not amortised if their useful life can be considered as indefinite. Trademarks with a finite useful life in view of their positions on their respective markets and the valuation of their inherent operating risks are amortised on a straight-line basis over their estimated useful life, which is usually 15 years.

Note 1.11: Property, plant and equipment

Land, buildings and plant are valued at their acquisition cost less accumulated depreciation and any impairment charges recorded.

Depreciation of property, plant and equipment is calculated according to the straight-line method based on the component parts and their estimated useful lives.

The average depreciation periods applied are as follows:
• Buildings (administrative and commercial): 10 to 50 years
• Fixtures and fittings: 3 to 15 years
• Equipment and tools: 5 to 20 years
• Other non-current assets: 3 to 10 years
If the recoverable value of property, plant and equipment is lower than its net book value, its book value is written down accordingly.
Following application of IFRS 16 as of 1 January 2019, non-current assets held under leases that substantially transfer the risks and rewards of ownership to the Group are recognised as non-current assets. These non-current assets are depreciated according to the straight-line method based on their estimated useful life, or the term of the lease if it is shorter. The corresponding liability is entered under liabilities (see Note 1.2 Changes in accounting policies).

Note 1.12: Biological assets

The Group's vineyards are accounted for, in the amount of €2.5 million, under property, plant and equipment and valued in accordance with IAS 16 based on their historical cost less any accumulated depreciation and impairment charges recorded.

Note 1.13: Impairment of non-current assets

Goodwill and intangible assets with an indefinite useful life, or which have not yet been commissioned, are tested for impairment at least once a year and more often where there is an indication that the asset may be impaired. Other non-current assets are tested for impairment whenever there is evidence of impairment.
The test consists in comparing the recoverable value of an asset or cash generating unit (CGU) with its book value.
The recoverable value of the CGU is the higher of the values determined in accordance with the following two methods:
• value-in-use, calculated by discounting the future cash flows generated by the asset tested or by the CGU;
• fair value less costs to sell, obtained on the basis of market values of comparable assets or, where applicable, indicative offers received from interested third parties.
Value-in-use is determined in accordance with discounted future cash flows calculated on the basis of business forecasts for the 2020-2022 period of the strategic plan as adjusted in line with annual targets. The translation of these business forecasts into cash flows was based on a number of key assumptions and judgements aimed at determining the trend in the markets in which the Group operates. Discount and long-term growth rates derived from research on the sector in which the Group operates are applied in order to estimate value-in-use. The discount rates used are post-tax rates specific to each region and applied to post-tax cash flows.
For the purposes of this test, non-current assets that cannot be tested individually are grouped into CGUs and the goodwill is assigned to the various CGUs (or group of CGUs). CGUs are uniform groups of assets whose ongoing use generates cash inflows that are mostly independent of the cash inflows generated by other asset groups. MBWS Group CGUs correspond to the geographical regions.
Where the recoverable value of a CGU is lower than its net book value, the corresponding impairment is assigned first to goodwill and is recognised under operating profit on the "Non-recurring operating expenses" line.
Pursuant to IAS 36, the Group assesses the sensitivity of the values resulting from impairment tests on the CGUs to which material amounts of goodwill and/or intangible assets with an indefinite useful life or not yet commissioned are attached, to changes in the key assumptions used in these tests (terminal year operating margin) and the discount rates and long-term growth rates applied.
In the case of the assets tested, the assessment consists in (i) consecutively varying the key assumptions and rates selected and comparing the simulated recoverable values obtained with the book value, in order to calculate the potential impairment for each asset, and (ii) determining the amount above which the value of the key assumption would have to be adjusted in order for the recoverable value to be equal to the book value.
Trademarks are tested separately from the other assets and CGUs.
The recoverable value of a trademark is the higher of its fair value less disposal costs and its value-in-use. Value-in-use is determined by applying an implicit royalty rate obtained via benchmarking against other trademarks.
An impairment charge is reversed, except in the case of goodwill, if the information underlying the recoverable value calculation changes (the increase in the book value of an asset due to the reversal of an impairment charge is limited to the book value after amortisation and depreciation that would have been determined if no impairment charge had been recorded in the first place).

Note 1.14: Financial assets

NON-CONSOLIDATED EQUITY INVESTMENTS

Non-consolidated equity investments are measured at fair value and changes in value are recognised either in shareholders' equity, under "Items reclassified to profit and loss", or in the income statement under "Other financial income and expenses", depending on the option chosen by the Group for each investment.
Fair value corresponds to market price, in the case of listed equity instruments, and value-in-use in the case of unlisted equity instruments, as determined in accordance with the financial criteria most appropriate to the specific situation of each instrument.

LOANS AND RECEIVABLES

Loans and receivables primarily include the other loans and receivables granted to non-consolidated entities, deposits in escrow and trade receivables. These instruments are initially measured at fair value plus directly assignable transaction costs and subsequently at amortised cost.

IMPAIRMENT OF FINANCIAL ASSETS

A financial asset is impaired if there is objective evidence that one or more events have had a negative impact on the asset's estimated future cash flows. The impairment of a financial asset valued at amortised cost corresponds to the difference between its book value and the value of the estimated future cash flows discounted at the original effective interest rate for financial assets.
A separate impairment test is carried out on each material financial asset.
Impairment charges are recognised under other financial income and expenses (provision charges and reversals).

Note 1.15: Inventory

Inventory is valued at the lower of its actual cost price and its net realisable value. The cost price includes purchase costs, processing costs and other costs incurred to bring the inventory to its present location and condition. The cost price is usually calculated according to the weighted average unit cost method.

Note 1.16: Trade receivables

Trade receivables are measured at fair value when they are initially recognised, and an impairment charge is recorded when their recovery is deemed to be uncertain. The methods currently used for the impairment of trade receivables make allowance for expected credit losses in the trade receivables portfolio. Furthermore, the risk is limited in view of the Group's policy on customer credit insurance. Consequently, the application of IFRS 9 with regard to these items has no impact on the Group financial statements.

Trade receivables not due that are assigned under a factoring agreement and that do not meet the IFRS 9 derecognition criteria are retained under "Trade and other receivables". A payable is recorded as a contra-entry to the cash received.

Note 1.17: Cash and cash equivalents

Cash and cash equivalents include immediately available cash items, such as cash at bank, short-term deposits, units in UCITS funds and other short-term investments with a maturity of less than three months, which are not subject to any material risk of change in their value and meet the definition of cash equivalents.

To the extent that they are considered as financing, bank overdrafts are not included in cash and cash equivalents.

Note 1.18: Treasury shares

In accordance with IAS 32, treasury shares are recognised at their acquisition cost and deducted from consolidated shareholders' equity. Capital gains or losses realised on the sale of these shares are directly recorded in consolidated reserves at their value net of tax.

Note 1.20: Employee benefits

The Group contributes to pension and retirement benefit schemes in accordance with the laws and practices in each country in which it operates.

In the case of basic and other defined contribution schemes, the Group expenses the contributions payable as incurred and no provision is recorded, since the Group has no commitments in addition to the contributions paid.

In the case of defined benefit plans, the Group's commitments are the subject of balance-sheet provisions that are determined on the basis of an actuarial valuation using the projected unit credit method, in accordance with IAS 19 revised, factoring in staff turnover rates, life expectancy rates and the foreseeable trend in remuneration.

The fair value of the plan assets is deducted from the provisions on the balance sheet.

The income and expense recorded in connection with defined benefit plans primarily correspond to:

• the cost of the services performed during the period and, where applicable, past services, recognised under operating profit;

• the net interest expense on net liabilities (calculated by applying the discount rate used to value the commitments to the net liabilities determined at the beginning of the financial year), which is recognised under net financial income/(expense).

The revaluation of net liabilities (actuarial gains and losses) and the return on the plan assets, as well as any changes in the asset cap, excluding the amounts taken into account when calculating the net interest expense on net liabilities, are recognised in items of other comprehensive income.

Actuarial provisions are also recorded for a number of benefits, such as long-service awards and anniversary bonuses in various countries. Additions to provisions, including actuarial gains and losses, are recognised in the income statement.

Note 1.21: Provisions

In accordance with IAS 37, the Group records provisions as soon as present legal or constructive obligations arising from past events materialise, it is likely that outflows of resources representing economic benefits will be necessary to settle those obligations, and the amount of these outflows can be reliably estimated.

Provisions are mainly related to tax contingencies (concerning taxes and duties other than income tax) and employee and trade disputes.

Where the time value is material, the amount of the provision is calculated by discounting expected future cash flows at the pre-tax discount rate reflecting the market's current assessment of the time value of money and, where appropriate, the specific risk of the liability. The effects relating to the unwinding of the discount are recorded in financial expense.

Note 1.22: Financial liabilities

Financial liabilities primarily consist of current and non-current borrowings contracted with credit institutions. These financial liabilities are initially valued at fair value, less direct transaction costs.

They are subsequently valued at their amortised cost using the effective interest rate method.

Note 1.23: Financial derivatives

The Group uses financial derivatives to hedge its currency and interest rate risk. Accordingly, the Group uses contracts such as swaps or forwards, depending on the nature of the risks to be hedged.

In accordance with IFRS 9, all derivative instruments are recognised among other current assets or liabilities on the balance sheet, at their fair value, as determined on the basis of recognised market valuation methods or external prices obtained from financial institutions. Changes in fair value are entered in the income statement.

Some derivatives may be classified as hedging instruments:

• fair value hedges (hedging of exchange and interest rate risk); in this case, the changes in the fair value of the derivative and the hedged item are recorded in profit and loss over the same period;

• cash flow hedges (in the case of future sales or purchases): in this case, the "effective" portion of the changes in the value of the derivative is recorded in items of other comprehensive income, with a corresponding entry to the fair value reserve, while the "ineffective" portion is recorded directly in profit and loss. The amounts recorded in the fair value reserve are subsequently taken to profit and loss when the hedged transaction is performed.

In order for a hedging instrument to be used as part of hedge accounting, it is necessary to determine and record a hedging relationship between this instrument and the hedged item, and to prove its effectiveness from the origination of the instrument and throughout its life, via recorded effectiveness tests.

Note 1.24: Investment subsidies

The option chosen to present investment subsidies is their recognition under deferred income, as authorised by IAS 20.
The subsidy is transferred to “Other operating income” over the useful life of the asset to which it is attached.

Note 1.25: Discontinued operations

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

At 31 December 2019, the Group had no assets held for sale.

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 November 2019, the Group sold its entire wholesale business represented by Sobieski Trade. In 2016, management launched a plan to sell off this business in accordance with its strategic decision to refocus Group operations on core areas of expertise.

This business was considered to fall within the scope of the provisions of IFRS 5 regarding discontinued operations. The comparative income statement and items of other comprehensive income were restated in order to present this discontinued operation separately from continuing operations.

Following the sale, the Group continued to sell its products to Sobieski Trade. While intercompany transactions have been fully eliminated from the consolidated financial statements, management has opted to present transactions with Sobieski Trade in such a way as to reflect the continuation of transactions with this company after the sale, in particular with regard to inter-segment sales and related costs.

Accordingly, inter-segment sales and related costs generated by continuing operations before the sale are still presented under continuing operations.

NET PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS

(€000)	**2019**	**2018**
REVENUES	**89,656**	**133,056**
Excise duties	-	-
REVENUES EXCLUDING EXCISE DUTIES	**89,656**	**133,056**
Purchases consumed	(88,124)	(122,607)
External expenses	(2,921)	(4,433)
Personnel expense	(6,092)	(7,445)
Taxes and levies	(342)	(403)
Depreciation and amortisation charges	(1,306)	(1,040)
Other operating income	6,398	1,508
Other operating expenses	(995)	(662)
UNDERLYING OPERATING PROFIT/(LOSS)	**(1,736)**	**(2,023)**
Non-recurring operating income	53	175
Non-recurring operating expenses	(152)	(169)
Gain/(loss) on disposal	(4,993)	
OPERATING PROFIT/(LOSS)	**(6,828)**	**(2,017)**
Income from cash and cash equivalents	-	-
Gross cost of debt	(175)	(286)
NET COST OF DEBT	**(175)**	**(286)**
Other financial income	9	13
Other financial expenses	(301)	(440)
NET FINANCIAL INCOME/(EXPENSE)	**(467)**	**(713)**
PROFIT/(LOSS) BEFORE TAX	**(7,295)**	**(2,730)**
Income tax	-	(267)
NET PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS	**(7,295)**	**(2,997)**

CASH FLOW FROM/(USED BY) DISCONTINUED OPERATIONS

(€000)	**2019**	**2018**
Cash flow from operating activities	350	1,801
Cash flow from investment activities	(1,175)	(1,771)
Cash flow from financing activities	(465)	30

NET CASH FLOW FOR THE YEAR	**(1,290)**	**60**

Note 1.26: Revenue recognition

Customers obtain control of products at the moment when they are delivered to them and when they are received at their premises. Revenues are recognised at the time of delivery of the goods and their reception by the customer at its premises according to the applicable Incoterms.

Revenues are recorded net of any discounts and commercial benefits granted and net of sales taxes.

Pursuant to IFRS 15, some marketing costs owed to customers, including the costs of joint advertising campaigns with distributors, listing new products or point-of-sale promotional and advertising initiatives, are deducted from revenues if there is no distinct service where the fair value can be reliably measured.

Excise duties paid by the Group in respect of products included in Group inventory at the year-end date are kept under the inventory item.

Note 1.27: Operating profit/(loss)

Underlying operating profit/(loss) measures the recurring performance of the Group's operations, excluding material items which, due to their nature and unusual character, cannot be considered as being inherent to the Group's underlying performance. Underlying operating profit/(loss) corresponds to operating profit/(loss) less "Non-recurring operating income" and "Non-recurring operating expenses".

Non-recurring operating income and expenses correspond to unusual and infrequent transactions, limited in number but involving material amounts. They may include, for example:

- gains or losses on disposal of specific intangible assets or property, plant and equipment;
- impairment of specific intangible assets or property, plant and equipment;
- provisions related to a major dispute involving the company;
- specific restructuring expenses;
- specific refinancing expenses;
- items related to the reorganisation measures implemented in light of the Group's financial situation at 2018 year-end.

Note 1.28: Net financial income/(expense)

Net financial income/(expense) includes the gross cost of debt, income from cash and cash equivalents, other financial income and expense and changes in the fair value recorded for debt instruments.

All interest expenses are recorded in the year in which they are incurred.

Note 1.29: Deferred tax

In accordance with IAS 12, the Company reviews the need to recognise deferred tax on any temporary differences between the book value of assets and liabilities and their tax bases.

Deferred tax liabilities are automatically recognised, whereas deferred tax assets are only recognised to the extent that their recovery is likely, primarily in view of the profit and loss forecasts prepared by the Group at each financial year-end.

The tax rate used is the statutory tax rate in effect at the date on which the temporary difference will reverse, i.e. usually the tax rate for the current financial year or the rate forecast for subsequent financial years, if it is known with certainty.

Note 1.30: Earnings per share

Earnings per share are calculated by dividing net profit, Group share, by the average number of shares outstanding during the financial year, after deducting treasury shares. Diluted earnings per share are calculated by including the impact of dilutive factors in the average number of shares outstanding.

Note 1.31: Indicator used to measure the Group's performance

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

REVENUES

Revenues excluding excise duties are recorded net of any discounts and commercial benefits granted and net of sales taxes.

GROSS MARGIN

The gross margin comprises revenues excluding excise duties less purchases consumed.

LIKE-FOR-LIKE CHANGE

Like-for-like change corresponds to change:

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

EBITDA

(€000)	**2019**	**2018 restated**	
UNDERLYING OPERATING PROFIT/(LOSS)	**(28,366)**	**(35,867)**	**CONSOLIDATED INCOME STATEMENT**
Items to be added back:			
- Depreciation and amortisation charges	21,389	9,704	Consolidated income statement
- Retirement provision	297	326	Note 5.2
- Additions to provisions	3,031	10,868	Note 5.3
Items to be excluded:			
- Provision reversals	(8,440)	(12,205)	Note 5.3
= EBITDA	**(12,090)**	**(27,173)**	
1) The 2018 financial statements have been restated in accordance with the application of IFRS 5 – Discontinued Operations. See Note 1.25 on the impact of applying this standard.			

Note 2: Main highlights

Note 2.1: Increase in COFEPP's equity interest in MBWS

At the MBWS Annual General Meeting held on 31 January 2019 to approve the financial statements for the year ended 31 December 2017, the shareholders approved by an 89% majority a capital increase, with waiver of preferential subscription rights, which raised €37.7 million for MBWS (including €32.2 million by offset against the €7.7 million current account advance granted on 29 May 2018 and the bond bridge loan issued in February 2019 for a principal amount of €25 million) in exchange for 9.4 million newly issued ordinary shares in the Company.

This capital increase was approved by the French Financial Markets Authority (AMF) and by the French and Polish antitrust authorities.

Following settlement-delivery of the Reserved Capital Increase and the publication of the main terms of the strategic plan, MBWS granted the following share warrants to all of its shareholders, allotting one warrant per existing ordinary share held:

(i) share warrants exercisable during one month (the "Short-Term Warrants") entitling holders to subscribe to new MBWS ordinary shares of a total value of €49.3 million (including issue premium);

(ii) share warrants exercisable during 42 months (the "Long-Term Warrants" and, together with the Short-Term Warrants, the "Warrants") entitling holders to subscribe to new MBWS ordinary shares of a total value of €49.3 million (including issue premium).

In accordance with its undertaking, COFEPP:

(i) exercised its Warrants and subscribed to the shares issued upon exercise of said Warrants at a total value of €15 million (this transaction was carried out entirely through the exercise of Short-Term Warrants),

(ii) confirmed that it was not exercising, in total, more than 30% of the Warrants issued in accordance with its agreement with MBWS.

Under the Short-Term Warrant programme expiring on 29 April 2019, warrants for a total value of €20,743,350 were exercised (including €15 million by COFEPP). The contributions made by COFEPP (reserved capital increase and warrants) and the other shareholders (warrants) represented additional cash funds totalling €43.5 million.

Following the aforementioned transactions, COFEPP holds 50.97% of the share capital and 7 out of the total 12 positions on the current Board of Directors.

Note 2.2: Publication of the 2019-2022 strategic plan

On 25 March 2019 MBWS published its 2019-2022 strategic plan, which aims to lay the foundations for a sustainable return to profitable growth within the medium term, targeting 2022 EBITDA of €13-19 million.

To achieve this target, the Group has launched a transformation drive based on six strategic priorities:

- Focus turnaround initiatives and investments on value-creating assets,
- Redefine the Group's international footprint,
- Work together with value-creating partners,
- Streamline the operational model and reduce the cost base,
- Strengthen synergies and the partnership with COFEPP,
- Foster employee commitment and acquire appropriate decision-making and control tools.

This transformation will take place in two phases:

- In the short term (2019-2020), approve and implement strategic decisions on the basis of their contribution to improving profitability in order to gradually return to positive EBITDA,
- In the medium term (2021-2022), pave the way for future growth by reinvesting cash flows generated in order to achieve an EBITDA target of €13-19 million by 2022.

Note 2.3: Ongoing renegotiation of debt with bank partners

In early 2019, MBWS was involved in a conciliation procedure, after which a mediator/adviser was appointed for the period from end May until end June 2020. This appointment has mainly helped the Group conduct negotiations with the banks involved in the 26 July 2017 syndicated credit facility within a protected framework.

On 23 January 2019, the Group's Medium-Term Loan and Bridge Loan lenders agreed to extend the standstill agreement and waive their right to demand immediate repayment of the Medium-Term Loan until no later than 28 February 2020. The lenders have also waived the half-year instalments under the medium-term loan during the same period and, until completion of the capital increases provided for under the agreement with COFEPP, the repayment of the bridge loan.

A repayment under the bridge loans for a principal amount of €7.5 million granted on 29 May 2018 was made in March 2019, in view of the completion of the capital increases (excluding share warrants), and the *Commission des Chefs de Services Financiers d'Île-de-France* ("CCSF") extended the transitional public debt repayment plan approved on 27 June 2018 until the end of June 2019, subsequently extended again until full repayment under the plan.

On 12 July 2019, the Medium-Term Loan and Bridge Loan lenders agreed to extend the standstill agreement and waive their right to demand immediate repayment of the Medium-Term Loan until no later than 30 June 2020.

Note 2.4: Disposal of Porto Pitters

Following the capital increase subscribed by COFEPP in February 2019 and in application of the commitments made to the French antitrust authorities, in late July 2019 Marie Brizard Wine & Spirits sold the Porto Pitters brand and corresponding business activity.

The brand was acquired by IDL (International Drinks Limited), while production, distribution and quality control will be carried out by QVB (Quinta & Vineyard Bottlers). Both companies belong to The Fladgate Partnership, a Portuguese group.

The disposal had a marginal impact on Group revenues, as Porto Pitters sales accounted for only 0.4% of Group revenues in 2018.

The completion of this transaction was approved by the antitrust authorities.

Note 2.5: Sazerac group to distribute MBWS brands in the United States

On 2 October 2019, MBWS and Sazerac/375 Park Avenue Spirits ("Sazerac") announced the signing of a strategic partnership for the distribution of MBWS brands in the United States.

In accordance with the strategic plan, MBWS conducted an assessment of its international footprint. Accordingly, MBWS decided to seek out a partner of sufficient stature, network size and culture in the United States to ensure widespread distribution of Marie Brizard Wine & Spirits brands.

The choice fell on Sazerac and 375 Park Avenue Spirits, as these two groups have already cooperated in the distribution of brands belonging to Sazerac in France and Brazil.

The partnership was launched on 1 January 2020 via the transfer of the Marie Brizard Wine & Spirits brand distribution business to Sazerac and 375 Park Avenue Spirits. From this date onwards, Imperial Brands has shifted the focus towards the other countries in the Americas cluster.

Note 2.6: Disposal of Sobieski Trade

On 15 November 2019, MBWS sold Sobieski Trade to United Beverages, one of the primary importers of premium wines and spirits and one of the main distributors of alcoholic beverages in Poland. The sale was approved by the Polish antitrust authorities on 7 November 2019 (see Note 1.25 Discontinued operations).

Note 2.7: Conditional agreement signed between MBWS and COFEPP to cover MBWS cash requirements

MBWS faced an urgent need for cash requiring injections of funds from the beginning of 2020, notably due to prior losses, declining business volumes in Poland and changes in legislation affecting the flavoured wine market. Having sought third-party financing to no avail, MBWS reviewed all possible solutions and finally asked majority shareholder COFEPP to grant further financing, to be provided as soon as possible.

On 20 December 2019, MBWS signed a conditional agreement with its majority shareholder Compagnie Financière Européenne de Prises de Participations (COFEPP), which currently holds around 51% of MBWS's share capital and voting rights, subject to prior approval by MBWS's lending banks, who represent MBWS SA's entire debt excluding factoring, for the assignment of their receivables under the €45 million loan agreement signed on 26 July 2017 and outstanding overdrafts (the "Bank Receivables") to COFEPP no later than 15 January 2020.

Under the agreement, COFEPP has agreed to finance MBWS's cash requirements in 2020, subject to fulfilment of a number of conditions precedent. The precise terms and conditions precedent applicable to these two advances are set out in Note 1.3 above.

Note 2.8: Distribution agreement with COFEPP for French market

In accordance with the strategic plan commitments, MBWS and COFEPP have agreed to implement commercial and organisational synergies in respect of key regions.

A plan has been launched in France to redeploy the MBWS sales force by pooling part of MBWS's sales operations with third-party distributors.

As such, the sales operations of the out-of-home consumption, supermarket and convenience store network have been assigned to sales structures belonging to the majority shareholder, COFEPP.

Distribution agreements have been signed with BLMHD for out-of-home consumption and Opteam Spirit for supermarkets and convenience stores, effective 1 March 2020.

This sales reorganisation led to the establishment of a job protection plan entailing 47 job cuts at MBWS France.

Note 3: Change in consolidation scope

The main changes in consolidation scope during the year are presented below:

• As at 1 January 2019, French companies GAIA I, GAIA II, OMEGA I and MBWS International (formerly OMEGA II) were included in the consolidation scope via the full consolidation method. These companies, which were established in 2017 and conduct no operations, had not been considered material with regard to the Group's consolidation scope.
• Sobieski Trade was sold on 15 November 2019 after approval by the Polish antitrust authorities and successive approval by ING and the French bank pool (see Note 1.25 Discontinued operations).
The company was sold to United Beverages (UB) for a net amount of PLN 12.7 million.
• Destylernia Polmos Krakow was sold on 18/09/2019 for PLN 600,000.
• Wine House Sakar, based in Bulgaria, was liquidated on 27 December 2019.
• Destylarnia Sobieski SA is now wholly owned by MBWS Polska (vs 96.8% in 2018) following the buy-up of minority interests.
As part of the legal restructuring programme launched by the Group, in January 2019 MBWS SA acquired Spanish subsidiary MBWS España from MBWS France via an intercompany transaction. This transaction had no impact on the 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. The Group's businesses are presented under the following two categories:
• "Brand business": wine and spirits production and/or marketing operations, by Group subsidiaries;
• "Other business": complementary production and/or marketing operations that enable Group subsidiaries to optimise their performance and profitability (MDD, bulk, subcontracting, other sales and services, etc.).

(€000)	BRAND BUSINESS				OTHER BUSINESS	HOLDING COMPANY	ASSETS SOLD	31/12/2019 12 months
	Western Europe, Middle East and Africa	Central and Eastern Europe	Americas	Asia Pacific				
Revenues	**107,079**	**267,870**	**24,676**	**2,560**	**81,299**			**483,485**
Excise duties	(115)	(202,131)	(5,753)					(207,999)
Revenues excluding excise duties	**106,964**	**65,739**	**18,923**	**2,560**	**81,299**			**275,486**
Underlying operating profit/(loss)	**5,442**	**(20,603)**	**(1,227)**	**(190)**	**123**	**(11,911)**		**(28,366)**
Goodwill	14,704	335						15,039
Intangible assets	75,605	640	881			10,905		88,031
Property, plant and equipment	17,570	36,364	1,764	25	(9)	466		**56,180**
NON-CURRENT ASSETS	**107,879**	**37,339**	**2,645**	**25**	**(9)**	**11,371**		**159,250**

(€000)	BRAND BUSINESS				OTHER BUSINESS	HOLDING COMPANY	ASSETS SOLD	2018 restated 12 months
	Western Europe, Middle East and Africa	Central and Eastern Europe	Americas	Asia Pacific				
Revenues	**118,467**	**140,015**	**18,017**	**3,095**	**193,261**			**472,855**
Excise duties	(114)	(190,998)	(990)					(192,102)
Revenues excluding excise duties	**118,353**	**(50,983)**	**17,027**	**3,095**	**193,261**			**280,753**
Underlying operating profit/(loss)	**(2,449)**	**(16,276)**	**(2,693)**	**(361)**	**(2,351)**	**(11,736)**		**(35,867)**
Goodwill	14,704	331						15,036
Intangible assets	78,857	973	895		62	7,834		88,622
Property, plant and equipment	15,972	43,147	1,730	2	8,147	454		69,451
NON-CURRENT ASSETS	**109,532**	**44,451**	**2,625**	**2**	**8,210**	**8,288**		**173,108**

Note 5: Notes to the income statement

Note 5.1: External expenses

(€000)	2019	2018 restated [1]
Marketing and promotion	(7,929)	(12,079)
Rent and maintenance	(5,317)	(8,638)
Transport	(9,995)	(10,432)

Other external services	(21,611)	(24367)
EXTERNAL EXPENSES	**(44,852)**	**(55,517)**

(1) The 2018 financial statements have been restated in accordance with the application of IFRS 5 – Discontinued Operations. See Note 1.25 on the impact of applying this standard.

Note 5.2: Personnel expense

(€000)	**2019**	**2018 restated [1]**
Payroll	(43,661)	(43,450)
Social security and personal insurance charges	(12,492)	(15,779)
Retirement provisions	(297)	(326)
Expenses related to share-based payments	-	-
PERSONNEL EXPENSE	**(56,450)**	**(59,556)**

(1) The 2018 financial statements have been restated in accordance with the application of IFRS 5 – Discontinued Operations. See Note 1.25 on the impact of applying this standard.

	2019	**2018**
AVERAGE HEADCOUNT DURING THE YEAR	**1,199**	**1,969**

2018 headcount is presented excluding the impact of the Sobieski Trade disposal. Besides this disposal, the 2019 reduction in headcount is due to restructuring operations in Spain and the United States.

Note 5.3: Other operating income and expenses

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

(€000)	**Income**	**Expense**	**2019**	**2018 restated [1]**
Provisions and reversals	8,440	(3,031)	5,409	1,071
Total other operating income and expenses	1,695	(5,130)	(3,435)	(2,148)
TOTAL OTHER OPERATING INCOME AND EXPENSES	**10,135**	**(8,161)**	**1,974**	**(1,077)**

(1) The 2018 financial statements have been restated in accordance with the application of IFRS 5 – Discontinued Operations. See Note 1.25 on the impact of applying this standard.

Provisions and reversals mainly concern reversals of impairment charges on traded goods inventories in France (€2.4 million) and reversals of provisions on receivables in Spain (€1.2 million).

Note 5.4: Non-recurring operating income and expenses

(€000)	**Income**	**Expense**	**2019**
Impairment of goodwill, fixed assets and PP&E	505	(3,783)	(3,278)
Restructuring income and expenses		(8,797)	(8,797)
Gains/losses on asset disposals, acquisition costs	1,691	(3,939)	(2,248)
Items related to Group financial restructuring	1,111	(9,942)	(8,831)
NON-RECURRING OPERATING INCOME AND EXPENSES	**3,307**	**(26,461)**	**(23,154)**

(€000)	**Income**	**Expense**	**2018 restated [1]**
NON-RECURRING OPERATING INCOME AND EXPENSES	**1,196**	**(12,860)**	**(11,664)**

(1) The 2018 financial statements have been restated in accordance with the application of IFRS 5 – Discontinued Operations. See Note 1.25 on the impact of applying this standard.

Net restructuring expenses mainly consist of severance package payments.

Other elements relating to the Group's financial restructuring mainly consist of fees and litigation costs.

Note 5.5: Net financial income/(expense)

(€000)	**Income**	**Expense**	**2019**	**2018 restated [1]**
Income from cash and cash equivalents	26		26	42
Interest and similar charges		(6,127)	(6,127)	(5,834)
Net cost of debt	**26**	**(6,127)**	**(6,101)**	**(5,792)**
Provisions and reversals	490		490	2,804
Exchange gains/losses	2,856	(2,651)	205	(2,782)
Total other financial income and expenses	42	(1,230)	(1,188)	(141)
Total other financial income and expenses	**3,388**	**(3,881)**	**(493)**	**(119)**
NET FINANCIAL INCOME/(EXPENSE)	**3,414**	**(10,008)**	**(6,594)**	**(5,911)**

(1) The 2018 financial statements have been restated in accordance with the application of IFRS 5 – Discontinued Operations. See Note 1.25 on the impact of applying this standard.

Net cost of debt mainly comprises interest on bank loans and leases.

Other financial income and expenses in 2019 mainly correspond to bank charges.

Note 5.6: Income tax

BREAKDOWN OF THE TAX CHARGE

(€000)	**2019**	**2018 restated [1]**
Current tax	(197)	(2,947)
Deferred tax	(315)	(2,612)
INCOME TAX (CHARGE)/CREDIT	**(512)**	**(5,560)**

(1) The 2018 financial statements have been restated in accordance with the application of IFRS 5 – Discontinued Operations. See Note 1.25 on the impact of applying this standard.

RECONCILIATION OF THE TAX CHARGE

(€000)	**2019**	**2018 restated [1]**
Total consolidated net profit/(loss)	**(65,921)**	**(61,999)**
Share of profit/(loss) of equity associates		
Less net profit/(loss) from discontinued operations		2,997
Income tax (charge)/income	(512)	(5,560)
Pre-tax net profit/(loss)	**(65,409)**	**(53,443)**
Theoretical tax (charge)/credit at the statutory rate (32.02%)	20,944	18,400
Permanent tax differences	1,312	737
Use of tax losses not previously recognised	601	127
Recognition/derecognition of tax-loss carryforwards not previously recognised	3,732	5,584
Impact of losses not recognised	(29,549)	(23,836)
Effect of tax rate differences	712	(7,734)
Change in tax rate	(2,257)	(42)
Unrecognised deferred tax assets	4,020	860
Tax credits	(79)	124
Other impacts	54	135
EFFECTIVE TAX (CHARGE)/INCOME	**(512)**	**(5560)**

(1) The 2018 financial statements have been restated in accordance with the application of IFRS 5 – Discontinued Operations. See Note 1.25 on the impact of applying this standard.

Note 5.7: Earnings per share

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

(€000 unless specified otherwise)	**2019**	**2018 restated**
Numerator *(€000)*		
Net profit/(loss), Group share	(65,926)	(61,904)
Net profit/(loss) from continuing operations, Group share	(58,631)	(58,907)
Denominator *(number of shares)*		
Number of shares outstanding	41,249,151	27,751,313
Number of shares outstanding after dilution	41,249,151	28,224,513
Earnings per share *(€)*		
Net earnings per share, Group share (€)	(1.60)	(2.23)
Diluted net earnings per share, Group share (€)	(1.60)	(2.23)
Net earnings per share from continuing operations, Group share (€)	(1.42)	(2.12)
Diluted net earnings per share from continuing operations, Group share (€)	(1.42)	(2.12)

Note 6: Notes to the balance sheet

Note 6.1: Intangible assets and goodwill

(€000)	**31/12/2018 (1)**	Acquisitions	Disposals	Net amort./ impairment	Other changes	Change in consolidation	Translation differences	**31/12/2019**
Goodwill	173,293				(1)	(28,123)	314	145,483
Concessions and patents	1,943	14	(1)		989	(11)	2	2,936
Trademarks	138,200		(7)				54	138,247
Other intangible assets	20,844	3,646	(76)		(16)	(174)	36	24,259
Right-of-use assets - other intangible assets								
Gross value	**334,281**	**3,660**	**(84)**		**972**	**(28,308)**	**406**	**310,925**
Goodwill	(158,256)					28,122	(311)	(130,445)
Concessions and patents	(1,462)		1	(226)	6	6	(1)	(1,676)
Trademarks	(58,341)		7	(3,084)			(41)	(61,459)
Other intangible assets	(12,563)		73	(1,772)	(94)	154	(35)	(14,237)
Right-of-use assets - other intangible assets				(37)				(37)
Amortisation and provisions	**(230,622)**		**81**	**(5,082)**	**(88)**	**28,283**	**(388)**	**(207,854)**
NET VALUE	**103,657**	**3,660**	**(4)**	**(5,082)**	**884**	**(26)**	**18**	**103,070**

(1) IFRS 16: As the Group has elected to apply the simplified retrospective approach, the 2018 financial statements have not been restated for the application of IFRS 16 – Leases. See Note 1.2 on the impact of applying this standard.

(€000)	**31/12/2017**	Acquisitions	Disposals	Net amort./ impairment	Other changes		Translation differences	**31/12/2018**
Goodwill	174,187						(894)	173,293
Concessions and patents	1,825	15	(5)		113		(5)	1,943
Trademarks	138,507		(6)				(301)	138,200
Other intangible assets	16,352	5,577	(933)		(55)		(96)	20,844
Gross value	**330,871**	**5,592**	**(944)**		**58**		**(1,296)**	**334,281**
Goodwill	(159,141)						884	(158,256)
Concessions and patents	(1,402)		5	(67)			3	(1,462)
Trademarks	(57,578)			(882)			119	(58,341)
Other intangible assets	(12,312)		933	(1,260)	(6)		81	(12,563)
Amortisation and provisions	**(230,432)**		**938**	**(2,209)**	**(6)**		**1,087**	**(230,622)**
NET VALUE	**100,438**	**5,592**	**(6)**	**(2,209)**	**52**		**(209)**	**103,657**

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 31 December 2019, the net book value of trademarks was €76.8 million. The principal trademarks valued were the Marie Brizard trademarks acquired by the Group in 2006.

The William Peel trademark is pledged as security for the loan taken out by the Group in July 2017, €45 million of which has been drawn and remains due.

Leasehold rights

Long-term leasehold rights on land in Poland meet the criteria for recognising an intangible asset under IFRS and are amortised over the 99-year period of the long-term lease.

IMPAIRMENT OF NON-CURRENT ASSETS

Pursuant to IAS 36, impairment tests were carried out as at 31 December 2019 on all intangible assets with an indefinite useful life (goodwill and trademarks) and any other non-current assets showing evidence of impairment. The procedures followed for these tests are explained in Note 1.13.

In order to calculate value-in-use, the Group uses cash management plans based on business forecasts for the 2020-2022 period of the strategic plan as adjusted in line with annual targets. The key assumptions used to prepare these plans include expected growth rates for the wine and spirits sector (perpetual growth rate), operating margins and the Group's ability to achieve its business forecasts.

The Group also uses the relief from royalty method for impairment tests on trademarks. The key assumptions used to establish the amounts of these royalties include expected perpetual growth rates and royalty rates.

Impairment tests were carried out on each of the Group's trademarks and CGUs in respect of 2019, as a result of which an impairment charge of €3 million was recognised against trademarks.

The primary data and assumptions used for impairment testing of CGUs are the following:

(€000)	**Method to determine recoverable value**	**Net book value of goodwill at 31/12/2019**	**Net book value of trademarks at 31/12/2019**	**2019 discount rate**	**Growth rate to infinity**
France	Value-in-use	14,705	76,784	7.9%	1%
Lithuania	Value-in-use	332	0	8.4%	1%
Poland	Fair value	0	0	8.3%	1%
Bulgaria	Fair value	0	0	8.9%	1%
Spain	Fair value	0	0	7.8%	1%
Brazil	Fair value	0	0	9.1%	1%

SENSITIVITY TESTING

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	(7,773)	(7,343)	(9,186)
Lithuania	(1,740)	(1,621)	(1,250)

Changes in CGU value-in-use	**(9,513)**	**(8,964)**	**(10,436)**
(€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	(10,485)	(9,325)	(4,739)

As at 31 December 2019, a €3 million impairment charge was recorded against the Marie Brizard and William Pitterson trademarks. The cumulative sensitivity effects presented below would result in additional impairment charges of €6.1 million against the Marie Brizard trademark and €1.1 million against assets in Lithuania.

Note 6.2: Property, plant and equipment

(€000)	**31/12/2018** [(1)]	**First-time application of IFRS 16**	**Acquisitions**	**Disposals**	**Net depr./ impairment**	**Other changes**	**Change in consolidation**	**Translation differences**	**31/12/2019**
Land	10,093			(62)		(61)	(1,868)	9	8,111
Right-of-use assets - land	1,147	1,298		(731)				9	1,723
Buildings	71,146		330	(453)		13,667	(4,910)	316	80,097
Right-of-use assets - buildings	7,574	12,995	1,477	(13,411)					8,635
Plant, machinery and equipment	93,683		982	(517)		2,038	(1,853)	295	94,628
Right-of-use assets - Plant, machinery and equipment	**2,990**	**406**	**196**	**(428)**		**8,030**		**80**	**11,274**
Other PP&E	17,189		368	(2,390)		888	(4,251)	83	11,887
Right-of-use assets - other PP&E	11,163	2,068	591	(465)		(9,236)		37	4,159
PP&E in progress	26,383		2,284	(2,336)		(16,204)	(3)	17	10,141
Gross value	**241,368**	**16,768**	**6,229**	**(20,793)**		**(878)**	**(12,884)**	**846**	**230,655**
Land	(1,792)				(135)	61	196	(4)	(1,675)
Buildings	(54,241)			216	(8,372)	(4,722)	1,706	(221)	(65,634)
Right-of-use assets - buildings	(5,945)	(267)		5,717	(3,157)	228	785	(13)	(2,651)
Plant, machinery and equipment	(82,828)			587	(4,035)	(317)	2,433	(290)	(84,451)
Right-of-use assets - Plant, machinery and equipment	(1,332)			56	(416)	94			(1,599)
Other PP&E	(17,939)			2,066	(1,925)	1,002	2,390	(46)	(14,453)
Right-of-use assets - other PP&E	(1,131)	14		471	(1,515)	(1,398)	9	(19)	(3,568)
PP&E in progress	(6,709)			20	1,017	5,234		(5)	(443)
Depreciation and provisions	**(171,917)**	**(253)**		**9,133**	**(18,538)**	**182**	**7,518**	**(599)**	**(174,474)**
NET VALUE	**69,451**	**16,515**	**6,229**	**(11,660)**	**(18,538)**	**(697)**	**(5,366)**	**247**	**56,180**

(1) IFRS 16: As the Group has elected to apply the simplified retrospective approach, the 2018 financial statements have not been restated for the application of IFRS 16 – Leases. See Note 1.2 on the impact of applying this standard.

(€000)	31/12/2017		Acquisitions	Disposals	Net depr./ impairment	Other changes	Change in consolidation	Translation differences	31/12/2018
Land	11,445		22	(65)				(163)	11,240
Buildings	80,469		449	(2,824)		1,143		(516)	78,720
Plant, machinery and equipment	100,345		2,553	(6,638)		1,389		(976)	96,673
Other PP&E	25,256		5,734	(3,601)		1,208		(245)	28,352
PP&E in progress	23,887		8,223	(940)		(4,382)		(405)	26,383
Gross value	**241,401**		**16,981**	**(14,069)**		**(642)**		**(2,304)**	**241,368**
Landscaping	(1,846)			65	(122)	105		6	(1,792)
Buildings	(60,449)			1,514	(1,865)	259		354	(60,186)
Plant, machinery and equipment	(86,770)			6,171	(3,982)	(486)		907	(84,160)
Other PP&E	(18,461)			1,508	(2,852)	606		127	(19,070)
PP&E in progress	(6,809)				(28)	(58)		187	(6,709)
Depreciation and provisions	**(174,335)**			**9,258**	**(8,848)**	**426**		**1,581**	**(171,917)**
NET VALUE	**67,067**		**16,981**	**(4,811)**	**(8,848)**	**(217)**		**(723)**	**69,451**

• Application of IFRS 16 led to the recognition of assets with a net value of €16.5 million at 1 January 2019.

• Decreases in non-current assets mainly resulted from the expiry of finance leases on buildings contracted by MBWS France and Cognac Gautier (€6.5 million) and the early termination of the lease on the Rue de Provence head office (€6.1 million).

Note 6.3: Financial assets

(€000)	31/12/2018 (1)	Acquisitions/increases	Disposals/decreases	Net charges	Other changes	Change in consolidation	Translation differences	31/12/2019
Equity investments	7,407				310	(67)	50	7,699
Other long-term securities	17							17
Other financial assets	15,963	117	(428)		(316)	299	(2)	15,633
Other receivables	11,339		(227)					11,112
Gross value	**34,726**	**117**	**(655)**		**(6)**	**232**	**48**	**34,462**
Equity investments	(7,362)					()		(7,362)
Other financial assets	(13,954)		353					(13,601)
Other receivables	(11,112)							(11,112)
Impairment charges	**(32,428)**		**353**			**()**		**(32,075)**
NET VALUE	**2,298**	**117**	**(302)**		**(6)**	**232**	**48**	**2,387**

(€000)	31/12/2017	Acquisitions/increases	Disposals/decreases	Net charges	Other changes	Change in consolidation	Translation differences	31/12/2018
Equity investments	13,468		(6,078)				17	7,407
Other long-term securities	21		(4)					17
Other financial assets	32,823	76	(16,946)				9	15,963
Other receivables	11,161	229	(49)				(2)	11,339
Gross value	**57,473**	**305**	**(23,077)**				**24**	**34,726**
Equity investments	(13,442)		6,078				3	(7,362)
Other financial assets	(16,583)		2,629				1	(13,954)
Other receivables	(11,161)		49					(11,112)
Impairment charges	**(41,187)**		**8,756**				**4**	**(32,428)**
NET VALUE	**16,285**	**305**	**(14,321)**				**28**	**2,298**

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 securities have been fully written off.

OTHER FINANCIAL ASSETS

Other financial assets primarily correspond to the commercial paper subscribed with Clico Investment Bank in 2006.

Note 6.4: Inventory and work-in-progress

The breakdown of inventory and work-in-progress at year-end was as follows:

(€000)	31/12/2019	31/12/2018
Raw materials	29,703	27,698
Work-in-progress	4,994	5,028
Semi-finished and finished goods	16,338	17,244
Traded goods	13,511	29,026
Gross value	**64,546**	**78,996**
Raw materials	(2,906)	(4,415)
Work-in-progress	(109)	(42)
Semi-finished and finished goods	(1,570)	(1,418)
Traded goods	(5,970)	(8,563)
Impairment charges	**(10,555)**	**(14,438)**
NET VALUE	**53,991**	**64,558**

At 31 December 2018, net inventory and work-in-progress held by Sobieski Trade totalled €11.9 million.

Note 6.5: Trade receivables

(€000)	31/12/2019	31/12/2018
Trade receivables	50,451	69,196
Impairment of trade receivables	(3,782)	(7,291)
NET TRADE RECEIVABLES	**46,669**	**61,905**

At 31 December 2018, net trade receivables held by Sobieski Trade totalled €12.9 million.

Some Group companies, primarily in France and Poland, have signed direct factoring agreements with their main customers, in order to boost the performance of their key operating working capital indicators.

Off-balance sheet factoring contracts meet the derecognition conditions set out in IFRS 9. Accordingly, the trade receivables assigned are not shown under balance sheet assets. The amount received as at 31 December 2019 in consideration for assigned receivables not due was €66.1 million, compared to €59.7 million as at 31 December 2018.

Note 6.6: Other current assets

(€000)	31/12/2019	31/12/2018

Advances and payments on account	7,791	2,349
Payroll and tax receivables	9,036	9,126
Short-term deposits		7
Other receivables	19,925	22,518
Gross value	**36,752**	**34,001**
Other receivables	(4,066)	(4,218)
Impairment charges	**(4,066)**	**(4,218)**
NET VALUE	**32,686**	**29,782**

Note 6.7: Cash and cash equivalents

(€000)	**31/12/2019**	**31/12/2018**
Cash equivalents	3	465
Cash	26,190	21,367
CASH AND CASH EQUIVALENTS	**26,193**	**21,832**

Note 6.8: Shareholders' equity

Breakdown of share capital and dilutive instruments

	31/12/2019	**31/12/2018**
Share capital *(€)*	89,395,808	56,677,308
Number of shares	44,697,904	28,338,654
Par value *(€)*	2	2
Treasury shares		
Number of shares	113,400	586,670

Shares held at the end of 2019 are shares held in registered accounts. The treasury shares held by the Group have no voting or dividend rights.

POTENTIAL DILUTION

	31/12/2019	**31/12/2018**
Number of shares comprising the share capital	**44,697,904**	**28,338,654**
Potential dilution from exercise of warrants	-	
Potential dilution from bonus shares	0	
Potential dilution from bonus performance shares		473,200
Potential exercise of stock options	0	0
Potential number of shares	**44,697,904**	**28,811,854**
SHARE CAPITAL IN EUROS *(PAR VALUE OF €2)*	**89,395,808**	**56,677,308**

There was no potential dilution from the share warrants as at 31 December 2019, as the exercise price was higher than the average share price for the 2019 financial year.

SHARE WARRANTS AS AT 31 DECEMBER 2019

	Conversion ratio	Subscription price per share	Exercise price per warrant	Final exercise date	31/12/2019	31/12/2018
Long-term BSA	0.43	3.00	1.30	29/09/2022	37,724,569	0
BSA 2023	1.00	25.00	25.00	31/12/2023	1,659,772	1,659,772
NUMBER OF SHARE WARRANTS OUTSTANDING					**39,384,341**	**3,420,785**

INFORMATION ON STOCK OPTION AND BONUS SHARE PLANS

	12/03/2015 PLAN	12/03/2015 PLAN	01/07/2016 PLAN	01/07/2016 PLAN B	01/07/2016 PLAN C	01/07/2016 PLAN
Type of options/shares	Purchase	Bonus	Bonus	Bonus	Bonus	Bonus
Performance criteria	Yes	No	Yes	Yes	Yes	No
Employment criteria	Yes	Yes	Yes	Yes	Yes	Yes
Number of options/shares that may be granted initially	529,729	529,729	566,363	566,363	566,363	566,363
Number of beneficiaries	26	469	22	4	1	469
Allotment date	12/03/2015	12/03/2015	01/07/2016	20/09/2016	25/04/2017	01/07/2016
Start date for exercise of options	30/06/2015	12/03/2022	30/06/2019	30/06/2019	30/06/2019	01/07/2022
Number of options/shares initially allotted	**480,000**	**9,380**	**419,000**	**27,200**	**39,000**	**4,690**
Number of options exercised/shares vested	(42,000)	(20)	(407,000)	(27,200)	(39,000)	
Number of options/shares cancelled	(365,000)	(760)	(12,000)			(360)
Number of options/shares outstanding as at 31/12/2019	**73,000**	**8,600**	**0**	**0**	**0**	**4,330**
Exercise price (€)	10.64	N/A	N/A	N/A	N/A	N/A
Expiry date	12/03/2020	N/A	30/06/2024	30/06/2024	30/06/2024	N/A
EXPENSE RECORDED FOR STOCK OPTIONS AND SHARES FOR 2018 (€000)						

Note 6.9: Employee benefits

The Group's commitments relate to one-off retirement compensation, disability and death annuities (Poland) and long-service awards (or anniversary bonuses in Poland). These defined benefit plans are accounted for in accordance with IAS 19 revised.
The two main countries concerned by employee benefits are France and Poland.
As at 31 December 2019, the commitments amounted to €5.5 million.

SUMMARY OF ASSUMPTIONS USED TO CALCULATE COMMITMENTS

The basic assumptions for the actuarial calculations were determined with the help of actuaries in each country. The assumptions taken into account for 2019 and 2018 break down as follows for each region:

	31/12/2019		31/12/2018	
	France	**Poland**	**France**	**Poland**
Discount rate	0.7%	2.0%	1.6%	2.70%
Inflation rate	2.0%	2.0%	2.0%	3.5%
Wage inflation	2.5%	2.5%-3.5%	2.5%	3.5%
Staff turnover and mortality	TV/TD Table 2012-2014	2016 social security office table and Polish statistics office table	TV/TD Table 2011-2013	2016 social security office table and Polish statistics office table

CHANGE IN ACTUARIAL LIABILITY

(€000)	**31/12/2019**	**31/12/2018**
Opening actuarial liability	**6,034**	**6,213**
Cost of services rendered	553	573
Interest on actuarial debt	107	100
Plan settlement/curtailment	(925)	(15)
Actuarial (gains) and losses	220	(559)
Benefits paid	(208)	(243)
Change in consolidation scope	(62)	
Other changes	(3)	
Translation differences	12	(34)
Closing actuarial liability	**5,730**	**6,034**
Value of plan assets at opening	**257**	**250**
Contributions paid by the Group	(37)	129
Benefits paid	(42)	(112)
Interest income	4	4
Plan settlement/curtailment Actuarial (gains) and losses	14	(14)
Value of plan assets at closing	**196**	**257**
PROVISIONS FOR PENSIONS AND SIMILAR COMMITMENTS	**5,533**	**5,777**
(€000)	**31/12/2019**	**31/12/2018**
Cost of services rendered	553	573
Actuarial (gains) and losses on other long-term benefits	70	(58)
Plan settlement/curtailment	(925)	(15)
Interest on actuarial debt	107	100
Expected return on plan assets	(4)	(4)
CHARGE FOR THE YEAR	**(199)**	**596**

Note 6.10: Provisions

(€000)	31/12/2018	Charges	Reversal (prov. used)	Reversal (prov. not used)	Other changes	Change in consolidation	Translation differences	31/12/2019
Provisions for pensions and employee benefits (see Note 6.9)	**5,776**	**747**	**(1,074)**		**133**	**(62)**	**13**	**5,533**
Social security provisions	706	275	(397)	(55)				529
Total other non-current provisions	(1)	2,710						2,709
Total other non-current provisions	**705**	**2,985**	**(397)**	**(55)**				**3,238**
Social security provisions – due in < 1 year	1,793	6,756	(957)	(475)				7,117
Other provisions – due in < 1 year	2,260	2,476	(1,675)	(86)	89		(3)	3,060
CURRENT PROVISIONS	**4,053**	**9,232**	**(2,632)**	**(561)**	**89**		**(3)**	**10,178**

(€000)	31/12/2017	Charges	Reversal (prov. used)	Reversal (prov. not used)	Other changes	Change in consolidation	Translation differences	31/12/2018
Provisions for pensions and employee benefits (see Note 6.9)	**5,963**	**553**	**(217)**		**(489)**		**(34)**	**5,776**
Social security provisions	200	506						706
Total other non-current provisions	8			(8)				(1)
Total other non-current provisions	**208**	**506**		**(8)**				**705**
Social security provisions – due in < 1 year	3,539	1,001	(2,088)	(659)				1,793
Other provisions – due in < 1 year	598	2,871	(50)	(1,120)			(39)	2,260
Current provisions	**4,137**	**3,872**	**(2,138)**	**(1,779)**			**(39)**	**4,053**

SOCIAL SECURITY PROVISIONS

Social security provisions totalled €7.6 million as at 31 December 2019, up €5.2 million from 31 December 2018. These provisions mainly relate to the reorganisation of the France sales force announced at the end of June 2019.

Note 6.11: Borrowings

Group gross borrowings amounted to €72.9 million as at 31 December 2019, down €17.9 million from 31 December 2018. Borrowings at 31 December 2019 mainly consisted of the senior loan, under which €45 million has been drawn. This loan has been assigned by the banks to the Company's majority shareholder, COFEPP, which currently holds 50.97% of MBWS share capital. The assignment became effective in January 2020.

At 31 December 2019, Group net debt amounted to €46.7 million.

BREAKDOWN OF BORROWINGS BY TYPE AND MATURITY

(€000)	31/12/2019	Current	Non-current	31/12/2018	Current	Non-current
Senior debt	45,119	45,119		44,047	44,047	
Other medium to long-term borrowings	224	224		971	747	224
Lease liabilities	15,279	5,590	9,689	15,692	4,104	11,588
Short-term financing and overdrafts	12,292	12,292		30,115	30,115	
Gross borrowings	72,914	63,225	9,689	90,824	79,012	11,812
Cash & cash equivalents	**(26,193)**	**(26,193)**		**(21,832)**	**(21,832)**	
NET BORROWINGS	**46,721**	**37,032**	**9,689**	**68,992**	**57,180**	**11,812**

At 31 December 2019, lease liabilities included €6 million in operating lease liabilities (application of IFRS 16) and €9 million in former finance lease liabilities. Application of IFRS 16 as of 1 January 2019 gave rise to a financial liability of €16 million, which was reduced by €5 million over the year through repayment of the current portion and by a further €5 million due to lease revision.

BREAKDOWN OF BORROWINGS BY CURRENCY

(€000)	31/12/2019	31/12/2018
Euros	52,760	74,611
Polish zlotys	16,555	14,774
Other currencies	3,599	1,438
TOTAL BORROWINGS	**72,914**	**90,824**

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 book value.

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 year-end) or which are only partially observable.

(€000)	VALUATION LEVEL	BREAKDOWN BY ACCOUNTING CLASSIFICATION				Book value 31/12/2019
		Fair value through profit or loss	Fair value through shareholders' equity	Financial assets at amortised cost	Liabilities at amortised cost	
Assets:						
Non-consolidated equity investments	Level 3		338			338
Other financial assets				2,050		2,050
Trade receivables				46,669		46,669
Other current assets				32,686		32,686
Asset derivatives	Level 2	21	136			157
Cash & cash equivalents				26,193		26,193
Liabilities:						
Long-term borrowings					60,621	60,621
Short-term borrowings					12,292	12,292
Liability derivatives	Level 2		2			2

(€000)	VALUATION LEVEL	BREAKDOWN BY ACCOUNTING CLASSIFICATION				Book value 31/12/2018
		Fair value through profit or loss	Fair value through shareholders' equity	Financial assets at amortised cost	Liabilities at amortised cost	
Assets:						
Non-consolidated equity investments	Level 3		45			45
Other financial assets				2,253		2,253
Trade receivables				61,905		61,905
Other current assets				29,783		29,783
Asset derivatives	Level 2		152			152
Cash & cash equivalents				21,832		21,832
Liabilities:						
Long-term borrowings					60,710	60,710
Short-term borrowings					30,115	30,115
Liability derivatives	Level 2	57	725			782

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 year-end.

MANAGEMENT OF FINANCIAL RISK

Liquidity risk

At 31 December 2019, Group cash and cash equivalents amounted to €26.2 million. Group financing arrangements include long-term borrowings (senior debt), short-term credit facilities and factoring agreements.

Current market conditions and the losses recorded by the Group have curtailed its refinancing options, thereby giving rise to liquidity risk. The Group's financial capacity therefore largely depends on a return to profitability and positive cash flows (see Notes 1.2 and 6.11).

The following table presents the maturity of each financing arrangement:

(€000)	Balance at 31/12/2019	< 1 year	2 years	3 years	4 years	5 years +
Senior debt	45,119	45,119				
Other medium to long-term borrowings	224	224				
Finance leases	15,279	5,590	3,792	4,413	396	1,087
Short-term financing and overdrafts	12,292	12,292				
TOTAL GROSS DEBT	**72,914**	**63,225**	**3,792**	**4,413**	**396**	**1,087**

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 operating currency of each Group entity. The operating 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.

The Group uses various financial instruments, either firm or optional, to hedge its exposure to exchange rate risk. As at 31 December 2019, foreign exchange derivatives eligible for hedge accounting mainly cover forward foreign currency purchases. These derivatives are recognised on the balance sheet either as assets, under "Asset derivatives", or as liabilities under "Liability derivatives".

(€000)	31/12/2019	Current	Non-current	31/12/2018	Current	Non-current
Asset derivatives	**157**	**157**		**152**	**94**	**58**
Asset derivatives - valued at fair value through profit or loss						
Asset derivatives - cash flow hedge	136	136		152	94	58
Asset derivatives - fair value hedge	21	21				
Liability derivatives	**2**	**2**		**782**	**580**	**201**
Liability derivatives - valued at fair value through profit or loss						
Liability derivatives - cash flow hedge	2	2		725	524	201
Liability derivatives - fair value hedge				57	57	
TOTAL DERIVATIVES	**155**	**155**		**(629)**	**(486)**	**(143)**

These hedges were set up to cover currency risks on purchases of whisky in GBP from 2019 to 2020.

(€000 unless specified otherwise)	Nominal value		Fair value - assets	Fair value - liabilities	Net value 31/12/2019	Net value 31/12/2018
Forward currency purchases / Options	6	GBPm	157	(2)	155	(630)
Other						1
TOTAL FOREIGN EXCHANGE DERIVATIVES			**157**	**(2)**	**155**	**(629)**

Currency risk sensitivity testing of financial instruments

An increase (decrease) in the euro against the pound as at 31 December 2019 would have affected the valuation of financial instruments denominated in foreign currencies and led to an increase (decrease) in shareholders' equity and profit in the amounts stated below. This analysis was performed on the basis of exchange rate fluctuations that the Group considers reasonably likely at year-end. For the purposes of this analysis, all other variables, particularly interest rates, are presumed to remain stable and the forecast impact on sales and purchases has been ignored.

A 10% increase or decrease in GBP would have the following impact:

(€000)	31/12/2019		31/12/2018	
	+10%	-10%	+10%	-10%
Impact on shareholders' equity	559	(242)	1,491	(3,205)
Impact on earnings	109	(67)	325	78

Interest-rate risk

The Group is exposed to risks relating to changes in interest rates. The interest-rate risk management policy consists in optimising the Group's cost of financing.

(€000)	31/12/2019	Fixed rate	Floating rate	31/12/2018	Fixed rate	Floating rate
Bank loans	60,321	6,642	53,680	60,479	9,486	50,992
Accrued interest on loans	300		300	231		231
Long-term borrowings	**60,621**	**6,642**	**53,980**	**60,710**	**9,486**	**51,223**
Short-term credit facilities	**12,292**		**12,292**	**30,115**		**30,115**
TOTAL BORROWINGS	**72,914**	**6,642**	**66,272**	**90,824**	**9,486**	**81,338**
Breakdown	100%	9%	91%	100%	10%	90%

Interest rate risk sensitivity testing

A 50 bp increase or decrease in interest rates (EUR), given that most of our borrowings are denominated in euros, would result in a €0.3 million increase or decrease in the net cost of debt.

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 as at 31 December 2019 and 2018 was as follows:

(€000)	31/12/2019	Not due	< 90 days overdue	90-180 days overdue	> 180 days overdue
Trade receivables	50,541	36,938	8,983	178	4,352
Impairment charges	(3,782)	(12)	(234)	(51)	(3,484)
NET TRADE RECEIVABLES	**46,669**	**36,926**	**8,749**	**127**	**867**
(€000)	**31/12/2018**	**Not due**	**< 90 days overdue**	**90-180 days overdue**	**> 180 days overdue**
Trade receivables	69,196	33,749	28,285	1,287	5,875
Impairment charges	(7,291)	(943)	(441)	(152)	(5,755)
NET TRADE RECEIVABLES	**61,905**	**32,806**	**27,844**	**1,135**	**119**

Note 6.13: Other liabilities

OTHER NON-CURRENT LIABILITIES

(€000)	31/12/2019	31/12/2018
Investment subsidies	1,807	1,835
Other	49	54
OTHER NON-CURRENT LIABILITIES	**1,855**	**1,889**

OTHER CURRENT LIABILITIES

(€000)	31/12/2019	31/12/2018
Advances and down payments received	4,158	3,019
Tax and social security payables (incl. excise duty)	45,551	54,464
Deferred income	75	741
Other payables	6,531	6,124
OTHER CURRENT LIABILITIES	**56,315**	**64,348**

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 as at 31/12/2019 *(€000)*
France	Bank pool senior loan	Joint and several guarantee and trademark pledge	45,000
	Bank loan	Inventory	1,100
	CCSF moratorium on employer SS charges and VAT	Inventories and pledging of trademarks	10,833
			0
Poland	Loan granted to Sobieski sp. z o.o. ZOO	Operating receivables, current account deposit	12,686
	ING bank Slaski long-term loans	Real estate, operating receivables and trademarks	11,382
	Credit facilities	Real estate, inventories	0
Bulgaria	Credit facility	Real estate	6,897
Lithuania	Loans and credit facilities	Real estate, warehouse, inventories, operating receivables, current account deposit, right to use the Sobieski trademark in Vilnius	18,981
Denmark	Credit facility	Inventory	349

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, Poland, Lithuania, Bulgaria and Denmark), deposits must be paid to Customs as security for payment of excise duties on alcohol. These deposits are generally paid in 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.
Moncigale has entered into three-year commitments to purchase wine.

(€000)	**31/12/2019**	< 1 year	1 to 3 years	> 3 years
Commitments relating to the issuer's operating activities				
Commitment to purchase raw materials	285,148	55,971	57,731	171,445

Note 7.2: Litigation and contingent liabilities

DISPUTE RELATING TO THE KRUPNIK TRADEMARK

Proceedings for unfair competition were initiated by Polish subsidiary Destylarnia Sobieski against Toorank Polska sp. z o.o. on grounds of this company's illegal use of the Krupnik trademark.
In fact, for many years our subsidiary has successfully produced, sold and distributed a honey and vodka-based liqueur and a vodka under the Krupnik trademark.
Having observed that Toorank Polska was using the Krupnik trademark, Destylarnia Sobieski sent that company a letter of notice summoning it to cease such use, which remained without effect. Our subsidiary consequently decided to institute legal proceedings on the grounds of unfair competition, relying on the recognition that the Krupnik trademark has earned on the Polish market.
Toorank Polska, in response, argued that the trademark was invalid, and obtained the cancellation of the Krupnik word mark as a result of its descriptive nature, in a decision dated 3 October 2012. The court held that the term "Krupnik" was the common name for a Polish honey-based liqueur.
Following this decision, new applications for the Krupnik trademark associated with other common terms and images were filed by our Polish subsidiary in order to further protect the trademark.
The Polish Trademark Office took the arguments of our subsidiary into account, deciding to uphold protection of the trademark and thus recognise its validity. This decision reinforces our subsidiary's exclusive rights over the Krupnik trademark, as well as its standing with regard to future trademark infringement.
However, proceedings initiated by the Polish subsidiary Destylarnia Sobieski with regard to unfair competition and the illegal use of the Krupnik trademark by Toorank Polska are still pending. On 5 October 2017, the Court issued a provisional ruling banning Toorank from selling any beverages under the Krupnik trademark. Toorank appealed against this ruling on 27 November 2017.

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, and (i) overturned the sale of its assets in Ukraine, which took place in November 2014, 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.

YELKENCI DISPUTE

On 25 July 2016, Mr Yelkenci, director of Turkish subsidiary Belvedere Icecek until January 2010, requested that the Company pay him the indemnities owed under an employment contract and reimburse him for amounts he allegedly paid on behalf of the subsidiary, liquidated in 2011.
Following a hearing held on 19 November 2019, the Créteil Commercial Court dismissed Mr Yelkenci's indemnity claim.

CARPATIA DISPUTE

On 21 December 2017, MBWS Polska summoned Polmos Bielsko Biala to appear before the court of Katowice seeking repayment of an amount of PLN 25.9 million paid for the product named “Carpatia”. The summons relies on the circumstances surrounding the purchase of Carpatia in 2013, particularly with regard to the product’s non-conformity in terms of quality, incompatibility with its description as vodka and false information regarding its qualification and ownership.
In turn, Polmos Bielsko Biala summoned MBWS Polska on 27 March 2018 seeking penalties amounting to PLN 16.2 million for breach of contractual obligations under a services contract signed in 2013 relating to the promotion of Carpatia.

Note 7.3: Related parties

The remuneration paid to the administrative and management bodies for their roles within the Group amounted to €1,239,000 for the 2019 financial year.
Other related parties consist mainly of non-consolidated subsidiaries of the Group. No material transactions were performed with these parties.

Note 7.4: List of consolidated companies as at 31 December 2019

MARIE BRIZARD WINE & SPIRITS					
POLAND	**Method**	**Interest**	**FRANCE**	**Method**	**Interest**
MBWS Polska	FC	100.00%	MBWS France	FC	100.00%
Destylernia Sobieski	FC	100.00%	Cognac Gautier	FC	100.00%
			Moncigale	FC	100.00%
Polmos Lancut	FC	100.00%			
Domain Menada Sp. Z.o.o.	FC	100.00%	**SPAIN**	**Method**	**Interest**
			MBWS España SA	FC	100.00%
			UNITED STATES	**Method**	**Interest**
			Imperial Brands	FC	100.00%
BULGARIA	**Method**	**Interest**			
MBWS Bulgaria	FC	100.00%	**DENMARK**	**Method**	**Interest**
Domain Menada Distribution	FC	100.00%	MBWS Scandinavia	FC	100.00%
Domain Menada	FC	100.00%	**BRAZIL**	**Method**	**Interest**
Domain Menada Vineyards	FC	100.00%	Dubar	FC	100.00%
Sakar Vineyards	FC	100.00%			
			OTHER REGIONS	**Method**	**Interest**
LITHUANIA	**Method**	**Interest**	Sobieski Trading Shanghai (China)	FC	100.00%
Prekyba Alkoholiniais Gėrimai Uab	FC	100.00%	Sobieski Sarl (France)	FC	100.00%
Prekių Ženklų Valdymas Uab	FC	100.00%	SVI (France)	FC	100.00%
Vilnius Degtine AB	FC	98.91%	MBWS HK Ltd. (Hong Kong)	FC	100.00%
			MBWS Distribution Sia (Latvia)	FC	100.00%
			MBWS Ltd (Trinidad and Tobago)	FC	100.00%

Note 7.5: Post-balance sheet events

AGREEMENT TO ASSIGN ALL MBWS LENDING BANK RECEIVABLES TO COFEPP

See Note 1.3 above.

ESTABLISHMENT OF BRIDGE 1(A) IN THE AMOUNT OF €15 MILLION IN JANUARY 2020 AND BRIDGE 1(B) IN MAY 2020

See Note 1.3 above.

COVID-19 PANDEMIC

MBWS is closely tracking the progress of the COVID-19 pandemic and has assigned top priority to ensuring the safety and health of its employees and partners. Stringent precautions and hygienic measures have been introduced at all facilities, in line with WHO recommendations and those issued by governments in the countries where the Group operates. As such, MBWS has limited access to its facilities to employees carrying out tasks critical to business continuity that cannot be performed working from home.

The Group is constantly monitoring the situation in order to adapt the measures taken in accordance with developments in the pandemic. None of the Group's principal facilities in France have been impacted to date. The Group has shown proof of flexibility, in particular in order to limit potential supply chain disruption and give priority to orders for products most in demand.

Nevertheless, restrictions imposed to curb the spread of the virus could impact MBWS's business in some markets, particularly in out-of-home consumption networks, to which the Group's exposure is limited however in global terms. Furthermore, since its outset the health crisis has temporarily generated specific bulk sales of distillate and rectified alcohol by the Central and Eastern European subsidiaries for producing disinfectant; the Group has also donated a small portion of its production to persons in need.

Although it is still too early to assess the impact of COVID-19 on the 2020 financial year, MBWS's capacity for resilience has nonetheless been demonstrated by sales results for Q1 2020 (as published in the 29 April press release) and the month of April, as Group net revenues totalled €85.9 million (down 3% versus 2019 at constant consolidation scope and exchange rates), in line with Group forecasts, partly due to the bulk business.

To cope with the pandemic (see risk factors in Chapter 2.3.1), the Group has drawn on various assistance schemes provided by governments in France and other countries where the Group operates (short-time working arrangements for some production units and field sales force teams, deferral of social security payments).
The uncertain development and duration of the situation make it impossible at present to assess the impact of the COVID-19 crisis on MBWS's forecasts for 2020.
In view of the circumstances, MBWS is taking the necessary steps to limit the effects of the pandemic on its cash position.
The Group remains fully committed to its transformation plan aimed at cutting costs and returning to long-term profitability.
MBWS has made all the required applications for government assistance schemes set up in all European countries to help businesses adapt staff costs to lower levels of business during the crisis, whilst preserving jobs.

Note 7.6: Statutory Auditors' fees

	2019				**2018**			
(€000)	**Mazars**	**%**	**KPMG**	**%**	Mazars	%	KPMG	%
Statutory auditors	**717**	**99%**	**435**	**94%**	**825**	**100%**	**328**	**94%**
MBWS SA	290	40%	264	57%	293	35%	206	59%
subsidiaries	427	59%	171	37%	532	64%	121	35%
VERIFICATIONS OTHER THAN THE CERTIFICATION OF FINANCIAL STATEMENTS *	**4**	**1%**	**20**	**4%**	**2**	**0%**	**23**	**6%**
MBWS SA	3	1%	20	4%	2	0%	23	6%
subsidiaries	1	0%	-	0%	-	0%	-	0%
Other services	**-**	**0%**	**-**	**0%**	**-**	**0%**	**-**	**0%**
TOTAL	**721**	**100%**	**465**	**100%**	**827**	**100%**	**351**	**100%**
** Agreed procedure report and CSR report*								

Note 8: Restatement of comparative information

In November 2019, the Group sold its entire wholesale business represented by Sobieski Trade (see Note 1.25 Discontinued operations).
This business was considered to fall within the scope of the provisions of IFRS 5 regarding discontinued operations.
The comparative income statement and items of other comprehensive income were restated in order to present this discontinued operation separately from continuing operations. The 2018 financial statements have been restated accordingly as follows:

(€000)	**2018 restated**	**IFRS 5**	**2018 reported**
Revenues	472,855	(133,056)	**581,007**
Excise duties	(192,102)		(192,102)
REVENUES EXCLUDING EXCISE DUTIES	**280,753**	**(133,056)**	**388,905**
Purchases consumed	(185,929)	122,607	(283,631)
External expenses	(55,517)	4,433	(59,949)
Personnel expense	(59,556)	7,445	(67,000)
Taxes and levies	(4,837)	403	(5,239)
Depreciation and amortisation charges	(9,704)	1,040	(10,744)
Other operating income	10,805	(1,508)	12,313
Other operating expenses	(11,883)	662	(12,545)
UNDERLYING OPERATING PROFIT/(LOSS)	**(35,867)**	**2,025**	**(37,891)**
Non-recurring operating income	1,196	(175)	1,371
Non-recurring operating expenses	(12,860)	169	(13,029)
OPERATING PROFIT/(LOSS)	**(47,531)**	**2,018**	**(49,549)**
Income from cash and cash equivalents	42	-	42
Gross cost of debt	(5,834)	286	(6,120)
NET COST OF DEBT	**(5,792)**	**286**	**(6,078)**
Other financial income	7,448	(13)	7,461
Other financial expenses	(7,567)	440	(8,006)
NET FINANCIAL INCOME/(EXPENSE)	**(5,911)**	**713**	**(6,624)**
PROFIT/(LOSS) BEFORE TAX	**(53,442)**	**2731**	**(56,173)**

Income tax	(5,560)	266	(5,826)
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS	**(59,002)**	**2,997**	**(61,999)**
Profit/(loss) from discontinued operations, net of tax	(2,997)		
NET PROFIT/(LOSS)	**(61,999)**	**2,997**	**(61,999)**
Group share	(61,904)		(61,905)
Non-controlling interests	(95)		(95)

4.2 STATUTORY AUDITORS' REPORT ON THE 2020 CONSOLIDATED FINANCIAL STATEMENTS

Financial year ended 31 December 2019

To the General Meeting of Marie Brizard Wine & Spirits,

OPINION

In execution of the engagement entrusted to us by your General Meetings, we have audited the consolidated financial statements of Marie Brizard Wine & Spirits SA for the year ended 31 December 2019, as appended to this report.

Said financial statements were approved by the Board of Directors on 26 May 2020 on the basis of the information available at that date under changing circumstances related to the COVID-19 health crisis.

We hereby certify that, with regard to IFRS as adopted within the European Union, the consolidated financial statements are in order and accurate, and give a true and fair view of the results of the operations of the group comprising the persons and entities included in the consolidation scope during the year ended and the financial position, assets and liabilities of said group at the end of the year.

The opinion expressed above is consistent with the terms of our report to the Audit Committee.

BASES OF OPINION

Terms of reference

We conducted our audit in accordance with professional standards applicable in France. We consider that the evidence that we have gathered is sufficient and appropriate to form the basis for our opinion.

Our responsibilities in accordance with these standards are set out in the section of this report entitled "Statutory auditors' responsibilities regarding the audit of the consolidated financial statements".

Independence

We have performed our audit in compliance with the rules of independence applicable to us, for the period running from 1 January 2019 to the date of issue of our report, and in particular we have not provided services prohibited under Article 5, paragraph 1, of Regulation (EU) No. 537/2014 or the French Code of Ethics for statutory auditors.

MATERIAL UNCERTAINTY REGARDING GOING CONCERN

Without prejudice to the foregoing opinion, we draw your attention to the material uncertainty regarding events or circumstances that could jeopardise business continuity as described in Note 1.3 "Going concern" to the consolidated financial statements.

OBSERVATION

Without prejudice to the foregoing opinion, we draw your attention to the following matters explained in Notes 1.1 "Accounting principles and policies applied" and 1.2 "Changes in accounting policies" to the consolidated financial statements regarding the entry into force of accounting standard IFRS 16 "Leases" and interpretation IFRIC 23 "Uncertainty over income tax treatments" on 1 January 2019 and their impact on the consolidated financial statements.

JUSTIFICATION OF OUR ASSESSMENTS - KEY AUDIT MATTERS

Pursuant to the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code on the justification of our assessments, apart from the matter set out in the section entitled "Uncertainty regarding going concern", we draw your attention to the key audit matters relating to the risk of material misstatements which, in our professional judgement, have been the most significant for the audit of the consolidated financial statements and to our responses with regard to these risks.

These assessments were made as part of our audit of the consolidated financial statements, taken as a whole, as approved under the circumstances recalled above, and therefore contributed to the formation of the opinion expressed herein. We express no opinion on individual items comprising these consolidated financial statements taken in isolation.

Recognition of discounts, commercial benefits granted and commercial service costs as a deduction from revenues

Risk identified		Our response
Revenues excluding excise duties amounted to €275.5 million for the financial year ended 31 December 2019. Group revenues are presented net of discounts, commercial benefits granted, sales taxes and the costs of commercial services such as joint advertising campaigns with distributors, the listing of new products or point-of-sale promotional and advertising initiatives, in accordance with the rules and policies set out in Note 1.26 to the consolidated financial statements. The valuation of revenues therefore involves estimates regarding the allowance made for such discounts, commercial benefits and commercial services. We considered the recognition of discounts, commercial benefits granted and commercial service costs as a deduction from revenues to be a key audit matter in view of: § the number and diversity of commercial contracts to which the Group is party, § the risk associated with assigning discounts, commercial benefits granted and commercial service costs to the relevant accounting period, § the major role played by management estimates in the valuation of discounts, commercial benefits granted and commercial service costs.		We examined the compliance of the methodology applied by the Group with applicable accounting standards and the consistency of revenue recognition methods applied. We reviewed the internal control procedures applied by the Group with regard to the estimation of discounts, commercial benefits granted and commercial service costs and, where applicable, we tested key controls among a sample of operating entities. In order to assess the recognition of discounts, commercial benefits granted and commercial service costs as a deduction from revenues, we also carried out the following main procedures: § sample testing of data used for the calculation and recognition of discounts, commercial benefits and commercial services and the mathematical calculation resulting from said data. These tests included reconciling (i) terms and conditions applied with the corresponding contracts and (ii) the revenue figure adopted with revenues as reported in the accounts; § testing the due assignment of discounts, commercial benefits granted and commercial service costs as a deduction from revenues to the relevant financial year. During our audit on the Polish subsidiary MBWS Polska, we performed the following additional procedures: § we obtained confirmation, from a sample of customers, of the accounting balances shown in the subsidiary's financial statements as at the 2019 balance sheet date and we carried out alternative procedures in the absence of customer response; § we tested the due assignment of sales including discounts, commercial benefits granted and commercial service costs arising in late 2019 and early 2020 to the relevant financial year.

Valuation of goodwill and trademarks

Risk identified		Our response
As at 31 December 2019, the value of goodwill and trademarks amounted to €15.0 million and €76.7 million respectively, together accounting for 28% of the balance sheet total. The main trademarks valued were Marie Brizard and William Peel. As explained in Note 1.10 to the consolidated financial statements, trademarks are not amortised if their useful life may be considered to be indefinite. As explained in Note 1.13 to the consolidated financial statements, goodwill and trademarks having an indefinite useful life are tested for impairment at least once a year and more often if there is evidence of impairment. Goodwill impairment testing consists in comparing the recoverable value of a cash-generating unit (CGU) to which goodwill is attached with its book value. The recoverable value of the CGU is the higher of the values determined in accordance with the following two methods: § value-in-use, calculated by discounting the future cash flows generated by the asset tested or by the CGU; § fair value less costs to sell, obtained on the basis of market values of comparable assets or, where applicable, indicative offers received from interested third parties. As explained in Notes 6.1 and 6.2 to the consolidated financial statements, these goodwill impairment tests are based on future cash flow projections calculated on the basis of the strategic plan as adjusted in line with annual targets. The translation of these business forecasts into cash flows was based on a number of key assumptions and judgements aimed at determining the trend in the markets in which the Group operates. Discount and long-term growth rates derived from research on the sector in which the Group operates are applied in order to estimate value-in-use. The discount rates used are post-tax rates specific to each region and applied to post-tax cash flows. Trademark impairment is tested separately from other assets and CGUs based on calculation of an implicit royalty rate obtained via benchmarking against other trademarks. We considered that goodwill and trademark valuation was a key matter of our audit due to its materiality in the Group financial statements and because this valuation requires a considerable amount of judgement on the part of management.		We acquired an understanding of the process of drawing up the future cash flow projections used as a basis for impairment testing on these non-current assets. In the case of material trademarks and CGUs, we performed the following procedures: § reconciling the amount of capital invested subject to testing with the accounts; § reconciling the data used in the tests with the data used to draw up the provisional budgets approved by the Board of Directors and the strategic plan; § with reference to past performance and our knowledge of the environment in which the entity operates, assessing the assumptions underlying the cash flow projections, particularly those regarding revenues and operating margin; § with the help of our expert appraisers, assessing the appropriateness of the discount rates and long-term growth rates, the discounted cash flow calculation model and the mathematical reliability of the calculations; § assessing the sensitivity tests carried out by the Group with regard to certain assumptions, the results of which are set out in Notes 6.1 and 6.2 to the consolidated financial statements; § verifying whether the consolidated financial statements for the year ended 31 December 2019 duly reflect the results of impairment testing. Lastly, we assessed the appropriateness of the information provided under Notes 6.1 and 6.2 regarding goodwill and trademark valuation.

SPECIFIC VERIFICATIONS

In accordance with the professional standards applicable in France, we also performed the specific verifications required by statutory and regulatory provisions relating to information on the Group contained in the Board of Directors' management report approved on 26 May 2020. With regard to events occurring and facts coming to light after the reporting date regarding the effects of the COVID-19 crisis, management has informed us that a statement regarding the foregoing information would be made to the General Meeting called to approve the financial statements.

We have no comment to make on the fair presentation of that information and on its consistency with the consolidated financial statements.

We certify that the statement of non-financial performance required under Article L. 225-102-1 of the French Commercial Code is included in the Group management report, on the understanding that, in accordance with the provisions of Article L. 823-10 of said Code, the information contained in this statement has not been verified for fairness or consistency with the consolidated financial statements and must be reviewed by an independent third-party body.

Appointment of Statutory Auditors

We were appointed as Statutory Auditors of Marie Brizard Wine & Spirits SA by your General Meeting on 8 August 2008, in the case of Mazars, and on 30 June 2015, in the case of KPMG.

As at 31 December 2019, Mazars was in the 12th consecutive year of its appointment and KPMG was in its 5rd year.

RESPONSIBILITIES OF MANAGEMENT AND PERSONS INVOLVED IN CORPORATE GOVERNANCE WITH REGARD TO THE CONSOLIDATED FINANCIAL STATEMENTS

It is management's responsibility to prepare consolidated financial statements that present a true and fair view, in accordance with IFRS as adopted in the European Union, and to implement the internal control it deems necessary to ensure the preparation of consolidated financial statements that are free of material misstatements, whether the result of fraud or error.

In preparing the consolidated financial statements, management is required to assess the company's ability to continue its operations, to present, in these statements, where applicable, the requisite information with regard to continuity of business and to apply the going concern principle, unless there is the intention to liquidate the company or discontinue its operations.

It is the responsibility of the Audit Committee to monitor the process for the preparation of financial information and the effectiveness of internal control and risk management systems, and, where applicable, of the internal audit system, as regards the procedures relating to the preparation and processing of accounting and financial information.

The consolidated financial statements have been approved by the Board of Directors.

STATUTORY AUDITORS' RESPONSIBILITIES REGARDING THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Audit objective and approach

It is our responsibility to prepare a report on the consolidated financial statements. Our goal is to obtain reasonable assurance that these consolidated financial statements, taken as a whole, are free of material misstatements. Reasonable assurance corresponds to a high level of assurance, without, however, the guarantee that an audit performed in accordance with professional standards enables systematic detection of all material misstatements. Misstatements may result from fraud or error and are deemed material when they may reasonably be expected, when taken either individually or together, to influence economic decisions taken by users of the financial statements on the basis thereof.

As specified in Article L. 823-10-1 of the French Commercial Code, our assignment to certify the financial statements does not consist in guaranteeing the viability or quality of your company's management.

Within the scope of an audit performed in accordance with professional standards applicable in France, the statutory auditor exercises his or her professional judgement throughout this audit. Furthermore:

• the auditor identifies and assesses the risks that the consolidated financial statements contain material misstatements, whether resulting from fraud or error, defines and implements audit procedures to address these risks, and gathers the elements the auditor deems necessary and appropriate upon which to base the auditor's opinion. The risk of not detecting a material misstatement resulting from fraud is more serious than the risk of not detecting a material misstatement resulting from error, since fraud may involve collusion, falsification, deliberate omission, false representations or the circumvention of internal control;

• the auditor examines the aspects of the internal control system that are relevant to the audit, in order to define the audit procedures appropriate in the circumstances but not for the purpose of expressing an opinion on the efficacy of the internal control system;

• the auditor assesses the appropriateness of the accounting methods adopted and the reasonableness of the accounting estimates made by management, as well as the related information provided in the consolidated financial statements;

• the auditor assesses the appropriateness of management's application of the going concern principle and, according to the information gathered, the existence or absence of material uncertainty regarding events or circumstances liable to jeopardise the company's ability to continue its operations. This assessment is based on information gathered up until the date of the auditor's report, provided, however, that any subsequent circumstances or events could jeopardise business continuity. If the auditor finds that material uncertainty exists, the auditor draws the attention of the readers of the auditor's report to the information provided in the consolidated financial statements regarding this uncertainty or, if such information is not provided or is irrelevant, issues certification with reservations or refuses to certify;

• the auditor assesses the presentation of the consolidated financial statements, taken as a whole, and assesses whether they reflect the underlying transactions and events in such a way as to give a true and fair view thereof;

• concerning financial information regarding the businesses or entities included in the consolidation scope, the auditor gathers the information the auditor deems sufficient and appropriate in order to express an opinion on the consolidated financial statements. The auditor is responsible for the management, supervision and performance of the audit of the consolidated financial statements as well as the opinion expressed on said financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee defining the scope of the audit work and the audit programme implemented, as well as the findings based on our work. We also draw the Committee's attention to any material internal control deficiencies we have identified, as regards procedures relating to the preparation and processing of accounting and financial information.

The report submitted to the Audit Committee also contains information on the risks of material misstatements that we deemed to have been the most significant for the audit of the consolidated financial statements and which therefore constitute key audit matters, which we are required to set out herein.

We also submit to the Audit Committee the declaration set out in Article 6 of Regulation (EU) No. 537-2014 confirming our independence, within the meaning of the rules applicable in France as defined in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code and the French Code of Ethics for statutory auditors. If necessary, we discuss with the Audit Committee the risks to our independence and the safeguards applied.

The Statutory Auditors

Paris-La Défense, 2 June 2020	Courbevoie, 2 June 2020
KPMG Audit	**Mazars**

KPMG S.A. department	
Stéphane Devin	Erwan Candau
Partner	Partner

5

PARENT COMPANY FINANCIAL STATEMENTS

5.1 PARENT COMPANY FINANCIAL STATEMENTS AND NOTES FOR THE 2019 FINANCIAL YEAR

Balance sheet assets

(€000)	Note	31/12/2019			31/12/2018
		Gross	Amort. & depr.	Net	
Concessions, licences and patents		10,483	2,323	8,160	1,180
Goodwill		136,289	136,289		
Other intangible assets		1,063	115	948	5,638
Total intangible assets	**3.1**	**147,836**	**138,727**	**9,109**	**6,818**
Buildings		388	129	259	307
Technical facilities, equipment & industrial tooling		13	3	10	11
Other property, plant & equipment		246	191	55	124
PP&E in progress Advances and prepayments					
Total property, plant & equipment	**3.1**	**646**	**323**	**324**	**442**
Other equity investments		305,534	192,900	112,634	102,350
Receivables related to equity investments		26,404	26,403		
Loans		7		7	
Other		14,004	13,580	424	467
Total financial assets	**3.1**	**345,948**	**232,883**	**113,065**	**102,818**
TOTAL NON-CURRENT ASSETS		**494,431**	**371,933**	**122,497**	**110,078**
Traded goods					
Inventory & work-in-progress	**3.2**				
Advances and payments on account	3.2	32		32	
Trade receivables	3.2	8,426	349	8,077	5,921
Other receivables	3.2	170,842	88,789	82,052	105,818
Investment securities	3.3	319	137	182	8,357
Cash	3.3	9,423		9,423	14,137
Prepaid expenses	3.4	639		639	600
Trade receivables		**189,681**	**89,276**	**100,405**	**134,832**
TOTAL CURRENT ASSETS		**189,681**	**89,276**	**100,405**	**134,832**
Deferred charges	3.4	185		185	1,324
Unrealised foreign exchange losses		730		730	964
TOTAL		**685,027**	**461,209**	**223,818**	**247,198**

Balance sheet equity & liabilities

(€000)	Note	31/12/2019	31/12/2018
Share capital		89,396	56,677
Issue, merger and contribution premiums		67,915	175,712
Legal reserve		4,185	4,185
Retained earnings/(losses)			(43,881)
Profit/(loss) for the financial year		(29,800)	(89,702)
TOTAL SHAREHOLDERS' EQUITY	**4.2**	**131,696**	**102,991**
Provisions for contingencies		5,795	8,884
Provisions for charges		281	275
TOTAL PROVISIONS FOR CONTINGENCIES & CHARGES	**4.3**	**6,076**	**9,159**
Other bonds			
Loans & borrowings – credit institutions	4.4	47,219	49,157
Other loans & borrowings	4.4		7,686
Trade payables	4.4	6,321	6,828
Tax and social security payables	4.4	3,525	3,427
Fixed asset liabilities & related accounts	4.4	2,496	3,051
Other payables	4.4	23,613	59,802
Deferred income	4.5	2,567	3,338
TOTAL LOANS & BORROWINGS		**85,742**	**133,291**
Unrealised foreign exchange gains	4.5	304	1,757
TOTAL		**223,818**	**247,198**

Income statement

(€000)	Note	2019	2018
Sales of traded goods			
Sales of goods & services		7,458	6,560
Net revenues	5.1	7,458	6,560
Capitalised production		355	513
Reversals of provisions and D/A charges, expense transfers		1,622	373
Other income		1,130	1,320
OPERATING INCOME		**10,565**	**8,766**
Purchase of traded goods			
Change in inventory			
Other external purchases	5.1	(19,726)	(17,078)
Taxes, levies and similar charges		(272)	(349)
Wages and salaries		(5,001)	(7,043)
Social security contributions	5.1	(2,377)	(10,933)
Depreciation, amortisation & provisions on fixed assets		(2,442)	(968)
Provisions on current assets			(145)
Provisions for contingencies & charges			
Other expenses		(56)	(278)
OPERATING EXPENSES		**(29,873)**	**(36,793)**
OPERATING PROFIT/(LOSS)		**(19,308)**	**(28,027)**
Income from investments		43,424	5,787
Other securities & receivables on fixed assets		1	
Other interest & similar income			1
Provision reversals & expense transfers		653	11,724
Positive foreign exchange differences		1,552	317
Net proceeds from the disposal of investment securities		20	
FINANCIAL INCOME	**5.2**	**45,649**	**17,830**
Depreciation, amortisation & provisions		(34,982)	(64,583)
Interest and similar charges		(2,102)	(4,155)
Negative foreign exchange differences		(1,665)	(3,149)
Net expenses relating to the disposal of investment securities			
FINANCIAL EXPENSE	**5.2**	**(38,749)**	**(71,888)**
NET FINANCIAL INCOME/(EXPENSE)	**5.2**	**6,900**	**(54,058)**
UNDERLYING PROFIT/(LOSS) BEFORE TAX		**(12,408)**	**(82,085)**
On operating transactions		668	22
On capital transactions			965
Provision reversals and expense transfers		899	
NON-RECURRING INCOME	**5.3**	**1,567**	**986**
On operating transactions		(180)	(47)
On capital transactions		(13,864)	(7,960)
Depreciation, amortisation & provisions		(4,921)	(724)
NON-RECURRING EXPENSE	**5.3**	**(18,964)**	**(8,731)**
NET NON-RECURRING INCOME	**5.3**	**(17,397)**	**(7,744)**
PROFIT/(LOSS) BEFORE TAX	**5.3**	**(29,805)**	**(89,829)**
Income tax	5.4	5	128
Employee profit-sharing			
NET PROFIT/(LOSS)		**(29,800)**	**(89,702)**

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS - SUMMARY

The notes set out below form an integral part of the parent company financial statements for the financial year ended 31 December 2019, which cover a period of 12 months. These financial statements were approved by the Board of Directors on 26 May 2020 and will be submitted to the next General Meeting for approval.
The balance sheet total before appropriation of earnings amounts to €223,818,075.16 and the Company posted a net loss of €29,799,787.51.
The Company prepares consolidated financial statements.

Note 1: Main highlights

Note 1.1: Increase in COFEPP's equity interest in MBWS SA

At the MBWS SA Annual General Meeting held on 31 January 2019 to approve the financial statements for the year ended 31 December 2017, the shareholders approved by an 89% majority a capital increase, with waiver of preferential subscription rights, which raised €37.7 million for MBWS SA (including €32.2 million by offset against the €7.7 million current account advance granted on 29 May 2018 and the bond bridge loan issued in February 2019 for a principal amount of €25 million) in exchange for 9.4 million newly issued ordinary shares in the Company.
This capital increase was approved by the French Financial Markets Authority (AMF) and by the French and Polish antitrust authorities.
Following settlement-delivery of the Reserved Capital Increase and the publication of the main terms of the strategic plan, MBWS SA granted the following share warrants to all of its shareholders, allotting one warrant per existing ordinary share:
(i) share warrants exercisable during one month (the "Short-Term Warrants") entitling holders to subscribe to new MBWS SA ordinary shares of a total value of €49.3 million (including issue premium);
(ii) share warrants exercisable during 42 months (the "Long-Term Warrants" and, together with the Short-Term Warrants, the "Warrants") entitling holders to subscribe to new MBWS SA ordinary shares of a total value of €49.3 million (including issue premium).
In accordance with its undertaking, COFEPP:
(i) exercised its Warrants and subscribed to the shares issued upon exercise of said Warrants at a total value of €15 million (this transaction was carried out entirely through the exercise of Short-Term Warrants),
(ii) confirmed that it was not exercising, in total, more than 30% of the Warrants issued in accordance with its agreement with MBWS.
Under the Short-Term Warrant programme expiring on 29 April 2019, warrants for a total value of €20,743,350 were exercised (including €15 million by COFEPP). The contributions made by COFEPP (reserved capital increase and warrants) and the other shareholders (warrants) represented additional cash funds totalling €43.5 million.
Following the aforementioned transactions, COFEPP holds 50.97% of the share capital and 7 out of the total 12 positions on the current Board of Directors.

Note 1.2: Publication of the 2019-2022 strategic plan

On 25 March 2019 MBWS published its 2019-2022 strategic plan, which aims to lay the foundations for a sustainable return to profitable growth within the medium term, targeting 2022 EBITDA of €13-19 million.
To achieve this target, the Group has launched a transformation drive based on six strategic priorities:
• Focus turnaround initiatives and investments on value-creating assets,
• Redefine the Group's international footprint,
• Work together with value-creating partners,
• Streamline the operational model and reduce the cost base,
• Strengthen synergies and the partnership with COFEPP,
• Foster employee commitment and acquire appropriate decision-making and control tools.
This transformation will take place in two phases:
• In the short term (2019-2020), approve and implement strategic decisions on the basis of their contribution to improving profitability in order to gradually return to positive EBITDA,
• In the medium term (2021-2022), pave the way for future growth by reinvesting cash flows generated in order to achieve an EBITDA target of €13-19 million by 2022.

Note 1.3: Ongoing renegotiation of debt with bank partners

(See also Note 2.1 below.)

In early 2019, MBWS SA was involved in a conciliation procedure, after which a mediator/adviser was appointed for the period from end May until end June 2020. This appointment has mainly helped the Group conduct negotiations with the banks involved in the 26 July 2017 syndicated credit facility within a protected framework.
On 23 January 2019, the Group's Medium-Term Loan and Bridge Loan lenders agreed to extend the standstill agreement and waive their right to demand immediate repayment of the Medium-Term Loan until no later than 28 February 2020. The lenders have also waived the half-year instalments under the medium-term loan during the same period and, until completion of the capital increases provided for under the agreement with COFEPP, the repayment of the bridge loan.
A repayment under the bridge loans for a principal amount of €7.5 million granted on 29 May 2018 was made in March 2019, in view of the completion of the capital increases (excluding share warrants), and the *Commission des Chefs de Services Financiers d'Île-de-France* ("CCSF") extended the transitional public debt repayment plan approved on 27 June 2018 until the end of June 2019, subsequently extended again until full repayment under the plan.
On 12 July 2019, the Medium-Term Loan and Bridge Loan lenders agreed to extend the standstill agreement and waive their right to demand immediate repayment of the Medium-Term Loan until no later than 30 June 2020 (see Note 1.6).

Note 1.4: Sazerac group to distribute MBWS Group brands in the United States

On 2 October 2019, MBWS SA and Sazerac/375 Park Avenue Spirits ("Sazerac") announced the signing of a strategic partnership for the distribution of MBWS Group brands in the United States.
In accordance with the strategic plan, MBWS SA conducted an assessment of its international footprint. Accordingly, on behalf of Imperial Brands, MBWS SA decided to seek out a partner of sufficient stature, network size and culture in the United States to ensure widespread distribution of Marie Brizard Wine & Spirits brands.
The choice fell on Sazerac and 375 Park Avenue Spirits, as these two groups have already cooperated in the distribution of brands belonging to Sazerac in France and Brazil.
The partnership was launched on 1 January 2020 via the transfer of the Marie Brizard Wine & Spirits brand distribution business to Sazerac and 375 Park Avenue Spirits. From this date onwards, Imperial Brands has shifted the focus towards the other countries in the Americas cluster.

Note 1.5: Disposal of Sobieski Trade

On 15 November 2019, MBWS SA sold Sobieski Trade, a subsidiary held jointly with MBWS SA Polska, to United Beverages, one of the primary importers of premium wines and spirits and one of the main distributors of alcoholic beverages in Poland. The sale was approved by the Polish antitrust authorities on 7 November 2019.

Note 1.6: Conditional agreement signed between MBWS SA and COFEPP to cover MBWS cash requirements

(See also Note 2.1 below.)
MBWS SA faced an urgent need for cash requiring injections of funds from the beginning of 2020, notably due to prior losses, declining business volumes in Poland and changes in legislation affecting the flavoured wine market. Having sought third-party financing to no avail, MBWS SA reviewed all possible solutions and finally asked majority shareholder COFEPP to grant further financing, to be made available as soon as possible.
On 20 December 2019, MBWS SA signed a conditional agreement with its majority shareholder Compagnie Financière Européenne de Prises de Participations (COFEPP), which currently holds around 51% of MBWS SA's share capital and voting rights, subject to prior approval by MBWS's lending banks, who represent MBWS's entire debt excluding factoring, for the assignment of their receivables under the €45 million loan agreement signed on 26 July 2017 and outstanding overdrafts (the "Bank Receivables") to COFEPP no later than 15 January 2020.
Under the agreement, COFEPP has agreed to finance the MBWS Group's cash requirements in 2020, subject to fulfilment of a number of conditions precedent and in accordance with the terms set out below.
COFEPP has agreed to grant the MBWS Group the following financing:

• an initial current account advance amounting to €15 million (bearing compounded interest at an annual rate of EURIBOR 3 month (*) + 425 bps), which would be paid to the MBWS Group by 17 January 2020, of which (i) subject to specific conditions, €7.4 million would be provided to MBWS SA for the requirements of Polish business operations and (ii) €7.6 million would be paid to MBWS France, which should cover cash requirements until mid-March 2020 (“Bridge 1”); and

• a second current account advance amounting to €17 million (bearing compounded interest at an annual rate of EURIBOR 3 month (*) + 425 bps), which would be paid to MBWS SA by 17 March 2020, subject to conditions precedent, and mainly used for general cash requirements (“Bridge 2”).

(*) Floored at zero

Bridge 1 and Bridge 2 would be guaranteed via a number of security interests on Group assets, in particular via pledges of the Sobieski, Marie Brizard and William Peel trademarks and of shares in MBWS SA France, Cognac Gautier and Vilnius Degtine.

In addition to the banks’ consent to the assignment of the Bank Receivables, the grant of Bridge 2 is also conditional on (i) the public creditors’ agreement in principle to a standstill on part of the Group’s tax and social security liabilities, (ii) amendment of the Scotch whisky bulk supply agreement between MBWS SA and a supplier and (iii) the stabilisation of estimated cash requirements for 2020.

Note 2: Accounting principles and policies

The parent company financial statements for the year ended 31 December 2019 were prepared in accordance with the provisions of the French Commercial Code and the French General Chart of Accounts (ANC Regulation 2018-01 of 20 April 2018 amending Regulation 2016-07 of 4 November 2016).

The accounting policies were applied in compliance with the prudence principle, in accordance with the basic assumptions of:

Going concern,

Consistency of presentation,

Accrual basis of accounting,

Compliance with the general rules for preparing and presenting annual financial statements.

The basic method used to value items entered in the accounts is the historical cost method.

Note 2.1: Going concern

THE BACKGROUND

For several years now, the Marie Brizard group (the "Group") has experienced operational and financial difficulties reflected by consolidated EBITDA losses of €11.9 million in 2017, €28.0 million in 2018 (€27.2 million restated) and €12.1 million in 2019 after application of IFRS 16 and restatement pursuant to IFRS 5.

These difficulties prompted the Group to apply for intervention by a conciliator, then later by a mediator/adviser, and by the Interministerial Industrial Restructuring Committee, two independent bodies that have overseen the process of seeking appropriate solutions during 2018-2020 to help them resolve the Group's difficulties.

As at 31 December 2017, the Group did not comply with the covenants attached to the syndicated credit facility agreement signed on 26 July 2017 in respect of the €45 million medium-term loan ("Medium-Term Loan") and a €32.5 million revolving credit facility on which the Group was unable to draw as a result.

Accordingly, under the conciliator's supervision, in 2018 the Group concluded new financing arrangements with its bank partners and obtained a current account advance from MBWS shareholder Compagnie Financière Européenne de Prises de Participation ("COFEPP").

The cash problems experienced by Marie Brizard Wine & Spirits SA and its subsidiaries in France (Marie Brizard Wine & Spirits France, Moncigale and Cognac Gautier) also gave rise to tax and social security liabilities, regarding which a transitional repayment plan was approved by the *Commission des Chefs de Services Financiers d'Île-de-France* ("CCSF") on 27 June 2018, subject to the provision of guarantees. By decision dated 27 June 2019, this plan was extended until full repayment of the aforementioned liabilities.

MAIN DEVELOPMENTS IN 2019

Implementation of COFEPP agreement dated 21 December 2018

In accordance with an undertaking made by COFEPP in late December 2018 to subscribe to a capital increase carried out by Marie Brizard Wine & Spirits, on 23 January 2019 the Medium-Term and Bridge Loan lenders agreed to extend the Bridge Loan standstill agreement and waive their right to demand immediate repayment of the Medium-Term Loan until no later than 28 February 2020.

They also waived the half-year instalments under the Medium-Term Loan during the same period. It was agreed that this agreement with the banks would be terminated early if the Bridge Loans were not repaid following the capital increase provided for under the agreement with COFEPP.

On 12 July 2019, the medium-term loan and bridge loan lenders agreed to extend the standstill agreement and waive their right to demand immediate repayment of the medium-term loan until no later than 30 June 2020.

Reserved capital increase and warrant programmes

On 29 March 2019, in accordance with the 31 January 2019 General Meeting vote in favour of COFEPP's recapitalisation proposal, Marie Brizard Wine & Spirits SA issued:

(i) share warrants exercisable during one month (the "Short-Term Warrants") entitling holders to subscribe to new MBWS ordinary shares of a total value of €49.3 million (including issue premium);

(ii) share warrants exercisable during 42 months (the "Long-Term Warrants" and, together with the Short-Term Warrants, the "Warrants") entitling holders to subscribe to new MBWS ordinary shares of a total value of €49.3 million (including issue premium).

In accordance with its undertaking, COFEPP:

(i) exercised its Warrants and subscribed to the shares issued upon exercise of said Warrants at a total value of €15 million (this transaction was carried out entirely through the exercise of Short-Term Warrants),

(ii) confirmed that it was not exercising, in total, more than 30% of the Warrants issued in accordance with its agreement with MBWS.

Under the Short-Term Warrant programme expiring on 29 April 2019, warrants for a total value of €20,743,350 were exercised (including €15 million by COFEPP). The contributions made by COFEPP (reserved capital increase and warrants) and the other shareholders (warrants) represented additional cash funds totalling €43.5 million.
Following the aforementioned transactions, COFEPP as majority shareholder held 50.97% of the share capital and 7 out of the total 12 positions on the current Board of Directors.

Following this reserved capital increase subscribed by COFEPP for a total amount of €37.7 million, including €32.2 million by offset against the €7.7 million shareholder current account advance granted on 29 May 2018 and the bond bridge loan issued in February 2019 for a principal amount of €25 million, the Bridge Loans for a principal amount of €7.5 million granted by the bank partners were repaid in accordance with the 23 January 2019 standstill agreement.

In 2019, the MBWS Group continued its discussions with its bank partners and COFEPP in order to reach an agreement within the scope of the ongoing conciliation procedure.

On 12 July 2019, the Medium-Term Loan and Bridge Loan lenders agreed to extend the standstill agreement and waive their right to demand immediate repayment of the Medium-Term Loan until no later than 30 June 2020.

Conditional agreement signed between MBWS and COFEPP to cover MBWS cash requirements

On 20 December 2019, MBWS and COFEPP signed an agreement, the main terms of which are as follows:

• assignment of bank receivables (Medium-Term and Short-Term);

• standstill on repayments of the Medium-Term Loan;

• establishment of interim financing in 2020 ("Advances") to finance MBWS cash requirements in 2020, subject to conditions precedent;

• if the aforementioned conditions precedent are satisfied, the bank receivables and Bridges would be incorporated into MBWS share capital by COFEPP as part of the MBWS capital increase described below.

POST-BALANCE SHEET EVENTS

Agreement to assign all MBWS lending bank receivables to COFEPP

Pursuant to this agreement, on 17 January 2020 COFEPP signed a three-way agreement between MBWS, COFEPP and the MBWS lending banks to assign receivables under the €45 million loan agreement signed on 26 July 2017 and currently outstanding overdrafts.

The assignment of said receivables became effective in January 2020.

Under the same arrangements, COFEPP also confirmed the grant to MBWS of a standstill on all assigned bank receivables due to be capitalised as part of the planned capital increase. On 20 May 2020, this standstill was extended until 26 January 2021 to make allowance for the postponement of the planned capital increase following the postponement of the General Meeting called to approved the 2019 financial statements.

Establishment of Advance 1 in the amount of €15 million in January 2020

Following the signing of an agreement between MBWS SA and COFEPP on 20 December 2019 providing for two conditional cash flow advances, COFEPP set up the following advances for MBWS:

• current account Advance 1 amounting to €15 million to be paid in January and February 2020 (bearing compounded interest at an annual rate of EURIBOR 3 month (*) + 425 bps), including €7.4 million provided for the requirements of Polish business operations and €7.6 million paid to MBWS France to cover cash requirements until mid-March 2020;

• current account Advance 2 amounting to €17 million (bearing compounded interest at an annual rate of EURIBOR 3 month (*) + 425 bps), which would be paid to MBWS by 17 March 2020 subject to conditions precedent (not lifted to date) and mainly used for general cash requirements.

(*) Floored at zero

Advances 1 and 2 would be guaranteed via a number of security interests on Group assets, in particular via pledges of the Sobieski, Marie Brizard and William Peel trademarks and of shares in MBWS France, Cognac Gautier and Vilnius Degtine.

Advance 2 has not yet been paid. Among other things, it is conditional on (i) the public creditors' agreement in principle to a standstill on part of the Group's tax and social security liabilities, (ii) amendment of the Scotch whisky bulk supply agreement between MBWS and a supplier and (iii) the stabilisation of estimated cash requirements for 2020.

Establishment of Advance 1(b) in May 2020

As the conditions precedent applicable to Advance 2 had not yet been lifted and, in particular, fulfilment of the condition to amend the Scotch whisky bulk supply agreement remained uncertain, COFEPP agreed to amend the 20 December 2019 agreement by agreeing to the establishment of Advance 1(b), limited to a global cap of €10 million, to cover the Group's immediate cash requirements. This agreement is designed to secure the Group's immediate cash requirements and provide for the establishment of an Advance 1(b) capped at €10 million. It provides for:

(i) a firm undertaking on the part of COFEPP to immediately pay MBWS (no later than 20 May) a €6 million current account advance (bearing compounded interest at an annual rate of EURIBOR 3 month floored at zero + 425 bps); this amount was received on 25 May 2020;

(ii) provision, at COFEPP's discretion, of a current account advance capped at €4 million to enable the MBWS Group to meet its cash requirements until 15 July 2020; this second portion of the advance may only be provided subject to COFEPP's consent and proof of the cash requirements in question.

The aforementioned advances shall be secured, at COFEPP's discretion, via junior pledges of Sobieski trademarks, all shares in Gaïa I and/or the current account receivable between MBWS and MBWS France, coupled with a pledge covering shares in Cognac Gautier and/or Marie Brizard trademarks, in favour of COFEPP.

The amount of Advance 1(b) shall be deducted from Advance 2, amounting to €17 million and not yet paid, as provided for in the 20 December 2019 agreement. The security interests provided for by the 20 December 2019 agreement in respect of Advance 2, in the event that this advance is actually paid, remain unchanged.

Provision of the entire Advance 1(b) amount would cover the Group's estimated cash requirements until 15 June 2020, if solely the €6 million firm portion is provided by COFEPP, and until 15 July 2020 if the entire Advance 1(b) totalling €10 million is made available.

MBWS planned capital increase

The 20 December 2019 press release stated the terms of a capital increase planned by MBWS, with preferential subscription rights (Rights Issue), at a total maximum amount of €105.3 million (including issue premium), conditional on the payment of Advance 2 among other things.

The amount and subscription price of the planned Rights Issue, provided among other things that Advance 2 is paid, as set out in the 20 December press release remain unchanged. As mentioned earlier, COFEPP has agreed to subscribe to at least 75% of the amount of the Rights Issue. Advance 1(b) would be fully incorporated into MBWS share capital, as would Advance 1 and Advance 2, as part of this Rights Issue. As stated earlier, the completion of this Rights Issue is also subject to approval by the Extraordinary General Meeting of shareholders and to AMF approval of the prospectus.

Diana Holding, which holds around 8.8% of MBWS's share capital and voting rights, has agreed to vote in favour of all transactions envisaged under this agreement.

Following the Rights Issue, if COFEPP honours the aforementioned commitments to subscribe for its statutory entitlement and underwrite the Rights Issue for a total amount of €79 million, including issue premium, COFEPP will hold 77.5% of MBWS's share capital and voting rights.

GOING CONCERN

The Group financial statements for 2019 have been prepared in accordance with the going concern principle, in view of the known situation as at the reporting date, as described above, and the most recent cash requirement estimates made in light of the changing situation related to the COVID-19 health crisis (see Note 7.5 Post-balance sheet events), based on the assumption that a number of the measures and transactions mentioned above have yet to be finalised over the upcoming months, including contractual negotiation of a bulk supply agreement for Scotch whisky, by way of condition precedent to the payment of Advance 2 by COFEPP, and the public creditors' agreement in principle to a standstill on part of the Group's tax and social security liabilities (see above).

To cope with the pandemic (see risk factors in Chapter 2), the Group has drawn on various assistance schemes provided by governments in France and other countries where the Group operates (short-time working arrangements for some production units and field sales force teams, deferral of social security payments).

Moreover, the implementation of the roadmap at present and over the coming months in line with strategic plan targets will improve the overall profitability of Group operations, thereby generating additional cash.

If the aforementioned initiatives fail and if the assumptions prove to be mistaken, the Group could find itself unable to realise its assets and settle its debts within the normal course of its operations and the classification of assets and liabilities could be materially impacted.

Note 2.2: Intangible assets

Intangible assets primarily consist of trademarks valued at their purchase cost, software and goodwill (see Note 3.1.1 Goodwill).

If the current value of an intangible asset falls below its net book value, that value is reduced to the current value via an impairment charge. The current value is the estimated value determined in accordance with the market value and/or the value-in-use determined on the basis of the discounted cash flows expected.

An impairment test is performed at each year-end and at each interim period-end, if there is any evidence that an intangible asset may have lost a significant amount of its value.

Software is amortised on a straight-line basis over a three-year period.

Note 2.3: Property, plant and equipment

Property, plant and equipment are valued at their purchase cost.

Depreciation is calculated on a straight-line basis depending on the estimated useful life. The depreciation periods for each category are as follows:

	Term
Buildings	20 years
Building fixtures and fittings	10 or 3 years
Equipment and tools	5 years
Transportation equipment	5 years
Office and computer equipment	3 years
Office furniture	5 years
Other PP&E	6 years
Trademark and model filing	10 years

Note 2.4: Non-current financial assets

The purchase cost of securities is equivalent to the amount of the remuneration paid to the vendor. The Company does not capitalise security acquisition costs; these costs are therefore expensed.

Receivables relating to investments correspond to medium and long-term loans granted to the subsidiaries, which are formally set down in an agreement.

A provision for impairment of equity investments is recorded when their fair value is lower than their purchase cost at the financial year-end. The fair value of equity investments corresponds to their value-in-use for the Company. Value-in-use is measured on the basis of the share of the subsidiary's equity, its economic and financial potential as calculated by discounting future cash flows and, if necessary, the fair value of its assets.

Discounted future cash flows are determined on the basis of the strategic plan as adjusted in line with annual targets. The translation of the strategic plan into cash flows was based on a number of key assumptions and judgements aimed at determining trends in the markets in which the Group operates. As a result, actual cash flows may differ from the estimated forecast cash flows used in order to determine value-in-use. Discount and long-term growth rates derived from assessments of the sector in which the Group operates are applied in order to estimate the value-in-use of non-current financial assets. The Company applied discount rates of 7.9%, 8.3% and 8.9% respectively for MBWS France, MBWS Polska and MBWS Bulgaria and a long-term growth rate of 1% for the 2019 financial year.

If the fair value of equity investments in a subsidiary becomes negative, an impairment charge equal to the negative fair value is recognised, first against "Receivables related to equity investments" and then against current accounts, in addition to the full write-off of the shares.

Note 2.5: Receivables and payables

Receivables are recorded at their nominal value; a provision for impairment is charged where the recoverable value is lower than the net book value.

MBWS pools cash and financing requirements for all Group subsidiaries.

Note 2.6: Foreign currency transactions

Foreign currency receivables and payables are converted into euros at the year-end closing rate, matched by a corresponding entry under the translation differences account on the balance sheet. Only unrealised foreign exchange losses are covered by provisions in the income statement (where appropriate, on the basis of a global position), except where the transaction is covered by a currency hedge, in which case the provision covers only the unhedged amount.

Foreign currency cash (including bank accounts and subsidiary current accounts) is converted at the closing rate and all unrealised gains and losses are recorded in the income statement.

Since 1 January 2017, exchange gains and losses on trade receivables and payables, previously recognised under net financial income/(expense), have been recorded under operating profit/(loss). The exchange gains and losses item under net financial income/(expense) is now reserved for transactions of a financial nature (foreign currency loans and borrowings, cash, current accounts, etc.).

Note 2.7: Financial instruments

See Note 6 - Derivatives

CURRENCY DERIVATIVES CONTRACTED TO HEDGE CURRENCY RISK AT GROUP COMPANIES

In 2017, MBWS SA set up a central cash management scheme designed to enable Group subsidiaries to hedge their transactional currency exposure. To this end, MBWS SA contracts currency derivatives with subsidiaries at their request

(known as “internal derivatives”). These internal derivatives generate currency exposure for MBWS SA. This exposure is managed proactively by contracting reverse transactions on the market in order to obtain better exchange rates than the rates applied in the internal contracts.
All currency derivatives contracted under this scheme are classified as isolated open-position transactions in accordance with Article 628-18 of the French General Chart of Accounts (PCG). Fair value changes in isolated open-position transactions are recorded on the balance sheet with a matching entry under translation differences.

CURRENCY DERIVATIVES CLASSIFIED AS HEDGING INSTRUMENTS

The differences arising from changes in the value of hedging instruments are posted to the income statement in accordance with the income and expenses generated by the hedged item.
Accordingly, fair value changes in currency derivatives used to hedge foreign currency current accounts are recorded on the balance sheet with a matching entry on the income statement, in a manner symmetrical to the valuation of current accounts in the income statement.
In the income statement, currency futures premiums and discounts are spread over the duration of the hedging relationship under net financial income/(expense).

Note 2.8: Provisions for contingencies and charges

In accordance with the provisions of CRC Regulation 2000-06 on liabilities, which are included in ANC Regulation 2014-03, the Company records provisions as soon as a present, legal or constructive obligation arising from a past event materialises, where it is likely that an outflow of resources representing economic benefits will be necessary to settle the obligation, and where the amount of this outflow can be reliably estimated.

Note 2.9: Pension commitments

Pension commitments are measured and recorded in accordance with ANC Recommendation 2013-02 on the rules for recording and measuring pension commitments and related benefits. The actuarial valuation of defined benefit plans is performed by an independent actuary. The present value of employee benefit commitments is calculated using the projected unit credit method, taking into account factors such as staff turnover, life expectancy and the foreseeable trend in remuneration.
The liability corresponding to the Company’s net employee benefit commitment is recorded under provisions for contingencies and charges under balance sheet liabilities.

Note 2.10 Investment securities

Investment securities are measured at cost. Where applicable, provisions are recorded, in accordance with the type of security, to cover the difference between their book value and closing value or, if lower, their net asset value.

Note 3: Notes on balance sheet assets

Note 3.1: Non-current assets

NOTE 3.1.1 CHANGE IN NON-CURRENT ASSETS (GROSS VALUE) IN 2019

(€000)	**31/12/2018**	**Increase**	**Decrease**	**31/12/2019**
Patents, licences and trademarks	833			833
Software	1,505	8,146		9,651
Goodwill	136,289			136,289
PP&E in progress	5,753	3,197	7,886	1,063
TOTAL INTANGIBLE ASSETS	**144,380**	**11,343**	**7,886**	**147,836**
(€000)	**31/12/2018**	**Increase**	**Decrease**	**31/12/2019**
Buildings	376	11		388
Equipment and tools	13			13
Transportation equipment				
Office and computer equipment	244	3		246
PP&E in progress				
Advances and prepayments				
TOTAL PROPERTY, PLANT AND EQUIPMENT	**632**	**14**		**646**
(€000)	**31/12/2018**	**Increase**	**Decrease**	**31/12/2019**
Equity investments	291,977	27,180	13,623	305,534
Receivables related to equity investments	26,403	2	2	26,404
Deposits & guarantees	14,400	16	405	14,011
TOTAL NON-CURRENT FINANCIAL ASSETS	**332,780**	**27,198**	**14,030**	**345,948**

Intangible assets:

Intangible assets amounting to a gross value of €147,836,000 break down as follows:

Goodwill of €136,289,000 arising from the transfer of all assets and liabilities of Duke Street Capital France 2, the company that owned MBWS, on 30 June 2006. This goodwill has been fully written off.

Software amounting to €9,651,000: the Company is currently developing software in-house and has installed a Group-wide ERP system.

Equity investments:

See breakdown in Note 9 - List of subsidiaries and equity investments.

Purchases during the year totalled €27,180,000:

• Purchase of shares in MBWS España, a subsidiary hitherto held directly via subsidiary MBWS France, for €13,557,000.

• Purchase of Sobieski Trade shares for €13,623,000.

Sales during the period totalled €13,623,000 corresponding to the sale of Sobieski Trade shares at a sale price of €668,000.

Receivables related to equity investments:

The balance of "Receivables related to equity investments" primarily consists of:

advances to MBWS Bulgaria amounting to €15,041,000;

a €5 million loan to Belveder Ukraine;

receivables against Vremena Goda amounting to €4,862,000.

Receivables related to equity investments have been fully written off (see table below).

Escrow deposits:

The escrow deposit primarily corresponds to the commercial paper subscribed with Clico Investment Bank in 2006.

This deposit has been fully written off.

NOTE 3.1.2 CHANGE IN AMORTISATION, DEPRECIATION AND IMPAIRMENT CHARGES ON NON-CURRENT ASSETS

(€000)	**31/12/2018**	**Increase**	**Decrease**	**31/12/2019**
Patents, licences and trademarks	115			115
Software	1,157	1,166		2,323
Goodwill	136,289			136,289
TOTAL INTANGIBLE ASSETS	**137,562**	**1,166**		**138,727**
(€000)	**31/12/2018**	**Increase**	**Decrease**	**31/12/2019**
Buildings	69	60		129
Equipment and tools	2	1		3
Transportation equipment				
Computer equipment and furniture	120	71		191
Advances and prepayments				
TOTAL PROPERTY, PLANT AND EQUIPMENT	**190**	**132**		**323**
(€000)	**31/12/2018**	**Increase**	**Decrease**	**31/12/2019**
Equity investments	189,626	3,281	7	192,900
Deposits & guarantees	13,933		353	13,580
Related receivables	26,403			26,403
TOTAL NON-CURRENT FINANCIAL ASSETS	**229,962**	**3,281**	**360**	**232,883**

Impairment charges and reversals on non-current financial assets result from the application of the policy described in Note 2.4 and specifically concern the following subsidiaries:

Impairment charges on equity investments in Imperial Brands (€2,115,000), Dubar (€749,000) and MBWS Scandinavia (€417,000).

Impairment reversal on equity investments in Prekiu Zenklu Valdymas UAB (€7,000).

Note 3.2: Statement of receivables and current assets

RECEIVABLES AND CURRENT ASSETS

(€000)	Gross amount 31/12/2019	< 1 year	> 1 year
Non-current assets			
Related receivables	26,404		26,404
Loans	7		7
Other financial assets	14,004		14,004
Current assets & prepaid expenses			
Trade receivables	8,426	8,426	
Of which Group receivables	*8,425*	*8,425*	
Of which non-Group receivables	*1*	*1*	
Other receivables	170,494	170,494	
*Of which Group receivables **	*167,395*	*167,395*	
*Of which non-Group receivables **	*3,130*	*3,130*	
Cash instruments - Assets	348	348	
Prepaid expenses	639	639	
TOTAL RECEIVABLES AND CURRENT ASSETS	**220,321**	**179,907**	**40,414**

(*) Other non-Group receivables primarily correspond to VAT and corporation tax receivables against the Government, advances to staff and miscellaneous debtors;
(**) This item mainly includes current account advances to the following companies: MBWS Polska (€48,261,000), MBWS France (€45,484,000), Sobieski SARL (€22,785,000), Polmos Lancut (€14,375,000), Cognac Gautier (€11,249,000), MBWS Bulgaria (€11,194,000) and Domain Menada (€4,973,000).

CHANGE IN IMPAIRMENT OF CURRENT ASSETS

(€000)	31/12/2018	Increase	Decrease	31/12/2019
Impairment of subsidiaries' current accounts	57,794	30,995		88,789
Impairment of other current accounts	141		141	
Impairment of treasury shares and redeemable warrants held	218	137	218	137
Impairment of other receivables Impairment of SOP treasury shares				
Impairment of trade receivables	485		136	349
Impairment of inventory	85		85	
TOTAL IMPAIRMENT OF CURRENT ASSETS	**58,723**	**31,132**	**579**	**89,276**

The €30,995,000 increase in the impairment charge on subsidiary current accounts was mainly due to the decrease in MBWS Polska and Polmos Lancut net assets.

Note 3.3: Investment securities and cash

INVESTMENT SECURITIES

(€000 unless specified otherwise)	Unit value at 31/12/2019 (in euros)	Gross value	Gross value	Impairment/provision
Category				
Investment funds				
Treasury shares	2	117	134	16
Treasury shares held for stock options	2	64	185	121

At 31 December 2019, Marie Brizard Wine & Spirits SA held 113,400 treasury shares, 40,166 of which were assigned to the bonus performance share plan. These 40,166 shares are subject to future vesting in the form of bonus shares. Treasury shares were valued at the trading price.

CASH

The total cash amount of €9,423,000 corresponds mainly to bank account balances.

Note 3.4: Accrued income and prepaid expenses

(€000)	31/12/2019	31/12/2018
Prepaid expenses	639	600
Unrealised foreign exchange losses	730	964

TOTAL ACCRUED INCOME AND PREPAID EXPENSES	**1,370**	**1,564**

Prepaid expenses cover services paid for in advance, rental payments, insurance premiums and maintenance.

Note 4: Notes on balance sheet liabilities

Note 4.1: Share capital

	Number	Par value (€)
Opening number of shares - 31/12/2018	28,338,654	2
Shares issued	16,359,250	2
Shares redeemed or cancelled		
CLOSING NUMBER OF SHARES - 31/12/2019	**44,697,904**	**2**

The capital increase reserved for COFEPP resulted in the issuance of 9,428,000 shares and a €37.7 million increase in shareholders' equity.

The exercise of short and long-term warrants resulted in the issuance of 6,930,860 shares and a €20.8 million increase in shareholders' equity.

Note 4.2: Appropriation of 2018 earnings

The General Meeting resolved to allocate the €89,702,000 net loss recorded in 2018 to retained earnings/(losses), thereby reducing this account from €(43,881,000) to €(133,583,000). The General Meeting also resolved to clear the entire "Retained earnings/(losses)" account by transferring €133,583,000 from the "Issue premiums" reserve.

(€000)	**31/12/2018**	**Appropriation of earnings**	**Dividend distribution**	**Other changes**	**31/12/2019**
Share capital	56,677			32,719	89,396
Issue, merger and contribution premiums	82,550			(107,797)	(25,247)
2018 profit/(loss)	(89,702)	89,702			
Retained earnings/(losses)	(43,881)	(89,702)		133,583	
Legal reserve	4,185				4,185
SB share warrants	93,162				93,162
2019 profit/(loss)				(29,800)	(29,800)
TOTAL SHAREHOLDERS' EQUITY	**102,991**			**28,705**	**131,696**

The Company's shareholders' equity amounted to €131,696,000 as at 31 December 2019 compared to share capital of €89,396,000. Shareholders' equity therefore amounts to more than half of the share capital.

Note 4.3: Provisions

The provisions for contingencies and charges items break down as follows:

(€000)	31/12/2018	Increase	Reversals used	Reversals not used	31/12/2019
Provisions for litigation	736	4,661	55	375	4,967
Provisions for exercisable SOPs	7,992		7,992		
Provisions for foreign exchange losses	156	705	156		705
Provisions for pension commitments	275	6			281
Other provisions for contingencies		122			122
of which provisions relating to equity investments		122			122
of which other provisions					
TOTAL PROVISIONS FOR CONTINGENCIES AND CHARGES	**9,159**	**5,494**	**8,203**	**375**	**6,076**

Provisions for contingencies and charges amounted to €6,076,000 at 31 December 2019 compared to €9,159,000 at 31 December 2018, and primarily consisted of:

- a €529,000 provision relating to employment disputes;
- a €1,728,000 provision relating to the head office transfer;

• a €1,760,000 provision relating to an alcohol purchase dispute;
• a €950,000 provision relating to a service dispute.

Note 4.4: Liabilities

(€000)	Gross amount 31/12/2019	< 1 year	1 to 5 years	> 5 years
Banks	47,219	47,219		
Trade payables	6,321	6,321		
Tax and social security payables	3,525	3,525		
Cash instruments - Liabilities	340	340		
Other payables	28,336	28,336		
TOTAL LIABILITIES	**85,742**	**85,742**		

Other payables amounting to €28,336,000 are mainly related to current accounts included in the cash management scheme set up in 2016: MBWS France (€16,298,000) and MBWS España (€4,040,000).

NOTE 4.4.1 LIABILITIES REPRESENTED BY BILLS OF EXCHANGE

None

NOTE 4.4.2 ACCRUED EXPENSES INCLUDED IN BALANCE SHEET ITEMS

	Gross amount 31/12/2019
Loans and borrowings – Credit institutions: (€000)	**330**
Accrued interest on loans:	*255*
Accrued bank interest:	75
Trade payables:	**2,016**
Miscellaneous supplier invoices pending:	2,016
Tax and social security liabilities:	**1,995**
Provisions for paid leave:	*417*
Provisions for other payroll expenses:	*1,099*
Social security organisations and paid leave charges:	*451*
Other tax charges payable:	28

Note 4.5: Accrued expenses and deferred income

(€000)	31/12/2019	31/12/2018
Deferred income	2,567	3,338
Unrealised foreign exchange gains	304	1,757
TOTAL ACCRUED EXPENSES AND DEFERRED INCOME	**2,871**	**5,095**

Deferred income covers royalties for trademark licences paid in advance by licensee subsidiaries.

Note 5: Notes to the income statement

Note 5.1: Operating profit/(loss)

Breakdown of revenues excluding tax

(€000)	2019
France	3,720
Exports	3,737
TOTAL REVENUES	**7,458**

Revenues correspond to intra-Group services invoiced by MBWS to its subsidiaries under service agreements: corporate service fees, ERP, IT and leases.

Other external purchases

Other external purchases totalling €19,726,000 mainly comprise the following:

- fees €6,886,000
- finance lease expenses: €3,341,000
- repair and maintenance expenses: €2,670,000
- advertising expenses: €2,130,000
- lease expenses: €1,825,000

Social security contributions

The significant €8,556,000 decrease in social security contributions is mainly due to the inclusion of a €7,466,000 loss on the stock option plan in 2018.

Note 5.2: Net financial income/(expense)

Net financial income of €6,900,000 breaks down as follows (amounts in €000):

Charges:	**33,214**
Interest on loans:	*1,422*
Interest on Group current and term accounts:	*121*
Bank interest:	*114*
Loss on receivables related to equity investments:	*141*
Foreign exchange losses:	*1,665*
Other financial expenses:	*304*
Additions to provisions for impairment of financial assets:	*3,281*
Additions to provisions for impairment of current accounts:	*30,995*
Additions to provisions for financial contingencies and charges:	*705*
Income:	**45,649**
Dividends:	*40,200*
Interest on Group current and term accounts:	*3,221*
Income from related receivables:	*2*
Foreign exchange gains:	*1,552*
Proceeds from disposals of investment securities:	*20*
Other financial income:	*1*
Reversals of provisions for impairment of financial assets:	*7*
Reversals of provisions for impairment of current accounts:	*137*
Reversals of provisions for financial contingencies and charges:	*509*

The net financial provision charge for the financial year amounted to €34,837,000, primarily related to the following items:
The Imperial Brands equity investment (€2,115,000);
Current accounts held by MBWS Polska (€22,302,000), MBWS Bulgaria (€1,687,000) and Polmos Lancut (€6,596,000).
Dividends received, amounting to €40,200,000, were paid by subsidiary MBWS France. In 2018, MBWS received 3,181,000 of dividends from its subsidiary Imperial Brands.

Note 5.3: Net non-recurring income/(expense)

The Company posted a net non-recurring expense of €17,397,000, broken down as follows (€000):

Charges:	**18,964**
Other expenses relating to operating transactions:	*180*
Net value of assets sold:	*0*
Disposal of equity investments:*	*13,623*

Loss on treasury shares:	*156*
Miscellaneous non-recurring expenses:	*85*
Additions to provisions for non-recurring impairment charges:	*4,920*
** This disposal involved the sale of Sobieski Trade shares (see Note 2.2.6).*	
Income:	**1,567**
Disposal of equity investments:*	*668*
Miscellaneous non-recurring income:	*251*
Reversal of provisions for non-recurring impairment charges:	*648*
** This disposal involved the sale of Sobieski Trade shares (see Note 2.2.6).*	

Note 5.4: Breakdown of corporation tax

(€000)	Profit/(loss) before tax	Tax group (charge)/income	Net profit/(loss) after tax
Underlying profit/(loss)	(12,408)	5	(12,403)
Net non-recurring income/(expense)	(17,397)		(17,397)
TOTAL	**(29,805)**	**5**	**(29,800)**

The tax consolidation arrangements are explained in Note 7 "Other information".

Note 5.5: Impact of exceptional tax assessments (€000)

Net profit/(loss) for the financial year:	**(29,800)**
Income tax income:	5
PROFIT/(LOSS) BEFORE TAX:	**(29,805)**

Tax income for the 2019 financial year amounted to €5,000 after taking tax group benefits into account.

INCREASES AND DECREASES IN FUTURE TAX LIABILITIES:

(€000)	Base amount	Tax
Increase:		
Unrealised foreign exchange losses	1,695	475
Decrease:		
Provisions not deductible in year of recognition	5,271	1,476
Unrealised foreign exchange gains	2,061	577

MONITORING OF TAX-LOSS CARRY-FORWARDS:

At 31 December 2019, tax-loss carryforwards under the tax consolidation arrangements amounted to €298 million, up €50 million from 31 December 2018.

Note 6: Off-balance sheet commitments

Commitments given:

Country	Beneficiary	Nature of the obligation	Nature of the asset	Value of commitment at 31/12/2019 (€000)
Denmark	Bank	Bank loan	Joint and several guarantee	0
France	Bank	Bank pool senior loan	Trademark pledge	45,000
France	COFEPP	Current account advance	Trademark pledge	0
France	Bank	Bank loan	Mortgage of securities	0
TOTAL COMMITMENTS GIVEN				**45,000**

Commitments received

Country	Guarantee	Nature of the obligation	Nature of the asset	Value of commitment at 31/12/2019 (€000)
France	MBWS France	Current account advance	Trademark pledge	45,000
TOTAL COMMITMENTS RECEIVED				**45,000**

Derivatives

CASH MANAGEMENT SCHEME

	local currency millions					€000	
	GBP	PLN	USD	USD/PLN	OTHER CURRENCIES	NBV	FAIR VALUE
Derivatives contracted with bank counterparties	**6**					**155**	**155**
Purchase	4					157	157
Sale	2					(2)	(2)
Derivatives contracted with Group companies	**5**	**2**	**2**	**0**	**1**	**(147)**	**(147)**
Purchase	5					(252)	(252)
Sale		2	2		1	106	106
TOTAL	**11**	**2**	**2**	**0**	**1**	**8**	**8**

Note 7: Other information

Management remuneration

The remuneration paid to management is not stated, as it would lead to the disclosure of individual remuneration.

Headcount

	2019 average headcount
Non-executives	1
Executives	33
AVERAGE HEADCOUNT DURING THE YEAR	**34**

Identity of the parent company that consolidates the Company's financial statements

Marie Brizard Wine & Spirits SA is the consolidating parent company. The Company (SIRET 38069521300054) has its registered office at 27/29 Rue de Provence, Paris (75009). The consolidated financial statements may be viewed on www.mbws.com.

Tax consolidation

Marie Brizard Wine & Spirits SA opted for the company grouping tax consolidation regime provided for in Article 223A of the French General Tax Code as from 1 January 2006.

The companies included for tax consolidation purposes are: Sobieski SARL, Marie Brizard Wine & Spirits France, Cognac Gautier, Moncigale and the companies that joined the tax group as at 01/01/2019: MBWS International, Omega I, Gaia I and Gaia II.

The tax consolidation arrangements resulted in tax income of €5,000.

Affiliated companies and equity investments

(€000)	AMOUNT RELATING TO THE COMPANIES	
	Affiliates	Other equity-related companies
Items		
Equity investments	305,534	
Provisions on equity investments	(192,900)	
Receivables related to equity investments	26,404	
Provisions on related receivables	(26,403)	
Trade receivables	8,425	
Provisions on trade receivables	(342)	
Other receivables (current and term accounts)	167,395	
Provisions on other receivables	(88,789)	
Trade payables	(2,494)	
Payables to customers Other payables (current and term accounts)	(23,274)	
Income from equity investments	40,200	
Other financial income	3,220	
Financial expense	(121)	

The transactions referred to in Articles 831-3 and 832-12, 11 of ANC Regulation 2010-02 were entered into under arm's length conditions.

Note 8: Post-balance sheet events

AGREEMENT TO ASSIGN ALL MBWS SA LENDING BANK RECEIVABLES TO COFEPP

See Note 2.1 above.

ESTABLISHMENT OF BRIDGE 1(A) IN THE AMOUNT OF €15 MILLION AND BRIDGE 1(B) IN MAY 2020

See Note 2.1 above.

COVID-19 PANDEMIC

MBWS is closely tracking the progress of the COVID-19 pandemic and has assigned top priority to ensuring the safety and health of its employees and partners. Stringent precautions and hygienic measures have been introduced at all facilities, in line with WHO recommendations and those issued by governments in the countries where the Group operates. As such, MBWS has limited access to its facilities to employees carrying out tasks critical to business continuity that cannot be performed working from home.

The Group is constantly monitoring the situation in order to adapt the measures taken in accordance with developments in the pandemic. None of the Group's principal facilities in France have been impacted to date. The Group has shown proof of flexibility, in particular in order to limit potential supply chain disruption and give priority to orders for products most in demand.

Nevertheless, restrictions imposed to curb the spread of the virus could impact MBWS's business in some markets, particularly in out-of-home consumption networks, to which the Group's exposure is limited however in global terms. Furthermore, since its outset the health crisis has temporarily generated specific bulk sales of distillate and rectified alcohol by the Central and Eastern European subsidiaries for producing disinfectant; the Group has also donated a small portion of its production to persons in need.

Although it is still too early to assess the impact of COVID-19 on the 2020 financial year, MBWS's capacity for resilience has nonetheless been demonstrated by sales results for Q1 2020 (as published in the 29 April press release) and the month of April, as Group net revenues totalled €85.9 million (down 3% versus 2019 at constant consolidation scope and exchange rates), in line with Group forecasts, partly due to the bulk business.

To cope with the pandemic (see risk factors in Chapter 2.3.1), the Group has drawn on various assistance schemes provided by governments in France and other countries where the Group operates (short-time working arrangements for some production units and field sales force teams, deferral of social security payments).

The uncertain development and duration of the situation make it impossible at present to assess the impact of the COVID-19 crisis on MBWS's forecasts for 2020.

In view of the circumstances, MBWS is taking the required initiatives to limit the effects of the pandemic on its cash position. The Group remains fully committed to its transformation plan aimed at cutting costs and returning to long-term profitability.

MBWS has made all the required applications for government assistance schemes set up in all European countries to help businesses adapt staff costs to lower levels of business during the crisis, whilst preserving jobs.

Note 9: List of subsidiaries and equity investments

31/12/2019 (€000)	Country	Share capital	Other shareholders' equity	% interest	Book value of shares held		Revenues	Profit/(loss)	Gross value of loans and advances	Endorsements and guarantees (granted)/received	Dividends received
					Gross	Net					
MBWS Bulgaria	Bulgaria	12,525	(12,235)	100%	12,525			(53)	26,333		
Dubar	Brazil	3,064	811	100%	5,281	3,875	2,815	(691)			
Sobieski Trading China	China	872	(1,299)	100%	800		34	(234)	305		
MBWS Scandinavia	Denmark	349	602	100%	3,031	951	3,689	(416)	130		
MBWS Hong Kong	Hong Kong		(77)	100%				(18)	76		
MBWS France	France	17,477	28,282	100%	170,716	83,631	98,033	1,961	45,484	45,000	40,200
MBWS España	Spain	15,926	(150)	100%	13,557	13,557	26,667	(1,616)			
Sobieski SARL	France	8	(22,791)	100%	8			(302)	22,785		
Prekiu Zenklu Valdymas UAB	Lithuania	116	(7)	100%	98	98		18			
Prekyba Alkoholiniais Gerimai UAB	Lithuania	1,846	767	100%	1,787	1,787	18,012	(776)			
Vilnius Degtine	Lithuania	7,078	8,880	31%	2,994	2,994	20,530	179			
MBWS Polska	Poland	39,213	(105,399)	100%	44,579		188,625	(17,056)	48,511		
Vremena Goda	Russia	n/a	n/a	100%	170		n/a	n/a	5,604		
Belvedere-Rus	Russia	n/a	n/a	100%	3		n/a	n/a	110		
Belveder Ukraina	Ukraine	n/a	n/a	100%	6,316		n/a	n/a	5,057		
MBWS Limited	Trinidad	n/a	n/a	100%			n/a	n/a	101		
Sobieski USA	United States	2	(370)	100%	1		n/a	n/a	2,898		
Imperial Brands	United States	46,288	(39,556)	100%	43,636	5,738	17,177	(1,377)			
Other					32	2			36,405		
TOTAL					**305,534**	**112,634**			**193,798**	**45,000**	**40,200**

5.2 STATUTORY AUDITORS' REPORT ON THE 2019 PARENT COMPANY FINANCIAL STATEMENTS

Financial year ended 31 December 2019

To the General Meeting of Marie Brizard Wine & Spirits SA,

OPINION

In execution of the engagement entrusted to us by your General Meetings, we have audited the financial statements of Marie Brizard Wine & Spirits SA for the year ended 31 December 2019, as appended to this report.

Said financial statements were approved by the Board of Directors on 26 May 2020 on the basis of the information available at that date under changing circumstances related to the COVID-19 health crisis.

We hereby certify that, in accordance with French accounting rules and principles, the parent company financial statements are in order and accurate and give a true and fair view of the results of the company's operations for the financial year ended and the company's financial position, assets and liabilities at the end of said financial year.

The opinion expressed above is consistent with the terms of our report to the Audit Committee.

BASES OF OPINION

Terms of reference

We conducted our audit in accordance with professional standards applicable in France. We consider that the evidence that we have gathered is sufficient and appropriate to form the basis for our opinion.

Our responsibilities in accordance with these standards are set out in the section of this report entitled "Statutory auditors' responsibilities regarding the audit of the parent company financial statements".

Independence

We have performed our audit in compliance with the rules of independence applicable to us, for the period running from 1 January 2019 to the date of issue of our report, and in particular we have not provided services prohibited under Article 5, paragraph 1, of Regulation (EU) No. 537/2014 or the French Code of Ethics for statutory auditors.

Material uncertainty regarding going concern

Without prejudice to the foregoing opinion, we draw your attention to the material uncertainty regarding events or circumstances that could jeopardise business continuity as described in Note 2.1 "Going concern" to the parent company financial statements.

JUSTIFICATION OF OUR ASSESSMENTS - KEY AUDIT MATTERS

Pursuant to the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code on the justification of our assessments, apart from the matter set out in the section entitled "Material uncertainty regarding going concern", we draw your attention to the key audit matters relating to the risk of material misstatements which, in our professional judgement, have been the most significant for the audit of the annual parent company financial statements and to our responses with regard to these risks.

These assessments were made as part of our audit of the parent company financial statements, taken as a whole, as approved under the circumstances recalled above, and therefore contributed to the formation of the opinion expressed herein. We express no opinion on individual items comprising these parent company financial statements taken in isolation.

Valuation of equity investments

DESCRIPTION OF RISK IDENTIFIED

The net value of equity investments at 31 December 2019 was €112.6 million, amounting to 46% of the balance sheet total.

As stated in Note 2.4 to the parent company financial statements, a provision for impairment of equity investments is recorded when their fair value is lower than their purchase cost at the financial year-end. The fair value of equity investments corresponds to their value-in-use for the Company. Value-in-use is measured on the basis of the share of the subsidiary's equity, its economic and financial potential as calculated by discounting future cash flows and, if necessary, the fair value of its assets.

Discounted future cash flows are determined on the basis of the strategic plan as adjusted in line with annual targets and are calculated on the basis of a number of key assumptions and assessments aimed at determining trends in the markets in which the Group operates.

If the fair value of equity investments in a subsidiary becomes negative, an impairment charge equal to the negative fair value is recognised, first against "Receivables related to equity investments" and then against current accounts, in addition to the full write-off of the shares.

We considered that the valuation of equity investments was a key audit matter due to their materiality in the company's financial statements and the judgement required in order to assess their fair value.

AUDIT PROCEDURES IMPLEMENTED TO ADDRESS THIS RISK

We reviewed the procedures implemented by the company in order to determine the fair value of equity investments.
In the case of valuation based on the share of equity, our work consisted mainly in verifying that the amount of equity used for the valuation was consistent with the audited financial statements of the relevant entities.
In the case of valuation based on discounted future cash flows, our work consisted mainly in:
• with reference to past performance and our knowledge of the environment in which the entity operates, assessing the assumptions underlying the cash flow projections, particularly those regarding revenues and operating margin;
• with the help of our expert appraisers, assessing the appropriateness of the discount rates and long-term growth rates, the discounted cash flow calculation model and the mathematical reliability of the calculations.
We performed the following tasks in addition to assessing the fair value of equity investments:
• We assessed the recoverability of receivables related to equity investments with regard to the analyses conducted on these equity investments;
• We examined the recognition of provisions for contingencies in cases where the company is obliged to bear the losses of a subsidiary posting negative shareholders' equity.
Furthermore, we verified the correct recognition of any impairment losses identified by management in the parent company financial statements and we assessed the appropriateness of the information provided in the notes to the financial statements.

SPECIFIC VERIFICATIONS

We also performed the specific verifications required by statutory and regulatory provisions, in accordance with the professional standards applicable in France.

INFORMATION PROVIDED IN THE MANAGEMENT REPORT AND OTHER DOCUMENTS SENT TO SHAREHOLDERS REGARDING THE PARENT COMPANY'S FINANCIAL POSITION AND FINANCIAL STATEMENTS

We have no observations to make on the fairness of the information provided in the Board of Directors' management report approved on 26 May 2020 and in the other documents sent to shareholders regarding the parent company's financial position and financial statements or on the consistency of this information with the annual financial statements. With regard to events occurring and facts coming to light after the reporting date regarding the effects of the COVID-19 crisis, management has informed us that a statement regarding the foregoing information would be made to the General Meeting called to approve the financial statements.

We hereby certify the fair presentation of the information regarding late payments referred to in Article D. 441-4 of the French Commercial Code and the consistency of such information with the parent company financial statements.

REPORT ON CORPORATE GOVERNANCE

We hereby certify that the Board of Directors' report on corporate governance contains the information required under Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

We have checked the consistency of the information provided, in accordance with Article L. 225-37-3 of the French Commercial Code, on the remuneration and benefits paid or granted to corporate officers and on the commitments granted in their favour with the financial statements or with the data used to prepare the financial statements and, where appropriate, with the information gathered by your company from companies controlled by it and included in the consolidation scope. We hereby certify the accuracy and fair presentation of this information on the basis of this work.

Regarding information concerning factors that your company has considered liable to have an impact in the event of a public tender or exchange offer, which is provided in application of the provisions of Article L. 225-37-5 of the French Commercial Code, we have verified the consistency of such information with the documents from which it was derived and which were forwarded to us. On the basis of our work, we have no matters to report regarding this information.

OTHER INFORMATION

In accordance with French law, we verified that the required information regarding the acquisition of equity investments and controlling interests and the identity of the holders of share capital and voting rights has been duly disclosed in the management report.

DISCLOSURES REQUIRED UNDER OTHER STATUTORY AND REGULATORY OBLIGATIONS

Appointment of Statutory Auditors

We were appointed as Statutory Auditors of Marie Brizard Wine & Spirits SA by your General Meeting on 8 August 2008, in the case of Mazars, and on 30 June 2015, in the case of KPMG.

As at 31 December 2019, Mazars was in the 12th consecutive year of its appointment and KPMG was in its 5rd year.

RESPONSIBILITIES OF MANAGEMENT AND PERSONS INVOLVED IN CORPORATE GOVERNANCE WITH REGARD TO THE PARENT COMPANY FINANCIAL STATEMENTS

It is management's responsibility to prepare parent company financial statements presenting a true and fair view in accordance with the French accounting rules and principles and to establish the internal control procedures it deems necessary for the preparation of parent company financial statements that are free of material misstatements, whether due to fraud or error.

In preparing the parent company financial statements, management is required to assess the company's ability to continue its operations, to present, in these statements, where applicable, the requisite information with regard to continuity of business and to apply the going concern principle, unless there is the intention to liquidate the company or discontinue its operations.

It is the responsibility of the Audit Committee to monitor the process for the preparation of financial information and the effectiveness of internal control and risk management systems, and, where applicable, of the internal audit system, as regards the procedures relating to the preparation and processing of accounting and financial information.

The parent company financial statements have been approved by the Board of Directors.

STATUTORY AUDITORS' RESPONSIBILITIES REGARDING THE AUDIT OF THE PARENT COMPANY FINANCIAL STATEMENTS

Audit objective and approach

It is our responsibility to prepare a report on the parent company financial statements. Our goal is to obtain reasonable assurance that these parent company financial statements, taken as a whole, are free of material misstatements. Reasonable assurance corresponds to a high level of assurance, without, however, the guarantee that an audit performed in accordance with professional standards enables systematic detection of all material misstatements. Misstatements may result from fraud or error and are deemed material when they may reasonably be expected, when taken either individually or together, to influence economic decisions taken by users of the financial statements on the basis thereof.

As specified in Article L. 823-10-1 of the French Commercial Code, our assignment to certify the financial statements does not consist in guaranteeing the viability or quality of your company's management.

Within the scope of an audit performed in accordance with professional standards applicable in France, the statutory auditor exercises his or her professional judgement throughout this audit. Furthermore:

• the auditor identifies and assesses the risks that the parent company financial statements contain material misstatements, whether resulting from fraud or error, defines and implements audit procedures to address these risks, and gathers the elements the auditor deems necessary and appropriate upon which to base the auditor's opinion. The risk of not detecting a material misstatement resulting from fraud is more serious than the risk of not detecting a material misstatement resulting from error, since fraud may involve collusion, falsification, deliberate omission, false representations or the circumvention of internal control;

• the auditor examines the aspects of the internal control system that are relevant to the audit, in order to define the audit procedures appropriate in the circumstances but not for the purpose of expressing an opinion on the efficacy of the internal control system;

• the auditor assesses the appropriateness of the accounting methods adopted and the reasonableness of the accounting estimates made by management, as well as the related information provided in the parent company financial statements;

• the auditor assesses the appropriateness of management's application of the going concern principle and, according to the information gathered, the existence or absence of material uncertainty regarding events or circumstances liable to jeopardise the company's ability to continue its operations. This assessment is based on information gathered up until the date of the auditor's report, provided, however, that any subsequent circumstances or events could jeopardise business continuity. If the auditor finds that material uncertainty exists, the auditor draws the attention of the readers of the auditor's report to the information provided in the parent company financial statements regarding this uncertainty or, if such information is not provided or is irrelevant, issues certification with reservations or refuses to certify;

• the auditor assesses the presentation of the parent company financial statements, taken as a whole, and assesses whether they reflect the underlying transactions and events in such a way as to give a true and fair view thereof.

REPORT TO THE AUDIT COMMITTEE

We submit a report to the Audit Committee defining the scope of the audit work and the audit programme implemented, as well as the findings based on our work. We also draw the Committee's attention to any material internal control deficiencies we have identified, as regards procedures relating to the preparation and processing of accounting and financial information. The report submitted to the Audit Committee also contains information on the risks of material misstatements that we deemed to have been the most significant for the audit of the parent company financial statements and which therefore constitute key audit matters, which we are required to set out herein.

We also submit to the Audit Committee the declaration set out in Article 6 of Regulation (EU) No. 537-2014 confirming our independence, within the meaning of the rules applicable in France as defined in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code and the French Code of Ethics for statutory auditors. If necessary, we discuss with the Audit Committee the risks to our independence and the safeguards applied.

The Statutory Auditors

Paris-La Défense, 2 June 2020	Courbevoie, 2 June 2020
KPMG Audit	**Mazars**
KPMG S.A. department	
Stéphane Devin	Erwan Candau
Partner	Partner

6

BOARD OF DIRECTORS' REPORT ON CORPORATE GOVERNANCE

On the recommendation of the Remuneration and Appointments Committee, at its meeting on 26 May 2020 the Board of Directors approved this report on corporate governance, which was prepared in accordance with the provisions of Article L. 225-37 of the French Commercial Code, and instructed its Chairman to present it to the General Meeting of Shareholders called to approve the financial statements for the year ended 31 December 2019.

6.1 GOVERNANCE

To the Shareholders,

Pursuant to the provisions of paragraph 6 of Article L. 225-37 of the French Commercial Code, we hereby report to you on the following matters in accordance with Articles L. 225-37-2 to L. 225-37-5 of said Code:

The adoption of the Corporate Governance Code;

The composition of the Board of Directors and the conditions for preparing and organising the work performed by your Board of Directors;

The limits that your Board has set on the powers of the Chief Executive Officer;

The specific terms and conditions relating to shareholder participation in General Meetings;

The corporate officer remuneration policy for 2020 and information regarding remuneration and benefits paid or granted to corporate officers in respect of 2019;

Factors likely to have an impact in the event of a public tender offer;

Agreements entered into between a manager or major shareholder of the Company and one of its subsidiaries;

The procedure applicable to unrestricted agreements entered into in the ordinary course of business and on arm's length terms; and

Current financial authorisations granted by the General Meeting to the Board of Directors.

6.2 BOARD OF DIRECTORS' REPORT ON CORPORATE GOVERNANCE

6.2.1 Corporate Governance Code

Regarding matters of corporate governance, the Company shall henceforth refer to the Middlenext Corporate Governance Code. This code may be consulted on www.middlenext.com.

The Company undertakes to implement the recommendations made by the Middlenext Corporate Governance Code.

The table below explains in detail why certain recommendations in the Middlenext Code have temporarily not been applied, on the understanding that the other recommendations of said Code are duly complied with.

Explanations regarding temporary non-application of certain provisions of the Middlenext Code

Subject of recommendation	Middlenext Code recommendation	Reasons for non-application of recommendation
It is recommended that directors' appointments are renewed on a staggered basis.	R9	Directors' appointments are not currently renewed on a staggered basis.
It is recommended that, once per year, the Chairman of the Board of Directors invites the members to express their views on the operation of the Board and any committees and on the preparation of its work.	R11	In 2019, the Board conducted no specific review of its operation. Following changes made to the composition of the Board at the General Meetings held on 31 January 2019 and 27 June 2019, the Board expects to carry out a formal self-assessment in 2020.
It is recommended that the exercise of all or some stock options and the vesting of all or some bonus shares to senior executives be subject to relevant performance criteria that reflect the company's medium to long-term interests and are assessed over a significant period of time.	R18	The remuneration policy for 2020 (see Section 6.3.1 below) provides that the grant of bonus shares to the Chief Executive Officer may not be subject to performance criteria; no bonus shares have as yet been granted to the CEO.

Composition of the Board of Directors and conditions for preparing the work performed by your Board of Directors

Internal rules of procedure

The internal operation of the Board of Directors, including the organisation of the information process for the members of the Board and its relations with senior management, is governed by internal rules of procedure.

This report sets out the main features of these internal rules of procedure.

Composition of the Board of Directors

Our Board of Directors currently consists of twelve members.

The members of the Board of Directors are: Rita Maria Zniber since 16 September 2014, Serge Héringer since 30 June 2015, Guillaume de Belair since 30 June 2015, Jean-Pierre Cayard since 30 June 2015, Edith Cayard since 21 September 2016, Hachem Belghiti since 21 June 2016, Sylvia Bernard since 12 May 2017, Tierny Financial Advisory since 10 May 2019, Pascale Anquetil since 1 March 2019, Anna Luc since 1 March 2019, Cyril Cahart since 1 March 2019 and Georges Graux since 1 March 2019.

On 28 February 2019, the Board of Directors noted the resignation of Benoît Hérault, Christine Mondollot and Constance Benqué with effect from 1 March 2019. Furthermore, on 10 May 2019, the Board of Directors noted the resignation of Jacques Tierny and decided to co-opt Tierny Financial Advisory, represented by Jacques Tierny, as new member of the Board of Directors for the remaining term of Jacques Tierny's office. This co-option was ratified by the Ordinary and Extraordinary General Meeting on 27 June 2019.

In view of the new structure of the Company's share capital and in accordance with the recommendations of the Middlenext Corporate Governance Code, the Board of Directors includes two independent directors (Tierny Financial Advisory represented by Jacques Tierny and Guillaume de Belair).

The criteria selected to determine the independence of a Director are as follows:

they are not and have not been, within the last five years, an employee or executive corporate officer of the Company or a company in its group;

they do not have and have not had, within the last five years, a significant business relationship with the Company or its group (customer, supplier, service provider, creditor, banker, etc.);

they are not a major shareholder in the Company and do not hold a significant percentage of its voting rights;

they do not have a close relationship or close family tie with a corporate officer or major shareholder;

they have not been an auditor of the Company within the last six years.

Lastly, the Company pays particular attention to the balance between men and women on its Board of Directors. Accordingly, 41.6% of the current members of the Board of Directors are women.

No Director of the Company represents the employees.

Evaluation of the Board

The internal rules of procedure provide that "once a year, the Board shall include an item on its meeting agenda to debate its operations. A formal assessment is carried out every three years. This review also includes a review of the special committees set up by the Board."

The Board of Directors did not carry out a formal assessment in 2019.

In order to comply with the requirement to perform a formal assessment, the Board plans to carry out such an assessment in 2020.

Transparency rules

Pursuant to the internal rules of procedure, each member of the Board of Directors is required to be a shareholder in an individual capacity and to hold at least 200 Company shares. If they do not hold these shares when they take up their appointment, they must use their attendance fees to purchase them.

The following Directors have reported that they currently hold the following shares in the Company:

Tierny Financial Advisory, represented by Jacques Tierny: no shares

Jean-Pierre Cayard and Edith Cayard: 18,367,385 shares via COFEPP holding company;

COFEPP, represented by Sylvia Bernard: 18,367,385 shares;

Rita Maria Zniber: 1,300 shares;

Serge Héringer: 500 shares;

Guillaume de Belair: 11,000 shares;

Hachem Belghiti: 2,300 shares;

Pascale Anquetil: no shares;

Anna Luc: no shares;

Cyril Cahart: no shares;

Georges Graux: no shares.

The members of the Board of Directors are periodically informed of the provisions introduced by Article 19 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, Article L. 621-18-2 of the French Monetary and Financial Code and the articles of the AMF General Regulation that directly concern them.

Accordingly, the Directors must report directly to the AMF any transaction involving the purchase, disposal, subscription to or exchange of the Company's equity securities within three business days following the performance of such a transaction, as

well as any transactions performed in related financial instruments. This requirement applies to the members of the Board of Directors, the Chief Executive Officer, the members of the Executive Committee and any private individuals and legal entities related to them within the meaning of the regulations in effect. Accordingly, it also applies to transactions performed by a) the Director's spouse, if they are not legally separated, or civil partner, b) children over whom the Director exercises parental authority, or who share the same address as the Director, either permanently or on an alternating basis, or who are effectively and permanently dependent, c) relatives by blood or marriage who have shared the same address as the Director for at least one year prior to the date of the transaction in question, d) any legal entity (including a trust, fiduciary or partnership governed by the laws of France or another country) in which the Director or related person exercises management responsibilities (e.g. as manager, Board member, etc.), or which is directly or indirectly controlled by the Director or related person, or which has been established for the benefit of the Director or related person, or whose economic interests are substantially the same as those of the Director or related person.

The Directors must also familiarise themselves with the closed periods that apply to the Company's securities and with their obligations to the market, as set out in the regulations in effect.

A Director is required to inform the Compliance Officer appointed by the Board of Directors of any potential or actual conflict of interest with the Company and its subsidiaries. The Director in question shall abstain from voting on the corresponding resolution.

A Director's personal involvement in a transaction in which the Company is directly involved, or of which they have become aware as a Director, will be made known to the Board prior to the completion of that transaction.

Furthermore, Directors will refrain from trading in the Company's securities during the 30 calendar day period prior to the announcement of the annual and half-yearly results, and during the 15 calendar day period prior to the quarterly results publication; they may resume trading on the day following the public announcement of the results.

Frequency of meetings

Article 16 of the Company's Articles of Association specifies that the Board of Directors will meet as often as the Company's interests require it to do so.

The Board of Directors met 17 times during the 2019 financial year.

The timetable for the Board of Directors' meetings, the main items on the agenda of those meetings and the Directors' attendance during the 2019 financial year were as follows:

10 January 2019

• Review and approval of the resolutions set out in the draft notice of meeting for the General Meeting scheduled for 31 January 2019;
• Any other business.
• Attendance rate: 81%

30 January 2019

• Approval of amendments to the Term Sheet signed by MBWS and COFEPP on 21 December 2018;
• Attendance rate: 64%

31 January 2019

Replies to written questions submitted by shareholders.
• Attendance rate: 81%

31 January 2019

• Initial items of the three-year Business Plan;
• 2018 earnings forecast.
• Attendance rate: 81%

28 February 2019

Exercise of the authorisation granted to the Board of Directors by the Company's General Meeting on 31 January 2019, in its 28th resolution, to increase the share capital by a total nominal amount of eighteen million, eight hundred and fifty-six thousand euros (€18,856,000), without shareholder preferential subscription rights, in favour of COFEPP;

Pursuant to the delegation of authority granted to the Board of Directors by the Company's General Meeting on 31 January 2019 in its 29th resolution, decision in principle to issue share warrants and allocate them free of charge to Company shareholders;

Recognition of the resignation of some members of the Board of Directors with effect from the effective completion date of the Reserved Capital Increase and entry into force, as at the same date, of the appointment of new members of the Board of Directors as appointed by the Company's General Meeting on 31 January 2019;

Recognition of the resignation of Benoît Hérault as Chairman of the Board of Directors and appointment of Georges Graux with effect from the effective completion date of the Reserved Capital Increase;

Composition of the committees of the Board of Directors and creation of a new committee with effect from the effective completion date of the Reserved Capital Increase;
Adherence to the Middlenext Corporate Governance Code;
Amendment of the internal rules of procedure of the Board of Directors with effect from the effective completion date of the Reserved Capital Increase;
Approval of the execution of Amendment 2 to the agreement signed on 21 December 2018 between MBWS and COFEPP;
Formal noting of compulsory early redemption pursuant to the simple bond issuance agreement entered into between the Company, Marie Brizard Wine & Spirits France and COFEPP on 4 February 2019;
Approval of the execution of a new Chief Executive Officer's letter of engagement;
Powers for formalities.
Attendance rate: 91%

5 March 2019

Results for the period ended 31 January 2019;
Review of 2018 earnings forecast;
Presentation of work on the three-year Business Plan.
Attendance rate: 91%

25 March 2019

Presentation and approval of the new Company strategic plan;
Exercise, subject to the condition precedent of obtaining AMF approval of the supplementary note to the prospectus, of the delegation of authority granted to the Board of Directors by the Company's Extraordinary General Meeting on 31 January 2019, in its 29th resolution, to issue share warrants and allocate them free of charge to Company shareholders; delegation of powers to the Chief Executive Officer to formally note the release of the condition precedent and carry out the issue;
Approval of the supplementary reports on the capital increase reserved for COFEPP and the issuance of the short-term and long-term warrants;
Determination of the amount of attendance fees to be allocated to the Board of Directors.
Attendance rate: 91%

30 April 2019

Review of Audit Committee report;
Approval of the parent company financial statements for the year ended 31 December 2018;
Approval of the consolidated financial statements for the year ended 31 December 2018;
Approval of the management report, the Group management report and the various reports of the Board of Directors, including the report on corporate governance provided for by Article L. 225-37 paragraph 6 of the French Commercial Code;
Preparation for the next General Meeting of Shareholders: proposals, approval of the report, the agenda and the wording of the draft resolutions to be submitted to the next General Meeting of Shareholders;
Approval of draft press release;
Approval of the forward-looking management documents;
Allocation of attendance fees;
Change in composition of the Strategic and Commercial Committee.
Attendance rate: 83%

10 May 2019

Convening of the General Meeting on 27 June 2019;
Recognition of the completion of the capital increase for a nominal amount of €13,828,900 by issuance of 6,914,450 shares through the exercise of share warrants;
Status report on "overlays" and global synergies (commercial and industrial);
Update on Poland;
Update on France.
Attendance rate: 91%

27 June 2019
Answering of written questions received from shareholders.
Attendance rate: 91%

27 June 2019
Composition of the Board of Directors.
Attendance rate: 91%

1 August 2019
H1 2019 business review;
Poland business review;
Status report on US route to market;
Recognition of the completion of the major transaction – Allocation of ordinary shares under the LTIPP II plan.
Attendance rate: 75%

19 September 2019
• Review and approval of the 2019 half-yearly financial statements;
• Review and approval of the half-yearly business report;
• Review and approval of the forward-looking management documents;
• Status report on US route to market.
Attendance rate: 91%

9 October 2019
• Status report on Poland route to market;
• Status report on Group business activity;
• Forecast cash flow plan.
Attendance rate: 83%

27 November 2019
Status report on Poland route to market.
Attendance rate: 75%

12 December 2019
Recognition of the completion of the capital increase for a nominal amount of €32,820 carried out by issuance of 16,410 shares through the exercise of 37,743 share warrants;
2019 budget review option;
2020 budget.
Attendance rate: 75%

20 December 2019
Update on refinancing.
Attendance rate: 91%

Convening of the Directors

An annual Board meeting schedule is prepared at the end of the financial year prior to the year in question. The timetable for Board meetings is subsequently confirmed by agreement during the previous meeting, at the latest. The members of the Board of Directors are then convened to each meeting via email, around eight days in advance.
The Statutory Auditors are invited to the meetings of the Board of Directors called to approve the half-yearly and annual financial statements and to any other meeting where their presence is required.

Provision of information to Directors

To enable every Director to fulfil their assignment, and so take decisions in full knowledge of the facts and make an effective contribution to Board meetings, a complete information pack is sent to them prior to each meeting.
This pack includes documents that provide the requisite information regarding each item on the agenda.
Each Director shall receive all of the information necessary for the performance of his/her assignment and may request and obtain any documents he/she considers appropriate. Directors are kept informed on an ongoing basis as required between Board meetings.
For this purpose, all Directors may request from the Chairman or the Chief Executive Officer, within appropriate time limits, information to ensure useful participation on the points given on the Board of Directors meeting agenda and any other information enabling them to fulfil their duties.
The Directors are entitled to meet the Company's main executives in the absence of the executive corporate officers, provided that they inform the latter beforehand.

Any Director may, if he/she deems necessary, and at the Company's expense, receive training on the Company, its jobs and business activity as well as the role of a Director.

Holding of meetings

The meetings of the Board of Directors are held at the Company's registered office. The Board may decide to hold a meeting at another location specified in the invitation, on the recommendation of the Chairman and in accordance with the Company's Articles of Association.

Under the provisions of Article L. 225-37 of the French Commercial Code, Article 16-II of the Articles of Association and Article 4.1 of the Board of Directors' internal rules of procedure, Board meetings may be held using video-conference or telecommunications technology. However, voting by video-conference or via telecommunications technology is prohibited in the case of resolutions regarding the approval of the parent company or consolidated financial statements and the appointment or dismissal of the Chairman of the Board of Directors, Chief Executive Officer or Deputy Chief Executive Officers. Directors who take part in the Board of Directors meeting via video-conference or telecommunications technology that enables them to be identified and that guarantees their actual participation in compliance with the technical specifications provided for by the regulations will be considered present for the purposes of calculating quorum and majority.

During the 2019 financial year, teleconference technology was used at the meetings held on 5 March, 12 December and 20 December.

Persons invited to attend Board meetings

All members of the Company's Executive Committee and a number of Company managers attended some Board meetings during the financial year, depending on the topics addressed at the meeting. During the 2019 financial year, the Chief Executive Officer attended all meetings of the Board of Directors.

Lastly, a number of the Company's advisers and consultants were invited to Board meetings to provide answers to the members' questions.

Authorisation of regulated agreements by the Board of Directors

During the financial year ended, several new regulated agreements were signed by the Company. These agreements are subject to prior authorisation by the Board of Directors and are audited by the Company's Statutory Auditors and mentioned in their special report.

Minutes of the meetings

The minutes of each Board meeting are drawn up at the end of the meeting and a draft is sent to the Directors together with the notice of the next meeting, at which the minutes of the previous meeting are approved.

Committees set up within the Board of Directors

Prior to the 2019 financial year, the Board of Directors had two committees.

The Board of Directors meeting of 28 February 2019 established a new committee in addition to the Audit Committee and Remuneration and Appointments Committee. The Company now also has a Strategic and Commercial Committee.

In addition, on 10 January 2019 the Board of Directors set up an ad hoc committee composed of independent directors tasked with liaising with the independent expert and issuing an opinion to the Board of Directors concerning the capital increase reserved for COFEPP, which was finally completed on 1 March 2020.

The Board of Directors determines the composition and attributes of each committee. These committees are designed to facilitate the working of the Board and make an effective contribution to the preparation of decisions.

The committees are responsible for reviewing issues that the Board of Directors or its Chairman submit for this purpose, preparing the Board of Directors' work relating to these issues and reporting their conclusions to the Board of Directors in the form of reports, proposals, information and recommendations.

The committees shall have a strictly consultative role. The Board of Directors assesses at its own discretion any follow-up measures that it intends to take in relation to the conclusions presented by the committees. Each Director is free to vote as he/she thinks fit without being tied to studies, investigations or reports and is not bound by any recommendations made by the committees.

Any remuneration for the members of the committees is determined by the Board.

The Audit Committee

Chairman: Jacques Tierny.

Members: Jean-Pierre Cayard, Guillaume de Belair.

Number of independent members: 2

The Chairman of this committee is an independent director. The purpose of this committee is to help the Board of Directors monitor issues relating to the preparation and audit of the accounting and financial information. The committee reviews the financial statements and ensures the relevance and consistency of the accounting policies applied for the preparation of the

Company's consolidated and parent company financial statements. Without prejudice to the Board's powers, the Audit Committee:
Monitors the financial information preparation process and, where necessary, issues recommendations to ensure its integrity;
Monitors the efficiency of internal control and risk management systems and, where applicable, internal audit procedures relating to the preparation and processing of accounting and financial information, without compromising the independence of the Internal Audit function;
Issues recommendations to the Board regarding the Statutory Auditors proposed for appointment by the General Meeting and regarding the reappointment of one or more Statutory Auditors when this is envisaged;
Monitors the Statutory Auditors' performance of their assignment and follows up on the observations and findings issued by the French auditors supervisory body (*Haut Conseil du Commissariat aux Comptes*) following its inspections;
Verifies the Statutory Auditors' compliance with the applicable independence criteria and implements any measures required;
Approves the services provided other than certification of the financial statements;
Reports periodically to the Board on the performance of its assignments. The Audit Committee also reports on the results of the financial statement certification assignment, the manner in which this assignment contributed to the integrity of financial information and the role played by the committee in this process. The committee promptly notifies the Board of any problems encountered.
The Audit Committee held four meetings during the 2019 financial year, on 30 April, 23 July, 18 September and 11 December, with the participation of the Statutory Auditors where applicable.
The attendance rate was 100% for each of these meetings.
The main issues addressed during these meetings were as follows:
Review of the half-yearly financial statements, the full-year parent company and consolidated financial statements, the management report and the notes to the financial statements,
Review of financing,
Review of the various internal control and audit tasks,
Monitoring of regulatory changes,
Review of transactions with related parties and regulated agreements, where applicable.

The Remuneration and Appointments Committee

Chairman: Edith Cayard chairs the Remuneration and Appointments Committee.
Members: Rita Maria Zniber, Jacques Tierny.
Number of independent members: 1
The role of the Remuneration and Appointments Committee is to:
Select, assess and propose to the Board candidates for the position of Director, Chairman of the Board, Vice-Chairman and Chief Executive Officer, as well as candidates for membership and chairmanship of the Committees;
Draw up a succession plan for executive corporate officers, in order to be in a position to recommend succession solutions to the Board, particularly in the event of an unforeseen vacancy;
Put forward recommendations and proposals to the Board regarding the following matters: remuneration, the pension and personal insurance scheme, supplementary pensions, other entitlements of the Company's executive corporate officers, the allotment of bonus or performance shares and stock options;
Determine the procedures for setting the variable portion of the remuneration payable to the executive corporate officers and monitor their application;
Recommend a general policy for allotting bonus or performance shares and stock options, and determine the frequency of such allotments depending on the categories of beneficiaries;
Review the system for allocating attendance fees among the Board members; and
Inform senior management of its opinion on the remuneration paid to senior executives.
The Remuneration and Appointments Committee held one meeting during the 2019 financial year.

The Strategic and Commercial Committee

A new Strategic and Commercial Committee was established on 28 February 2019.
Members: Cyril Cahart (Chairman), Hachem Belghiti, Edith Cayard and Sylvia Bernard.
The role of the Strategic and Commercial Committee is to:
participate in determining the Company's strategy and monitoring its implementation;
review external growth and investment projects likely to impact business activity;
maintain continuous dialogue with senior management on changes in Company strategy and take the initiative to request that all Board members be informed whenever an issue becomes significant;

ensure that senior management takes all considerations into account in its planning and decision-making and reviews all possible options;
bring together experts to examine proposed commercial and strategic opportunities.
It is not the role of the Strategic and Commercial Committee to rule on operations that may, where applicable, be submitted to an ad hoc committee of independent directors. The Strategic and Commercial Committee may consult external experts, at the Company's expense, after informing the Board or the Chairman of the Board, and is responsible for reporting to the Board on such consultations.
The Strategic and Commercial Committee held four meetings during the 2019 financial year.

Ad hoc committee

In accordance with resolution "A" adopted by the Ordinary and Extraordinary General Meeting on 31 January 2019, the Company's Board of Directors will set up an ad hoc committee composed solely of independent directors to help the Board implement asset disposal plans whenever:

• one or more assets earmarked for disposal exceed a value of €20 million or the assets in question represent over 5% of the Company's consolidated revenues (as at 31 December 2017 or 30 June 2018)

• a conflict of interest is or is liable to be identified in connection with the disposal of one or more of the Company's assets (including in the event of an offer by a shareholder, corporate officer, employee, any intermediary or any associated entity or company), irrespective of the aforementioned materiality thresholds.

The ad hoc committee will be assisted by financial or legal advisers other than the Company's usual advisers, in order to obtain an independent opinion on the advantages of the transaction and its valuation or the contemplated terms, and in order to confirm that the sale of the assets in question, taken separately and/or all together, would not impair the Company's ability to develop and execute its strategy.

The ad hoc committee will issue a reasoned opinion to the Board of Directors regarding the assessment of each offer submitted for the acquisition of one or more Company assets. In any event, such opinion shall be submitted together with a report prepared by one or more independent experts on the valuation and terms of disposal of the relevant asset(s), whenever a conflict of interest is identified (including in the event of an offer by a shareholder, corporate officer, employee, any intermediary or any associated entity or company).

6.2.3 Limitations on the Chief Executive Officer's powers

The limitations on the Chief Executive Officer's powers are stated in the Board of Directors' internal rules of procedure.

Article 18-I of the Articles of Association specifies that the general management of the Company is the responsibility either of the Chairman of the Board of Directors or of another private individual, who may or may not be a Director, appointed by the Board of Directors and bearing the title of Chief Executive Officer.

The Company has decided to separate the roles of Chairman of the Board of Directors and Chief Executive Officer. During its meeting on 2 March 2018, the Company's Board of Directors decided to temporarily modify the Company's corporate governance model for one individual to be able to hold the dual roles of Chairman and Chief Executive Officer and appointed Benoît Hérault as Chief Executive Officer of the Company. Following the arrival of Andrew Highcock on 29 October 2018, the duties of the Chief Executive Officer and Chairman of the Board of Directors were once again separated.

The Chief Executive Officer shall represent the Company in its dealings with third parties and shall be vested with full powers within the limits of the corporate purpose, subject, however, to the powers expressly assigned by law to General Meetings.

The Chief Executive Officer may be dismissed at any time by the Board of Directors.

In accordance with an internal measure that cannot be enforced against third parties, the Chief Executive Officer must ensure that, before binding the Company, he/she has the consent of the Board of Directors for transactions that fall outside the framework of day-to-day management, and specifically for:

(i) any capital increase or issuance of equity securities or securities giving access to the Company's share capital, regardless of their nature, acting on a delegation of authority granted by the General Meeting of Shareholders, without prejudice to the Board's option to sub-delegate that authority to the Chief Executive Officer, or to the Deputy Chief Executive Officers, where applicable, as well as any issuance of securities in any of the subsidiaries for the benefit of a third party;

(ii) any financing for the benefit of the Company or any of its subsidiaries in an amount that exceeds €5,000,000 for medium and long-term financing and €2,000,000 for overdrafts, loans and short-term financing, or any higher threshold determined by the Board. For the purposes of this paragraph, the term "financing" refers to any of the following transactions (excluding cash pooling, factoring and choice of banks, which are the responsibility of senior management):

(a) all borrowings;

(b) any bond, debt security, promissory note, securitised loan or other similar instrument;

(c) any finance lease or lease-purchase agreement, or any other agreement considered as a finance lease in accordance with general international accounting principles;

(d) the purchase of any asset, to the extent that the price is payable following the purchase or taking possession of that asset, if the procedures for paying the price amount to a means of financing the purchase of the asset;

(e) any security, compensation undertaking or similar assurance covering the financial loss incurred by any person in relation to any factor mentioned above, except for contracts or agreements entered into in the normal course of business;

(f) any other transaction that has the commercial impact of a liability (e.g. call or put options or other financial instruments);

(g) any acquisition, disposal, merger or joint venture by the Company or any of its subsidiaries for an enterprise value of over €1,500,000, or any measure aimed at disposing of an asset owned by the Company or any of its subsidiaries with a unit book value or market value of over €1,500,000, provided that each individual transaction, with the exception of similar disposals or disposal measures, involves existing businesses and regions in which the Company or the subsidiaries already operate;

(h) setting up operations in any new territory, or launching a new business activity (except for the introduction of any new product, which is the responsibility of senior management);

(i) any proposal or payment of a dividend or any other kind of distribution to the Company's shareholders;

(j) any capital expenditure with a unit value of over €2,500,000;

(k) any capital expenditure that results in exceeding the annual budget approved and/or amended, where applicable, by the Board;

(l) the signing, amendment, cancellation or termination of a service provision agreement, pension commitment, employment contract with a corporate officer of the Company or any of its subsidiaries, or any agreement to their direct or indirect benefit, for an amount exceeding €200,000, on the understanding that "key employee" means any person whose gross annual remuneration exceeds €180,000;

(m) any restructuring process involving the Company or any of its subsidiaries where the cost exceeds €1,500,000;

(n) selecting the beneficiaries of stock option, bonus share or other share ownership schemes, where the arrangements have been approved by the General Meeting of Shareholders, and any amendment to such schemes; the creation and introduction of any new stock option, bonus share or other share ownership schemes;

(o) the granting of any security, surety, endorsement or guarantee by the Company or any of its subsidiaries that exceeds the amount determined by the Board on an annual basis, or, if no such amount has been determined, that exceeds an annual amount of €1,000,000; and

(p) the signing of any contract with a term of more than 3 years.

Furthermore, the Chief Executive Officer has set up an Executive Committee, the composition of which has been submitted to the Board of Directors for approval. The role of this Executive Committee is to assist the Chief Executive Officer on an ongoing basis from an operating standpoint, in terms of both taking and implementing decisions.

6.2.4 Offices and positions held by the corporate officers during the financial year

Following the General Meetings of 27 June 2017 and 31 January 2019, the members of the Company's Board of Directors are as follows:

Name	Date of appointment	Term of office expiry date	Position	
Benoît Hérault	Appointed at the General Meeting of 30 June 2015 Appointed Chairman on 30 June 2015	Following his resignation, Benoît Hérault's duties as Director and Chairman of the Board ended on 1 March 2019.	Chairman of the Board of Directors	**Current offices:** Director and member of the Investment Committee of Alstria REIT** Senior Advisor to Westbrook Advisors Director of Eurosic **Offices held over the past five years:** None
Rita Maria Zniber	Appointed at the General Meeting of 16 September 2014 Appointed Vice-Chairman on 30 June 2015	Ordinary General Meeting convened to approve the financial statements for the year ended 31 December 2019	Member of the Remuneration and Appointments Committee	**Current offices:** Chairman and Chief Executive Officer of Diana Holding Director of Atlas Bottling Company Director of Seven Up Director of Bouchons Préformés Chairman of the Board of Directors of Mr Renouvo Chairman of the Board of Directors of Ebertec Chairman of the Board of Directors of Thalvin Chairman of the Board of Directors of Domaines Ouled Thaleb Chairman of the Board of Directors of Celliers de Meknes Chairman of the Board of Directors of Maassera Brahim Zniber Chairman of the Board of Directors of Domaines Brahim Zniber Chairman of the Board of Directors of Découvertes & Loisirs Director of Société Nouvelle de Volailles Director of SES Warren Managing Partner of Domaine Namir Managing Partner of Domaine Tala Managing Partner of Boufekrane Winery Managing Partner of Zayanes Winery Managing Partner of Domaine de Triffa Managing Partner of Gharb Winery Managing Partner of Domaine Livia Managing Partner of Riad de la Clémentine Joint Managing Partner of K'Ozibar Managing Partner of Biocompost Brahim Zniber Managing Partner of Pepiniére Brahim Zniber Managing Partner of Akaragro Managing Partner of Celliers du Gharb Managing Partner of Viticole du Sais Joint Managing Partner of Olivim **Offices held over the past five years:** None
Constance Benqué	Appointed at the General Meeting of 30 June 2015	Following her resignation, Constance Benqué's duties as Director ended on 1 March 2019.	Member of the Remuneration and Appointments Committee	**Current offices:** Chairman, Chief Executive Officer and Director of Hachette Filipacchi (SA) Chief Executive Officer of Lagardère Digital France (SAS)

				Chairman of Lagardère Global Advertising (SAS) Chairman of Lagardère Publicité (SAS) Chairman and member of the La Place Media (SAS) supervisory board Joint Managing Partner of Hachette Filipacchi Associés (SNC) Joint Managing Partner of Lagardère Métropoles (SARL) Permanent representative of Lagardère Publicité and Director of Média Institute (Voluntary Organisation) Chairman and Director of Fondation Elle (Foundation) Independent Director of Voyageurs du Monde* Independent Director of Fondation Air France **Offices held over the past five years:** None
Christine Mondollot	Appointed at the General Meeting of 30 June 2015	Following her resignation, Christine Mondollot's duties as Director ended on 1 March 2019.	Chairman of the Remuneration and Appointments Committee	**Current offices:** Director of Fleury Michon* Director of Vivarte and Vivescia Industries **Offices held over the past five years:** Chief Executive Officer of BHV Chairman of Virgin France and International Chairman of Virgin Mega
** Companies listed in France* *** Companies listed outside France*				

Name	Date of appointment	Term of office expiry date	Position	
Hachem Belghiti	Co-opted to replace Mehdi Bouchaara at the Board of Directors meeting of 9 May 2016, co-option ratified by the General Meeting of 21 June 2016	Ordinary General Meeting convened to approve the financial statements for the year ended 31 December 2024	Member of the Strategic and Commercial Committee as of 1 March 2019	**Current offices:** Chief Executive Officer of Roslane Wine & Spirits **Offices held over the past five years:** Chief Executive Officer of Ebertec and Deputy Chief Executive Officer of Comanav Ferry
Serge Héringer	Appointed at the General Meeting of 30 June 2015	Ordinary General Meeting convened to approve the financial statements for the year ended 31 December 2020		**Current offices:** Director of Diana Holding **Offices held over the past five years:** Member of the Executive Board and CFO of Caisse d'Epargne de Bourgogne Franche-Comté Chief Executive Officer of Russell Investments, Southern Europe and Africa Managing Director of Natixis Corporate and Investment Bank **Offices held over the past five years:** None
Guillaume de Belair	Appointed at the General Meeting of 30 June 2015	Ordinary General Meeting convened to approve the financial statements for the year ended 31 December 2020	Member of the Audit Committee	**Current offices:** Chairman of Panda Equity Research, France **Offices held over the past five years:** Chairman and member of the Executive Board of Riber, France
Jean-Pierre Cayard	Appointed at the General Meeting of 30 June 2015	Ordinary General Meeting convened to approve the financial statements for the year ended 31 December 2020	Member of the Audit Committee	**Current offices:** Dir. of Albioma Galion, France Dir. of Albioma Saint Pierre, France Chairman of Aveze, France EXCOM, Banchereau Gastro, France Chairman of Bardinet, France Chairman of Bourdouil, France Director of Bruggeman, Belgium Director of BSA, Spain Chairman of Busnel, France Chairman of Casanis, France Board chairman, Celebrity, Italy Chairman of CFHS, France Chairman and Chief Executive Officer of COFEPP, France Chairman of Da Silva, Portugal EXCOM, Dillon, France Board chairman, Dilmoor, Italy EXCOM, Distillerie de la Tour, France CEO of Ducastaing, France Chairman of Duval, France Director of EABP, France Director of EAMP, France Director of Gardel, France Director of Glen Moray, Scotland Director of Glen Turner, Scotland Managing Partner of Gran Cruz, Portugal Chairman of Justino Henriques, Portugal Chairman of Martinho, Portugal Director of Mascarin Développement, France Chairman of NSCR, France Managing Partner of Opteam Spirit, France

				Board chairman, Perlino, Italy CEO of Peureux, France Chairman of Quinta de Ventozelo, Portugal Director of RABMG, France Managing Partner of Repaire de Bacchus, France Chairman of Rhumerie du Verso, France Chairman of Rivière du Mat, France Chairman of RMSJ, France Chairman of Saint Benoît Energies Vertes, France Chairman of SBANA, France Managing Partner of SCI Bercy Reflets, France Managing Partner of SCI Héritier Guyot, France Chairman of Sedra, France EXCOM, SLAUR-Sardet, France Director of SPC Litte, France Director of SPCRG, France Director of SRMG, France Chairman of St Raphael, France EXCOM, Sucrière des Antilles, France Chairman of SVS LM, France Managing Partner of UNIAO, Portugal **Offices held over the past five years:** EXCOM, Financière Mascarin, France Director of GEDESA, Spain Managing Partner of Gran Cruz Turismo, Portugal
Edith Cayard	Appointed at the General Meeting of 21 June 2016	Ordinary General Meeting convened to approve the financial statements for the year ended 31 December 2021	Chairman of the Remuneration and Appointments Committee as of 1 March 2019 Member of the Strategic and Commercial Committee as of 1 March 2019	**Current offices:** EXCOM, Bardinet, France Director of SIS, France Director of BSA, Spain Sup. Bd., COFEPP, France EXCOM, Dillon, France Chairman of Ducastaing, France Director of EABP, France Director of EAMP, France EXCOM, SLAUR-Sardet, France Director of Dilmoor, Italy **Offices held over the past five years:** None

COFEPP, represented by Sylvia Bernard	Co-opted at the Board of Directors meeting of 12 May 2017 to replace DF Holding, co-option ratified at the General Meeting of 27 June 2017	Ordinary General Meeting convened to approve the financial statements for the year ended 31 December 2020	Member of the Strategic and Commercial Committee as of 30 April 2019	**Current offices:** Director of BRUGGEMAN SA, Belgium Director of BSA SA, Spain DIR of COFEPP, France Director of SIS, France EXCOM, SLAUR SAS, France **Offices held over the past five years:** None
Tierny Financial Advisory, represented by Jacques Tierny	Co-opted at the Board of Directors meeting of 10 May 2020 to replace Jacques Tierny, co-option ratified at the General Meeting of 27 June 2019	Ordinary General Meeting convened to approve the financial statements for the year ended 31 December 2020	Chairman of the Audit Committee as of 12 June 2018 Member of the Remuneration and Appointments Committee as of 1 March 2019	**Current offices** Director of Bio Santé, Switzerland **Offices held over the past five years:** Director, LCL Obligations Euro bond fund (Amundi Group)
Georges Graux	Appointed at the General Meeting of 31 January 2019, effective as of 1 March 2019 Chairman as of 1 March 2019	Ordinary General Meeting called to approve the financial statements for the year ended 31 December 2024	Chairman of the Board of Directors as of 1 March 2019	**Current offices:** EXCOM Chairman, Bardinet SAS, France Director of ALBIOMA GALION SAS, France Director of Celebrity SA, Italy Director of Dilmoor SA, Italy Director of GEDESA SA, Spain Member of the Executive Committee of Financière Mascarin SAS, France Director of Mascarin Développement SA, France Director of Perlino SA, Italy Chairman of Preaux SAS, France Managing Partner of Vergers de Normandie SARL, France **Offices held over the past five years:** None
Pascale Anquetil	Appointed at the General Meeting of 31 January 2019, effective as of 1 March 2019	Ordinary General Meeting called to approve the financial statements for the year ended 31 December 2024		**Current offices:** None **Offices held over the past five years:** None
Anna Luc	Appointed at the General Meeting of 31 January 2019, effective as of 1 March 2019	Ordinary General Meeting called to approve the financial statements for the year ended 31 December 2024		**Current offices:** None **Offices held over the past five years:** None
Cyril Cahart	Appointed at the General Meeting of 31 January 2019, effective as of 1 March 2019	Ordinary General Meeting called to approve the financial statements for the year ended 31 December 2024	Chairman of the Strategic and Commercial Committee	**Current offices:** Director of Bruggeman SA, Belgium Managing Partner of Kidibul International **Offices held over the past five years:** None

Directors' business address: Company registered office: 27-29 Rue de Provence, 75009 Paris

Background information on the Directors

Benoît Hérault: Mr Hérault is a graduate of HEC and a member of the Paris Bar. He has extensive experience in managing and administering companies, including in the capacity of a Director of SIIC de Paris and then Eurosic, as well as in the capacity of Chief Financial Officer of the Whitehall Fund in Europe, where he was specifically responsible for acquisitions in Eastern Europe.

Rita Maria Zniber: Ms Zniber has headed Diana Holding, the largest wine producing group and the 7th largest group in Morocco, since April 2014. Diana Holding generates revenues of over MAD 3 billion and over 6,500 direct jobs. The group primarily operates in the agri-industrial sector, where it has over 8,000 hectares of farmland. Ms Zniber aims to make Diana Holding a major player in the Moroccan agri-industry sector.

Constance Benqué: Ms Benqué holds an Advanced Diploma in Marketing and Communications and has significant experience in the media and communications sector. Accordingly, she was the Vice-Chairman of Lagardère Active Publicité between 1999 and 2006 and is currently Chairman and Executive Board member of Lagardère Publicité (700 employees and revenues of €1.6 billion).

Christine Mondollot: Ms Mondollot worked at the Pernod Ricard Group, including 5 years in the Marketing Division. She was the Chairman of Laboratoires Kodak and Chief Executive Officer of the Retail Division between 2000 and 2005. Since 2005, she has assisted a number of companies or subsidiaries of large groups experiencing financial difficulties, including at Galeries Lafayette and Virgin.

Hachem Belghiti: Mr Belghiti holds a Master of International Business Engineering from EDHEC and the Graduate School of Management of Brittany in Brest. He was Deputy Chief Executive Officer of Comanav Ferry from 2008 to 2012, before being appointed Chief Executive Officer of Ebertec from 2012 to 2015. By Board of Directors' decision on 9 May 2016, Mr Belghiti was co-opted to replace Medhi Bouchaara as member of the Marie Brizard Wine & Spirits Board of Directors.

Serge Héringer: Mr Héringer is a financial expert and holds an MBA and a CFA. He is a senior banker and provided assistance to the Belvédère Group between 1999 and 2004.

Guillaume de Belair: Mr de Belair holds a degree from SFAF, the French Financial Analysts' Society, and has gained around 15 years of professional experience in investment banking and proprietary management, including at Natixis.

Jean-Pierre Cayard: Mr Cayard is a graduate of HEC and holds a Law degree. Mr Cayard is manager of the COFEPP group (Compagnie Financière Européenne des Prises de Participations).

Edith Cayard: Ms Cayard holds a diploma as a pharmacist-biologist graduate and is currently Vice-Chairman of the Supervisory Board of Compagnie Financière Européenne de Prises de Participations (COFEPP).

Edith Cayard and Jean-Pierre Cayard are married. They are the parents of Sylvia Bernard. There are no other family ties between the persons mentioned in this section.

Sylvia Bernard: A graduate of HEC, Sylvia Bernard has significant experience in marketing with a strong international orientation. After a few years working in China, she joined the head office of La Martiniquaise group as the International Marketing Director. She is currently Managing Director of Compagnie Financière Européenne de Prises de Participations (COFEPP).

Jacques Tierny, permanent representative of Tierny Financial Advisory: A graduate of HEC, Jacques Tierny previously held corporate office as Deputy CFO at Michelin and CFO at Casino Group, before joining KPMG as head of Valuation and Strategic Finance. From 2007 to 2018 he was Vice-Chairman and CFO of Gemalto.

Georges Graux: Georges Graux holds a DECS Higher Accounting Studies Diploma and served as Financial Control Manager at BMG Music France and CFO at EMI Music. He is currently CFO of COFEPP.

Pascale Anquetil: A graduate of the Lille Ecole Supérieure de Commerce, Pascale Anquetil has been Administration and Finance Manager of COFEPP since 1991.

Anna Luc: A graduate of ESSEC business school, Anna Luc joined Groupe La Martiniquaise-Bardinet as Marketing Development Manager in 1994. She has been Marketing Manager of La Martiniquaise for the French market since 2008.

Cyril Cahart: Cyril Cahart holds a Masters' degree in economics and business management and a DESS diploma in marketing. He has served as Commercial Director of Bacardi-Martini France and Operations Director France for Groupe La Martiniquaise COFEPP. Since 2009, he has been Operations Director France / CEO Benelux (P. Bruggeman NV / Inspirit Premium Drinks BV) of Groupe La Martiniquaise COFEPP.

Background information on Andrew Highcock, Chief Executive Officer

	Position	Date of appointment or most recent reappointment	Term of office expiry date	Other positions held at the Company	Other positions held outside the Company Group and non-Group
Andrew Highcock	Chief Executive Officer	Appointed at the Board of Directors meeting on 27 July 2018 with effect from 29 October 2018	Appointed for an indefinite term		**Current offices:** None **Other offices held over the past five years:** Chairman of Kompania Piwowarska

Before joining the Group in 2018, Andrew Highcock was Chairman of the Polish company Kompania Piwowarska. He has more than 20 years of experience in senior management, particularly in Western and Eastern Europe, the Middle East and Canada, at companies such as Diageo, Maxxium and SAB Miller.

To the Company's knowledge, no current member of the Board of Directors or senior management has been the subject of:

A conviction for fraud for at least the past five years;

Bankruptcy, sequestration or liquidation proceedings, either as the director of a company or as a corporate officer, for at least the past five years;

A conviction and/or official public sanction issued by statutory or regulatory authorities for at least the past five years.

Furthermore, to the Company's knowledge, no corporate officer has been prevented by a court from acting as a member of one of the administrative, management or supervisory bodies of a public company or from being involved in the management or conducting the business affairs of a public company for at least the past five years.

Potential conflicts of interest within administrative bodies and senior management

Following completion of the capital increase reserved for COFEPP on 1 March 2019, COFEPP obtained control of the Company and, notably, holds a majority of positions on the Company's Board of Directors. As such, in order to prevent any conflict of interest arising from this situation, the 31 January 2019 General Meeting resolved under resolution "A" that the Board of Directors should set up an ad hoc committee solely composed of independent directors, primarily in the event of a situation where a conflict of interest between the Company and COFEPP was or was liable to be identified in connection with the disposal of one or more of the Company's assets (see Section 6.2.2 above). Furthermore, as in any company where a major shareholder is a competitor, customer or major supplier, regulatory procedures exist to prevent and manage situations of conflict of interest, including the regulated agreement procedure.

To the Company's knowledge, there is no other conflict between the private interests of the members of the Company's administrative bodies and the Company's interests.

Arrangements or agreements entered into with major shareholders or with customers, suppliers or other parties providing for the appointment of members of the Company's administrative or management bodies

In accordance with the firm agreement on the recapitalisation of the Company signed on 21 December 2018 between COFEPP and the Company, the Company agreed to submit the appointment of members representing COFEPP to the Company's General Meeting, subject to the condition precedent of completion of the capital increase reserved for COFEPP, such that COFEPP would be represented by a majority of the members of the Board of Directors. COFEPP proposed the appointment of the following representatives to the 31 January 2019 General Meeting. Their terms of office began on 1 March 2019 following completion of said capital increase:

- Pascale Anquetil, COFEPP Administration and Finance Manager;
- Anna Luc, Marketing Director France, La Martiniquaise;
- Cyril Cahart, COO France/CEO Benelux, COFEPP; and
- Georges Graux, CFO, COFEPP.

Shares held by corporate officers

A summary of the transactions performed in the Company's securities by the current corporate officers, regardless of whether they are senior executives, or by persons with whom they have close ties, during the financial year ended 31 December 2019, prepared on the basis of the information disclosed to us, is set out below.

On 1 March 2019, COFEPP subscribed for 9,428,000 new ordinary shares of the Company at a price of €4.00 per share as part of a capital increase reserved for COFEPP, for which the prospectus dated 28 February 2019 was approved by the AMF under visa number 19-066 (see AMF document no. 2019DD597144 dated 4 March 2019).

• On 1 April 2019, COFEPP exercised 11,500,000 short-term warrants issued free of charge by the Company, each conferring entitlement to one new ordinary share of the Company, at an exercise price of €3 per warrant (see AMF document no. 2019DD601619 dated 5 April 2019).

The following Directors declared that they held the following Company shares as at 31 December 2019:

• Rita Maria Zniber: 1,300 shares;
• Serge Héringer: 500 shares;
• Guillaume de Belair: 11,000 shares;
• Edith Cayard and Jean-Pierre Cayard: 8,351,967 shares via COFEPP;
• Hachem Belghiti: 2,300 shares;
• Jacques Tierny: 0 shares;
• Sylvia Bernard: 0 shares;
• Georges Graux: 0 shares;
• Pascale Anquetil: 0 shares;
• Anna Luc: 0 shares;
• Cyril Cahart: 0 shares.

Restrictions on disposal of Company shares applicable to members of a management or supervisory body or senior management

To the Company's knowledge, there are no restrictions accepted by the members of the Board of Directors or senior management regarding disposal of the Company shares they hold within a given timeframe.

Service contracts between members of administrative, management or supervisory bodies and the Company or any of its subsidiaries

With the exception of the assignment conferred on Benoît Hérault by the Board of Directors on 26 October 2018, with effect from 29 October 2018 and ending on 28 February 2019 (see Section 6.3 below for further details), there is at this date no service contract between any members of the Board of Directors or senior management and the Company or any of its subsidiaries providing for the award of benefits upon expiry of such contract.

6.2.5 Procedures relating to shareholder participation in General Meetings

The procedures regarding shareholder participation in General Meetings are defined in Articles 9, 11, 12 and 25 to 30 of the Company's Articles of Association.

6.3 REMUNERATION

6.3.1 Remuneration and benefits granted to corporate officers in respect of the 2020 financial year

Pursuant to Article L. 225-37-2 of the French Commercial Code, the remuneration policy for 2020 is presented to you below. This policy has been approved by the Board of Directors and will be submitted for approval by the General Meeting of Shareholders called to approve the financial statements for the year ended 31 December 2019 (prospective vote).

The remuneration policy is approved annually by the Board of Directors on the recommendation of the Remuneration and Appointments Committee. The contents of this policy, including in particular the performance criteria and targets defined in order to determine the amount of variable remuneration awarded to the Chief Executive Officer, are reviewed at least once a year by the Remuneration and Appointments Committee, in order to ensure that they correspond to the Group's targets and strategy. At the end of each year, the Remuneration and Appointments Committee checks that the remuneration policy as approved by the General Meeting has been duly implemented and, in particular, that the level of achievement of variable remuneration performance criteria has been duly taken into account. For further details on the composition and remit of the Remuneration and Appointments Committee, see Section 6.2.2 above.

The remuneration policy for 2020 remains unchanged compared to the 2019 policy, except for the following items: (i) the Chairman of the Board of Directors will now perform his duties without remuneration; (ii) the fixed remuneration and impatriation bonus awarded to the Chief Executive Officer have been reduced; (iii) under the remuneration policy applicable to the Directors, only independent directors may receive an annual fixed amount. As mentioned earlier, the 31 January 2019 Ordinary and Extraordinary General Meeting of the Company's shareholders approved the resolutions on the remuneration policy applicable to executive corporate officers for 2019 by an 89.04% majority.

Remuneration policy for the 2020 financial year

1. REMUNERATION POLICY WITH RESPECT TO THE CHAIRMAN OF THE BOARD OF DIRECTORS

The remuneration policy with respect to the Chairman of the Board of Directors is approved by the Board of Directors on the recommendation of the Remuneration and Appointments Committee, on the basis of benchmarks.

The Chairman of the Board of Directors shall not hold an employment contract with the Company or Group companies.

No remuneration or benefits will be awarded for the performance of his duties.

2. REMUNERATION POLICY WITH RESPECT TO THE CHIEF EXECUTIVE OFFICER

The remuneration awarded to the Chief Executive Officer is approved by the Board of Directors on the recommendation of the Remuneration and Appointments Committee.

The remuneration awarded to the Chief Executive Officer is determined in accordance with the following principles designed to ensure compatibility with the Company's interests, the development of its business strategy and its sustainability:

• remuneration consistent with the Chief Executive Officer's level of responsibility, skills and experience such as to ensure a competitive offer compared to other companies operating in the same sector as the Group;

• remuneration ensuring that the interests of the Group, its shareholders and the Chief Executive Officer are aligned by making a large portion of his remuneration conditional on the Group's performance. Accordingly, the variable and exceptional remuneration awarded to the Chief Executive Officer is based on the objectives of the Group strategic plan. These objectives set by the Board of Directors are reviewed every year and shared with all Group employees.

Based on these criteria, on 26 May 2020 the Board of Directors resolved, on the recommendation of the Remuneration and Appointments Committee, to submit for your approval the remuneration policy for the Chief Executive Officer in respect of the 2020 financial year, as set out below.

The Chief Executive Officer shall not hold an employment contract at the Company or Group companies.

The Chief Executive Director's remuneration includes a fixed and variable portion and may be supplemented by exceptional remuneration, the allotment of stock options and bonus shares and commitments made by the Company in his favour.

Lastly, in the event that a new Chief Executive Officer is appointed during the year, barring potential changes to take such person's particular circumstances into account (e.g. levels of experience and responsibility, etc.) that do not require approval by the Ordinary General Meeting of the Company's shareholders, the principles and terms of the remuneration policy approved for the Chief Executive Officer shall also apply to the newly appointed Chief Executive Officer.

Annual fixed remuneration

Fixed remuneration is intended to reflect the Chief Executive Officer's experience, the duties entrusted to him and the commitment expected of him.

The Chief Executive Officer's fixed remuneration, which is determined by the Board of Directors after consideration of benchmarks, will amount to a gross annual amount of €370,000 divided into 12 monthly instalments.
In the event of the appointment of a Chief Executive Officer who was not previously a French tax resident, he or she may receive, in addition to the fixed remuneration mentioned above, an "impatriation" bonus of an annual amount of €160,000 divided into 12 monthly instalments.

Annual variable remuneration

Variable remuneration will also be awarded to the Chief Executive Officer as a reward for his contribution to the Group's growth and financial performance in respect of the relevant financial year. This remuneration will comprise a discretionary portion determined based on qualitative criteria, and a portion subject to the fulfilment of predefined performance criteria.
The total amount will be determined by the Board of Directors on the basis of objectives defined by it as well as performance criteria. However, the total annual variable remuneration shall not exceed 70% of the gross annual fixed remuneration (excluding impatriation bonus).
The Chief Executive Officer's variable remuneration will comprise:
• A discretionary portion, determined on the basis of qualitative criteria, representing a maximum of 30% of the total variable remuneration;
• A quantitative portion subject to the fulfilment of performance criteria, representing a minimum of 70% of the total variable remuneration.
The qualitative criteria are based on non-financial indicators related to achievement of the strategic plan.
Performance criteria are based on financial indicators consisting of EBITDA and SG&A in accordance with the budget previously approved by the Board of Directors.
The non-financial indicators related to Group strategy and the level of achievement of quantifiable financial criteria have been precisely defined but are not publicly disclosed for confidentiality reasons.
Every year, the actual award of variable remuneration to the Chief Executive Officer will be submitted to the Board of Directors for appraisal in light of the aforementioned performance criteria.
Pursuant to the second paragraph of Article L. 225-37-2 of the French Commercial Code, payment of the aforementioned variable remuneration for 2020 will be subject to approval by the Ordinary General Meeting of shareholders.

Exceptional remuneration

Exceptional remuneration, intended to reward an exceptional transaction or financial performance achieved during the year, may be allocated by the Board of Directors to the Chief Executive Officer. However, said exceptional remuneration shall not exceed 50% of the fixed remuneration due in respect of the 2020 financial year.
Pursuant to the second paragraph of Article L. 225-37-2 of the French Commercial Code, payment of the aforementioned exceptional remuneration for 2020 will be subject to approval by the Ordinary General Meeting of shareholders.

Bonus shares

In respect of his office, the Chief Executive Officer may be allotted bonus shares, which shall vest at the end of a minimum period, to be defined by the Board of Directors acting under the authority granted by the General Meeting of Shareholders, on the condition that he still works at the Company at the end of this period, and which may or may not be subject to performance criteria.
Accordingly, the Board of Directors set the following terms for 2020:
• Maximum amount: the value of bonus shares cannot be more than ten times the amount of fixed remuneration;
• Vesting period: at least 1 year following the share allotment date;
• Lock-in period: at least 1 year following the vesting date;
• Lock-in provisions: 10% of bonus shares vested must be held in registered form until the end of the Chief Executive Officer's term of office;
• Performance criteria: financial and, where applicable, non-financial criteria as determined by the Board of Directors when the plan is set up.

Stock options

The Company reserves the right to allocate stock options to the Chief Executive Officer, in respect of his office, instead of the bonus shares provided for above.
Subject to the specific features of this type of instrument, options could be granted under the same terms and limits, including with regard to the amount, as provided for above in the case of bonus shares.
As such, the number of stock options liable to be granted to the Chief Executive Officer in respect of the 2020 financial year would be determined by the Board of Directors, each granting entitlement to subscribe for or purchase one Company share, for a unit price calculated based on the average opening price of the Company's share over the 20 trading sessions preceding the Board of Directors meeting.

Benefits in kind

The Chief Executive Officer may also receive the following benefits in kind:
• use of a company car, in accordance with the Company policy currently in force;
• a standard unemployment insurance policy taken out with an independent body, in the form of a GSC guarantee;
• a monthly housing bonus declared under payroll in the form of a benefit in kind subject to social security and tax charges;
• the welfare benefits in effect at the Company in terms of pension, personal protection and top-up health insurance;
• professional liability insurance in accordance with standard conditions; and
• reimbursement of tax adviser fees.

Commitments made in favour of the Chief Executive Officer (Article L. 225-42-1 of the French Commercial Code)

The Chief Executive Officer is liable to benefit from commitments in relation to the termination of his duties, in the form of severance package schemes and/or non-compete compensation agreements.

Accordingly, on the recommendation previously issued by the Remuneration and Appointments Committee, the Board of Directors meeting of 21 December 2018 authorised the commitments payable or liable to be payable to Andrew Highcock, Chief Executive Officer, as a result of the termination of his duties, namely a severance payment in the event of his dismissal as Chief Executive Officer or the non-renewal of his appointment, plus non-compete compensation as consideration for Andrew Highcock's agreement not to work, for a duration of 12 months throughout Europe, as an employee or otherwise, director or corporate officer, in a company whose business activity is in direct or indirect competition with that of the MBWS Group, namely the production or distribution of wine and spirits.

These commitments, details of which are set out below, were approved by the Ordinary and Extraordinary General Meeting of Shareholders on 31 January 2019.

Severance package:

The Company has agreed to pay the Chief Executive Officer, in the event of his removal from office or the non-renewal of his appointment, severance pay equal to his average gross remuneration (including fixed remuneration on the basis of a maximum of three hundred and seventy thousand euros (€370,000), variable remuneration and the impatriation bonus on the basis of a maximum of one hundred and sixty thousand, seven hundred and twenty euros (€160,720) over the six (6) months preceding the date the appointment is terminated or not renewed, on the understanding that the award of this severance pay is subject to the achievement of performance criteria related to MBWS Group operations.

Non-compete compensation:

As consideration for a non-compete undertaking (on the understanding that the Company may waive said undertaking within one (1) month following his departure, in which case no compensation will be payable), the Chief Executive Officer may receive, as of the effective termination of his duties (or at the end of his notice period, if applicable), gross monthly compensation equal to 50% of his average gross monthly remuneration (including fixed and variable remuneration) over the twelve (12) months preceding the effective termination of his duties.

6.3.2 Remuneration policy applicable to Directors

As mentioned earlier, the General Meeting of Shareholders of 31 January 2019 set the amount of attendance fees for the current financial year, to be divided between the Directors, at one hundred and fifty thousand euros (€150,000) pending further decision. There is no plan to revise this amount for 2020.

The Board of Directors allocates the annual fixed amount (former attendance fees) to the Directors, and may allocate an additional amount to the Directors who are members of the special committees in consideration of the time that they devote to these committees, within the overall limit approved by the General Meeting of Shareholders and on the recommendation of the Remuneration and Appointments Committee.

In addition, in accordance with the provisions of Article L. 225-46 of the French Commercial Code, the Board of Directors may allocate exceptional remuneration to its members for special assignments or appointments (i.e. falling outside the normal framework of their duties and not of permanent nature) that may be assigned to them.

On 10 May 2019 the Board of Directors decided that only independent directors would receive attendance fees. This remuneration consists of an annual amount of €30,000 divided into a fixed portion of €15,000 and a variable portion of €15,000 allocated in accordance with actual attendance of Board meetings. It is also proposed that fixed remuneration of €15,000 be awarded to the Chairman of the Audit Committee.

The amount of unallocated attendance fees for the 2019 financial year was €75,000. The remuneration paid to each Director is set out in the following paragraph, on the understanding that no Director has ever held or holds an employment contract with the Company or with any affiliated company.

6.3.3 Summary of remuneration and benefits paid to corporate officers in 2019

In accordance with the provisions of Article L. 225-37-3 (I) of the French Commercial Code, information on the remuneration and other benefits paid or granted by the Company and Group companies to corporate officers of the Company in 2019 is presented below.

The remuneration and other benefits paid or granted to corporate officers in 2019 were in compliance with the remuneration policy approved by the Board of Directors and ratified by the Company's Annual General Meeting on 31 January 2019 and with current Company practice.

In application of Article L. 225-100 of the French Commercial Code, this information will be submitted for approval by the shareholders at the Annual General Meeting called to approve the financial statements for 2019 (prospective votes).
The remuneration paid to the Company's senior managers and corporate officers is set out below, in accordance with the principles of the Middlenext Corporate Governance Code and current regulations.

1. REMUNERATION AND BENEFITS PAID TO THE CHIEF EXECUTIVE OFFICER

Andrew Highcock has been Chief Executive Officer of the Company since 29 October 2018. His term of office is for an indefinite period. He may be removed from office by the Board of Directors at any time, in accordance with statutory provisions. He has no employment contract with the Company and has not received any remuneration from a company included in the Company's consolidation scope within the meaning of Article L. 233-16 of the French Commercial Code.
Pursuant to the provisions of Article L. 225-100 (III) of the French Commercial Code, the General Meeting called to approve the financial statements for 2019 will be asked to approve the fixed, variable and exceptional items comprising the total remuneration and benefits of all kind paid or granted to Andrew Highcock in respect of his appointment as Chief Executive Officer during the year ended 31 December 2019, as presented in detail below.
The total remuneration awarded to Andrew Highcock for 2019 forms part of the Company's long-term strategy and allows the interests of the Chief Executive Officer to be aligned with those of the Company and its shareholders. No deviation or exception from the approved remuneration policy for 2019 has been made.

Table 1: Summary of remuneration, stock options and shares granted to the Chief Executive Officer

	2018	**2019**
Andrew Highcock Chief Executive Officer[(1)]		
Remuneration payable in respect of the financial year *(details in Table 2)*	€107,570	€908,385
Value of deferred variable remuneration granted during the financial year	-	-
Value of options granted during the financial year *(details in Table 4)*	-	-
Value of bonus shares granted (*details in Table 6*)	-	-
TOTAL	**€107,570**	**€908,385**
(1) Andrew Highcock took up his appointment as the Company's Chief Executive Officer on 29 October 2018.		

As stated earlier, in application of the remuneration policy approved by the Board of Directors on 21 December 2018, on the recommendation of the Remuneration and Appointments Committee, and ratified by the Ordinary and Extraordinary General Meeting on 31 January 2019, the remuneration awarded to the Chief Executive Officer for 2019 was structured around a fixed portion and a variable portion, potentially combined with exceptional remuneration and the allotment of stock options, bonus shares, benefits in kind and commitments made by the Company in his favour.

Table 2 - Chief Executive Officer's remuneration

Andrew Highcock Chief Executive Officer[16]	**2018**		**2019**	
	Remuneration payable	**Remuneration paid**	**Remuneration payable**	**Remuneration paid**
Fixed remuneration [17]	€107,570	€107,570	€530,720	€517,327
Annual variable remuneration			€259,000	
Deferred variable remuneration				
Exceptional remuneration				
Attendance fees				
Benefits in kind	n/a	n/a	€118,665	€106,597
TOTAL	**€107,570**	**€107,570**	**€908,385**	**€623,924**

Fixed remuneration/impatriation bonus

Fixed remuneration for 2019 was between the annual gross amounts of €370,000 and €560,000, divided into 12 monthly instalments. Furthermore, in the event of the appointment of a Chief Executive Officer who was not previously a French tax resident, he or she might receive, in addition to the fixed remuneration mentioned above, an "impatriation" bonus of an annual amount between €160,000 and €240,000 per year divided into 12 monthly instalments.

In accordance with the approved remuneration policy for 2019, Andrew Highcock received fixed remuneration amounting to €370,000 and an impatriation bonus of €160,720 in respect of the 2019 financial year.

Variable remuneration

Variable remuneration awarded to the Chief Executive Officer for 2019 could amount to up to 70% of annual gross fixed remuneration, capped at €259,000.

On the recommendation of the Remuneration and Appointments Committee, after assessing the degree of achievement of the performance criteria defined by the Board of Directors for 2019, in particular those related to the Group's growth and financial performance and the development of its assets, the Company's Board of Directors noted that both qualitative and quantitative criteria had been fully achieved and, therefore, decided that variable remuneration amounting to €259,000 would be awarded to the Chief Executive Officer in respect of the 2019 financial year.

16 Andrew Highcock took up his appointment as the Company's Chief Executive Officer on 29 October 2018.

17 Including impatriation bonus for the year

Exceptional remuneration

Exceptional remuneration intended to reward an exceptional transaction or financial performance achieved during the year could be allocated by the Board of Directors to the Chief Executive Officer. However, said exceptional remuneration should not exceed 50% of the fixed remuneration due in respect of the 2019 financial year.

No exceptional remuneration was awarded to the Chief Executive Officer by the Board of Directors in respect of the 2019 financial year.

Attendance fees

Not applicable

Benefits in kind

The Chief Executive Officer received various benefits in kind in respect of 2019 (company car, unemployment insurance, housing benefits, personal protection and top-up health insurance).

Table 4 - Stock options granted to the Chief Executive Officer by the Company and all Group companies during the 2018 and 2019 financial years

Not applicable: the Chief Executive Officer was granted no stock options during the 2018 and 2019 financial years.

Table 5 - Stock options exercised by the Chief Executive Officer during the 2018 and 2019 financial years

Not applicable

Table 6 - Bonus shares granted to the Chief Executive Officer during the 2018 and 2019 financial years

Not applicable: the Chief Executive Officer was granted no bonus shares during the 2018 and 2019 financial years.

Table 7 - Bonus shares granted to the Chief Executive Officer that became available for sale during the 2018 and 2019 financial years

Not applicable

Table 11 – Employment contract and commitments made by the Company and all Group companies in favour of the Chief Executive Officer

Executive corporate officers	Employment contract		Supplementary pension scheme		Compensation or benefits due or liable to be due as a result of termination or change of duties		Compensation relating to a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Andrew Highcock Chief Executive Officer Start of term: 29 October 2018 End of term: indefinite period		X		X	X(1)		X (1)	

(1) See Section 6.3.1 above for further details.

Total amounts covered by provisions or recognised for the purpose of paying pensions, retirement and other benefits

(€000)	2018	2019
Expenses relating to post-employment benefits	-	-
Expenses relating to severance pay	None	None

2. REMUNERATION AND BENEFITS PAID TO THE CHAIRMAN OF THE BOARD OF DIRECTORS

Benoît Hérault was appointed Chairman of the Company's Board of Directors on 30 June 2015 for the duration of his term of office as Director. His term of office ended on 1 March 2019, on the date of his resignation as Director and Chairman of the Company's Board of Directors. On 26 October 2018 the Board of Directors conferred a special assignment on Benoît Hérault with effect from 29 October 2018. This assignment for a six-month renewable term was established in order to assist MBWS senior management with ongoing or future negotiations with banking partners, principal shareholders and/or new investors (see Section 6.4 below for further details). This agreement was terminated on the date of his resignation. No employment contract was entered into between Benoît Hérault and the Company and he received no remuneration from a company included in the Company's consolidation scope within the meaning of Article L. 233-16 of the French Commercial Code.

Georges Graux was appointed Chairman of the Board of Directors with effect from 1 March 2019. He received no compensation or remuneration during the year in respect of his office. No employment contract was entered into between Mr Graux and the Company and he received no remuneration from a company included in the Company's consolidation scope within the meaning of Article L. 233-16 of the French Commercial Code.

Table 1 - Summary of remuneration, stock options and shares granted to the Chairman of the Board of Directors

	2018	2019
Benoît Hérault Chairman of the Board of Directors [(1)]		
Remuneration payable in respect of the financial year*(details in Table 2)*	€402,000	€65,500
Value of deferred variable remuneration granted during the financial year	-	-
Value of options granted during the year	-	-
Value of bonus shares granted	-	-
TOTAL	€402,000	€65,500
[(1)] Benoît Hérault resigned as Chairman of the Board of Directors on 1 March 2019.		
	2018	**2019**
Georges Graux Chairman of the Board of Directors [(2)]		
Remuneration payable in respect of the financial year*(details in Table 2)*		€0
Value of deferred variable remuneration granted during the financial year		
Value of options granted during the year		
Value of bonus shares granted		
TOTAL	€0	€0
[(2)] Georges Graux has performed the duties of Chairman of the Board of Directors since 1 March 2019.		

As stated earlier, it was agreed in the remuneration policy for 2019 approved by the Board of Directors and ratified by the General Meeting of the Company's shareholders that the Chairman of the Board of Directors may receive attendance fees, liable to be paid to him in relation to his office as Director and as Chairman of the Board of Directors, in accordance with the budget envelope allocated by the General Meeting and the distribution decided upon by the Board of Directors.

The policy provided for no other remuneration, advantage or benefit to be awarded to the Chairman of the Board of Directors in respect of his office.

In addition, in accordance with the provisions of Article L. 225-46 of the French Commercial Code, the Board of Directors may allocate exceptional remuneration to its members for special assignments or appointments (i.e. falling outside the normal framework of their duties and not of permanent nature) that may be assigned to them.

The total remuneration paid to Benoît Hérault in 2019 was in compliance with the remuneration policy.

Upon the appointment of Georges Graux, it was agreed that, as a member designated by COFEPP, the Company's controlling shareholder, he would perform his duties without remuneration.

Table 2 - Remuneration awarded to the Chairman of the Board of Directors

Benoît Hérault **Chairman of the Board of Directors[18]**	**2018**		**2019**	
	Remuneration payable	**Remuneration paid**	**Remuneration payable**	**Remuneration paid**
Fixed remuneration[19]	€345,000	€345,000		
Annual variable remuneration	-	-		
Deferred variable remuneration	-	-		
Exceptional remuneration[20]	€39,500	€39,500	€61,000	€61,000
Attendance fees				
Benefits in kind	€17,500	€17,500	€4,500	€4,500
TOTAL	**€402,000**	**€402,000**	**€65,500**	**€65,500**

18 Benoît Hérault resigned as Chairman of the Board of Directors on 1 March 2019.

19 Benoît Hérault was appointed Chief Executive Officer on an interim basis between 2 March 2018 and 29 October 2018. In this role, Benoît Hérault received daily gross remuneration of two thousand euros (€2,000), capped at four hundred thousand euros (€400,000) per year in accordance with the remuneration policies decided upon at the General Meeting of 27 June 2017 under its 9th resolution, as well as exceptional remuneration corresponding to services invoiced to MBWS SA.

20 The Company's Board of Directors decided to confer a special assignment on Benoît Hérault in addition to his duties as Chairman of the Board of Directors, as of 29 October 2018 and for a period of 6 months, in order to assist the new Chief Executive Officer in the ongoing discussions with banking partners. In respect of this assignment, he received exceptional remuneration set at two thousand euros per day (€2,000) gross capped at two hundred thousand euros (€200,000) gross for the six (6)-month term of this assignment. The exceptional remuneration will also include reimbursement by the Company of fees and business expenses incurred by Benoît Hérault in performance of this assignment (transport costs on presentation of corresponding receipts, accommodation allowance of €2,250/month, etc.). In accordance with Article L. 225-46 of the French Commercial Code, this exceptional remuneration was recorded under operational expenses and subject to the procedure for regulated agreements.

Table 11 – Employment contract and commitments made by the Company and all Group companies in favour of the Chairman of the Board of Directors

Executive corporate officers	Employment contract		Supplementary pension scheme		Compensation or benefits due or liable to be due as a result of termination or change of duties		Compensation relating to a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Benoît Hérault Chairman of the Board of Directors Start of term: 30 June 2015 End of term: 1 March 2019		X		X		X		X
Georges Graux Chairman of the Board of Directors Start of term: 1 March 2019		X		X		X		X

3. REMUNERATION AND BENEFITS PAID TO THE MEMBERS OF THE BOARD OF DIRECTORS

Table 3: Attendance fees and other remuneration received by non-executive corporate officers

	2018	2019
Rita Maria Zniber **Director**	**€7,875**	
Attendance fees	€7,875	
Other remuneration	-	
Hachem Belghiti **Director**	**€7,875**	
Attendance fees	€7,875	
Other remuneration	-	
Guillaume De Belair **Director**	**€7,312**	**€30,000**
Attendance fees	€7,312	€30,000
Other remuneration	-	-
	2018	**2019**
Jean-Pierre Cayard **Director**	**€7,312**	
Attendance fees	€7,312	
Other remuneration	-	
Edith Cayard **Director**	**€7,875**	
Attendance fees	€7,875	
Other remuneration	-	
Sylvia Bernard **Director**	**€7,875**	
Attendance fees	€7,875	
Other remuneration	-	
Serge Héringer **Director**	**€7,312**	
Attendance fees	€7,312	
Other remuneration	-	
Riverside Management **Director**	**€12,250**	
Attendance fees	€12,250	
Other remuneration	-	
Tierny Financial Advisory **Director**		**€22,750**
Attendance fees		€22,750
Other remuneration		-

Directors having resigned in 2019

	2018	2019
Benoît Hérault Chairman of the Board of Directors	**€402,000**	**65,500**
Attendance fees	€17,500	
Other remuneration[21]	384,500	65,500
Christine Mondollot Director	**€12,250**	
Attendance fees	€12,250	
Other remuneration	-	
Constance Benqué Director	**€7,875**	
Attendance fees	€7,875	
Other remuneration	-	-
Jacques Tierny Director		**€22,250**
Attendance fees		€22,250
Other remuneration		-

4. ALLOTMENT HISTORY - STOCK OPTIONS AND BONUS SHARES

Table 8 - Summary of stock options and bonus shares allotted as at the end of 2019

General Meeting date	**PLAN 1 16/09/2014**
Date of Board of Directors meeting	12/03/2015
Total number of options/shares available for subscription or purchase	480,000
Of which corporate officers:	0
Start date for exercise of options/shares	20% from 2015 20% from 2016 60% from 2018
Expiry date	12/03/2020
Subscription or purchase price	€10.64
Exercise terms	1 option for 1 share
Number of shares subscribed at 31/12/2019	42,000
Aggregate number of cancelled or lapsed options/shares	360,000
Balance of options/shares outstanding at 31 Dec. 2019	73,000

Table 9: Stock options granted in 2019 to the top 10 employees who are not eligible corporate officers, and options exercised by these persons during the 2019 financial year

None.

21 Exceptional remuneration paid to Benoît Hérault for the exceptional assignment conferred upon him by the Board of Directors (details in Table 2 above)

Table 10: Allotment history - bonus shares

General Meeting date	**Plan 1 16/09/2014**	**Plan 2 21/06/2016 (Preference shares)(*)**	**Plan 3 21/06/2016**
Date of Board of Directors meeting	12/03/2015	01/07/2016	01/07/2016
Total number of options/shares available for subscription or purchase	9,380	4,852 preference shares conferring potential entitlement to 485,200 ordinary shares at the maximum conversion ratio	4,690
Of which corporate officers:	0	0	0
Share vesting date	12/03/2017	30/06/2019	01/07/2017
End of lock-in period	12/03/2022	30/06/2024	01/07/2022
Number of shares vested at 31/12/2019	8,600	4732 preference shares conferring potential entitlement to 473,200 ordinary shares at the maximum conversion ratio	4,330
Aggregate number of cancelled or lapsed shares	760	120 preference shares	360
Outstanding bonus shares awarded at year-end	0	0	0
(*): When COFEPP acquired control of the Company on 1 March 2019, automatic conversion at the maximum conversion ratio was recognised in accordance with the plan rules. Accordingly, each preference share conferred entitlement to 100 ordinary shares, entailing a total of 473,200 ordinary shares in the Company.			

Conditions for the allotment of options subject to performance criteria

12 MARCH 2015 PLAN

480,000 stock options were allotted to 26 Group managers, including Chief Executive Officer Jean-Noël Reynaud, who received 110,000 options.

Each option gives the beneficiary the right to subscribe for or purchase one share in Marie Brizard Wine & Spirits at an exercise price of €10.64 per share, calculated on the basis of the average opening price for the Marie Brizard Wine & Spirits share over the 20 trading sessions preceding the date of the Board of Directors meeting.

The options allotted can only be exercised in stages, and subject to the fulfilment of performance criteria, under the following conditions:

A maximum of 20% of the options allotted could be exercised in 2015, in view of the achievement of a defined amount of consolidated underlying operating profit in respect of the financial year ended 31 December 2014, based on the consolidated financial statements for the same year. This 20% portion was indeed allotted.

A maximum of 20% of the options allotted could be exercised in 2016, in view of the achievement of a defined consolidated EBITDA margin level, based on the consolidated financial statements for the financial year ended 31 December 2015. This allocation represented 25% of the total.

A maximum of 60% of the options allotted could be exercised in 2018, subject to achievement of a defined consolidated EBITDA margin level, based on the consolidated financial statements for the financial year ended 31 December 2017. Since these performance targets were not achieved, no option could be exercised.

1 JULY 2016 PLAN

4,852 preference shares granting entitlement to a maximum of 485,200 ordinary shares were allotted to 27 Group managers, including Jean-Noël Reynaud, Chief Executive Officer, who received 1,284 preference shares granting entitlement to a maximum of 128,400 ordinary shares, subject to the fulfilment of performance criteria or in the event of a change of control. The preference shares allotted may only be converted subject to the fulfilment of performance criteria, under the following conditions (or in the event of a change of control):

Achievement of a consolidated EBITDA margin of at least 15% in respect of the financial year ended 31 December 2018; and,

Achievement of a weighted share price equal to at least the lower limit, i.e. twenty-two euros (€22) per share (the upper limit being thirty-three euros (€33)).

In the event of a major transaction (successful public tender offer, delisting of the Company share or takeover) the plan states that the aforementioned conditions will be deemed fulfilled and the preference shares will be automatically converted into ordinary shares at the maximum conversion ratio exactly two years after the vesting date, or on the date on which the relevant major operation is carried out if this is later.

Following the increase in COFEPP's equity stake, which constituted a major transaction as set out above, the preference shares were converted into ordinary shares on 1 August 2019 and allotted to the beneficiaries.

6.3.4 Equity ratios

In accordance with Article L. 225-37-3 (I) 6° of the French Commercial Code, the ratios between the remuneration awarded to the Chairman of the Board of Directors and Chief Executive Officer and the average and median amount of remuneration awarded to MBWS employees (on a full-time basis) and annual changes in these ratios are given below.

Year	**2016**	**2017**	**2018**	**2019**
Methodology	Amounts paid during the year			
Headcount sample	44	50	53	29
Corporate officer	Jean-Noël Reynaud	Jean-Noël Reynaud	Jean-Noël Reynaud	Andrew Highcock
Corporate officer gross annual (€)	570,851	464,534	308,000	517,327
Employee average gross annual (€)	88,313	94,421	93,738	106,508
Corporate officer gross annual/ employee average gross annual	6.46	4.92	3.29	4.86
Employee median gross annual (€)	95,699	103,000	95,917	106,851
Corporate officer gross annual/ employee median gross annual	5.97	4.51	3.21	4.86

2015: Lack of usable data and change in payroll system:
2016 and 2017: Increase in headcount in accordance with BiG2018 plan targets
2018 and 2019: Fall in earnings, restructuring and reduction in headcount, replacement of corporate officer
Significant change in headcount from 52 to 32, negative impact of earnings on variable remuneration, median > average remuneration trend opposite to market trend, apparent correction in 2019;
Pay package: amounts paid in respect of year N, gross base;
Headcount selected:
- Presents (12 months);
- Arrivals during the year, annualised;
- Part-time converted to full-time basis;
- Departures during the year are excluded.

	2016	**2017**	**2018**	**2019**
ANDREW HIGHCOCK **CHIEF EXECUTIVE OFFICER SINCE 29 OCTOBER 2018**				
Remuneration (€)			530,724[22]	789,720[23]
Ratio over average remuneration			5	7.4
Ratio over median remuneration			5.7	7.4
BENOÎT HÉRAULT **CHAIRMAN OF THE BOARD OF DIRECTORS FROM 30 JUNE 2015 TO 1 MARCH 2019**				
Remuneration (€)[24]	100,000	100,000	64,500	65,500
Ratio over average remuneration	1.13	1.06	0.69	0.61
Ratio over median remuneration	1.04	0.97	0.67	0.61

22 This amount has been annualised to take into account the start date of 29 October 2018; it includes remuneration for corporate office plus annual variable remuneration.

23 This amount includes remuneration for corporate office (€370,000), the impatriation bonus (€160,720 including €147,237 paid in 2019) and variable remuneration (€259,000 paid in April 2020).

24 This amount includes attendance fees and additional remuneration related to his consultancy assignment.

Average remuneration paid to Company employees (€)	88,313	94,421	93,738	106,508
Median remuneration paid to Company employees (€)	95,699	103,000	95,917	106,851
EBITDA (€000)	17,141	(11,947)	(27,173)	(12,090)

The Company determined the equity ratios in respect of each executive corporate officer as follows:

• Scope: Company headcount; the selected sample includes employees present on a 12-month basis, new arrivals on an annualised basis and part-time employees converted to a full-time basis. Employees leaving the Company during a given year are excluded.

• Period covered: 2016 to 2019, as 2015 data cannot be used.

• Remuneration covered: (i) numerator - fixed remuneration, variable remuneration, exceptional bonuses and other benefits awarded in respect of year N; (ii) denominator - fixed remuneration, variable remuneration, exceptional bonuses and other benefits awarded in respect of year N.

• Average ratio for year N: ratio between the gross annual remuneration awarded to each executive corporate officer and the average gross annual remuneration awarded to the Company's employees (FTE basis);

• Median ratio for year N: ratio between the gross annual remuneration awarded to each executive corporate officer and the median gross annual remuneration awarded to the Company's employees (FTE basis).

6.4 DESCRIPTION OF 2019 REGULATED AGREEMENTS

6.4.1 List of regulated agreements authorised and executed during the year ended 31 December 2019:

• Amendment 1 to the recapitalisation agreement signed on 21 December 2018 between the Company and COFEPP extending the term and limits applicable to the exercise of share warrants, after authorisation by the Board of Directors on 30 January 2019. This agreement was applied in 2019 upon the exercise of share warrants during the year.
Persons concerned: COFEPP (represented by Sylvia Bernard, Director), Jean-Pierre Cayard (Director), Edith Cayard (Director)
• Amendment 2 to the recapitalisation agreement signed on 21 December 2018 between the Company and COFEPP amending the end dates, after authorisation by the Board of Directors on 28 February 2019. This agreement was applied in 2019 upon the exercise of share warrants during the year.
Persons concerned: COFEPP (represented by Sylvia Bernard, Director), Jean-Pierre Cayard (Director), Edith Cayard (Director)
• Agreement signed between the Company and COFEPP on a further investment in the Company by COFEPP, after authorisation by the Board of Directors on 20 December 2019, providing for:
o an initial current account advance from COFEPP amounting to €15 million (bearing compounded interest at an annual rate of EURIBOR 3 month + 425 bps), to be paid by 17 January 2020 ("Bridge 1");
o a second current account advance from COFEPP amounting to €17 million (bearing compounded interest at an annual rate of EURIBOR 3 month + 425 bps), to be paid by 17 March 2020 ("Bridge 2");
o the grant of a number of security interests over MBWS and MBWS France assets to COFEPP to secure Bridges 1 and 2, namely senior or junior pledges of the Sobieski, Marie Brizard and William Peel trademarks, pledges of shares in MBWS France, Cognac Gautier and Vilnius Degtine, senior pledges of outstanding current account receivables between MBWS and Vilnius Degtine and between MBWS France and Cognac Gautier, and a personal guarantee by MBWS covering amounts owed by MBWS France in respect of Bridge 1;
o subscription by COFEPP to a rights issue for a total maximum amount of €105.3 million (including issue premium), underwritten up to 75% (i.e. €79 million including issue premium).
This agreement provides that COFEPP's investment would be subject to conditions precedent, including prior approval by MBWS's lending banks for the assignment of their receivables under the €45 million loan agreement signed on 26 July 2017 to COFEPP and the completion of a capital increase with shareholder preferential subscription rights (rights issue) by the Company for a total maximum amount of €105.3 million (including issue premium).
This agreement was signed on 20 December 2019 and was not applied in 2019.
Persons concerned: COFEPP (represented by Sylvia Bernard, Director), Jean-Pierre Cayard (Director), Edith Cayard (Director), Ana Luc, Pascale Anquetil, Georges Graux, Cyril Cahart.

6.4.2 List of regulated agreements entered into during the 2019 financial year and not previously authorised by the Board of Directors:

None.

6.4.3 List of regulated agreements authorised by the Board of Directors during the year ended 31 December 2019 and not yet signed:

None.

6.4.4 Regulated agreements authorised by the Board of Directors after the year ended 31 December 2019

• Signing of an amendment to the agreement signed on 20 December 2020 between the Company and COFEPP (Advance 1(b)) on a new investment in the Company by COFEPP aimed at covering the Group's immediate cash requirements.
As stated earlier, the agreement signed with COFEPP on 20 December 2019 provided for current account Advance 1 amounting to €15 million, paid during Q1 2020, and current account Advance 2 amounting to €17 million, for which the conditions precedent have not yet been lifted, notably the requirement to amend the Scotch whisky bulk supply agreement.
The amendment is designed to secure the Group's immediate cash requirements and provide for the establishment of an Advance 1(b) capped at €10 million. It provides for:

o a firm undertaking on the part of COFEPP to immediately pay MBWS (no later than 20 May) a €6 million current account advance (bearing compounded interest at an annual rate of EURIBOR 3 month floored at zero + 425 bps); then
o provision, at COFEPP's discretion, of a current account advance capped at €4 million; this second portion of the advance may only be provided subject to COFEPP's consent and proof of the cash requirements in question;
o the establishment of security interests, at COFEPP's discretion, via junior pledges of Sobieski trademarks, all shares in Gaïa I and/or the current account receivable between MBWS and MBWS France, coupled with a pledge covering shares in Cognac Gautier and/or Marie Brizard trademarks, in favour of COFEPP.
The amount of Advance 1(b) shall be deducted from the €17 million initially assigned to Advance 2. The security interests provided for by the 20 December 2019 agreement in respect of Advance 2, in the event that this advance is actually paid, remain unchanged.
Full payment of Advance 1(b) would cover the Group's estimated cash requirements.
This amendment was authorised by the Board of Directors on 14 May 2020 and signed on the same day.
Persons concerned: COFEPP (represented by Sylvia Bernard, Director), Jean-Pierre Cayard (Director), Edith Cayard (Director), Ana Luc (Director), Pascale Anquetil (Director), Georges Graux (Director), Cyril Cahart (Director).

6.4.5 List of previously approved regulated agreements that remained in effect during the year ended 31 December 2019:

PREVIOUSLY APPROVED AGREEMENTS

None

AGREEMENTS APPROVED DURING THE FINANCIAL YEAR ENDED

• Agreement between COFEPP and MBWS on the recapitalisation of the Company (agreement dated 21 December 2018) approved by the 31 January 2019 General Meeting. As stated earlier, COFEPP agreed to subscribe to a bond loan for a total nominal amount of €25 million (including €10 million for MBWS SA and €15 million for its subsidiary MBWS France) with an annual coupon rate of 4.56%, maturing on 30 April 2020 and to be paid up within two working days following the General Meeting.

This agreement was applied in 2019. This bond issue was subscribed to on 4 February 2019 then redeemed by offsetting receivables in March 2019 in the context of the reserved capital increase, in accordance with the agreement with COFEPP. The Company recorded a financial expense of €38,317 in 2019 in connection with this transaction.

Persons concerned: COFEPP (represented by Sylvia Bernard, Director), Jean-Pierre Cayard (Director), Edith Cayard (Director)

• Agreement signed between the Company and Benoît Hérault for a consultancy assignment, approved by the 31 January 2019 General Meeting. This agreement was continued in 2019 and terminated upon completion of the capital increase reserved for COFEPP in May 2019. Under this agreement, Benoît Hérault received €65,500 in respect of the 2019 financial year. The agreement ended on 28 February 2019, on the date of Mr Hérault's resignation as Director and Chairman of the Company's Board of Directors.

Persons concerned: Benoît Hérault

• Pledge agreement for the Sobieski trademark between the Company and COFEPP, approved by the 31 January 2019 General Meeting. This agreement continued in 2019. It was terminated upon completion of the capital increase reserved for COFEPP. This agreement had no financial impact in 2019.

Persons concerned: COFEPP (represented by Sylvia Bernard, Director), Jean-Pierre Cayard (Director), Edith Cayard (Director)

• Current account advance agreement between the Company and COFEPP, approved by the 31 January 2019 General Meeting, performance of which continued in 2019. This advance was reimbursed by offsetting receivables in March 2019 in the context of carrying out the reserved capital increase, in accordance with the agreement with COFEPP.

Interest expenses related to this advance amounted to €55,089 in 2019.
Persons concerned: COFEPP (represented by Sylvia Bernard, Director) and Andrew Highcock (Chief Executive Officer of MBWS)

6.5 AGREEMENTS ENTERED INTO BETWEEN A CORPORATE OFFICER OR MAJOR SHAREHOLDER AND A SUBSIDIARY

In accordance with the provisions of Article L. 225-37-4, 2° of the French Commercial Code, the Company hereby states that, to the best of its knowledge, apart from (i) the agreement entered into on 20 December 2019 between MBWS France, the Company and COFEPP relating to a new investment in the Company by COFEPP and (ii) agreements entered into in the ordinary course of business and on arm's length terms, no other agreements have been entered into, directly or via an intermediary, between (a) the Chief Executive Officer, one of the Directors or one of the shareholders holding over 10% of the Company's voting rights and (b) another company controlled by the Company within the meaning of Article L. 233-3 of the French Commercial Code.

6.6 PROCEDURE APPLICABLE TO UNRESTRICTED AGREEMENTS ENTERED INTO IN THE ORDINARY COURSE OF BUSINESS AND ON ARM'S LENGTH TERMS

In accordance with the provisions of Article L. 225-39 of the French Commercial Code as amended by the French PACTE act no. 2019-486 of 22 May 2019 on corporate growth and transformation, the Board of Directors has approved and implemented a procedure for periodically assessing whether agreements deemed to have been entered into in the ordinary course of business and on arm's length terms meet the requisite criteria.
Under this procedure, the Legal Division individually reviews each draft agreement to determine whether it is subject to the regulated agreements procedure, if it is an agreement entered into with a wholly owned subsidiary or if it meets the criteria set down in the Charter for classification as an agreement entered into in the ordinary course of business and on arm's length terms. As part of this review, the Finance Division may request the opinion of the Company's Statutory Auditors.

Every year, prior to the accounts closing procedure for the year ended, the Legal Division forwards a list of agreements entered into in the ordinary course of business and on arm's length terms, plus comments where applicable, to the Audit Committee. If, during the course of its annual review, the Audit Committee considers that a given agreement no longer meets the criteria applicable to agreements entered into in the ordinary course of business and on arm's length terms, it refers the matter to the Board of Directors. As applicable, the Board reclassifies the agreement as a regulated agreement, ratifies it and submits it to the next General Meeting for ratification, based on the special report prepared by the Statutory Auditors, in accordance with the provisions of Article L. 225-42 of the French Commercial Code.

It is hereby specified that, in accordance with the second paragraph of Article L. 225-39 of the French Commercial Code, persons having a direct or indirect interest in the agreement shall not take part in its assessment.

6.7 OTHER INFORMATION

6.7.1 Factors liable to have an impact in the event of a public tender offer

Agreements liable to result in a change of control

There are presently no agreements liable to result in a change of control.

Shareholder agreements and concerted actions

To the Company's knowledge, there is no concerted action between the Company's shareholders.

Factors liable to have an impact in the event of a public tender offer

Factors liable to have an impact in the event of a public tender offer are set out below, in accordance with Article L. 225-100-3 of the French Commercial Code.

Structure of the Company's share capital

Following the implementation of the agreement dated 31 December 2018 between the Company and Compagnie Financière Européenne de Prises de Participations (COFEPP), the Company is controlled by COFEPP within the meaning of Article L. 233-3 I of the French Commercial Code: COFEPP holds 22,779,967 Company shares representing, as at 31 January 2020, the same number of voting rights, i.e. 50.96% of the Company's share capital and 50.77% of its voting rights.

Restrictions on the exercise of voting rights and on share transfers pursuant to the Articles of Association or agreement clauses brought to the Company's attention in application of Article L. 233-11 of the French Commercial Code

None

Direct or indirect holdings in the Company's share capital

A breakdown of the Company's shareholder structure is set out in paragraph 2.5.1 of this document.

List of holders of any securities that confer special control rights and description of those rights

None

The system of control of any employee share scheme where the control rights are not exercised by the employees

None

Agreements between shareholders that are known to the Company and which may result in restrictions on the transfer of securities and the exercise of voting rights

To the Company's knowledge, there is no agreement between shareholders that could result in restrictions on the transfer of shares and on the exercise of voting rights in the Company.

Rules governing the appointment and replacement of Board members and the amendment of the Articles of Association

In accordance with the provisions of Article 13 of the Articles of Association, the members of the Board of Directors are appointed or re-appointed by the Ordinary General Meeting of Shareholders for a period of six years; their dismissal may be decided by the Ordinary General Meeting of Shareholders at any time.

In accordance with the terms of Article L. 225-96, paragraph 1 of the French Commercial Code, only the Extraordinary General Meeting is authorised to amend any of the provisions of the Articles of Association. However, we would remind you:

of the option granted to the Board of Directors (see Article 4 of the Articles of Association) to transfer the registered office within the same region (French *département*) or to a neighbouring region, subject to approval of this decision by the next Ordinary General Meeting; and

that the General Meeting may delegate its powers to the Board of Directors, as part of the financial authorisations that are requested on an annual basis.

Powers of the Board of Directors in the event of a public tender offer

On 31 January 2019, the Ordinary and Extraordinary General Meeting of Shareholders granted the Board of Directors a series of financial delegations and authorisations to issue and redeem Company shares. A list of these authorisations is provided in section 6.5 of this document. It is noted that these delegations and authorisations may be used freely by the Board of Directors, even when a public tender offer is underway.

Agreements entered into by the Company that are liable to be amended or terminated in the event of a change in control of the Company

The Company and/or its subsidiaries have signed agreements including change of control clauses, which therefore offer the contracting partner the option to terminate these agreements in the event of a change in control of the Company.

Agreements providing for compensation for members of the Board of Directors or employees if they resign or are dismissed without genuine and substantive grounds or if their employment is terminated due to a public tender offer

With the exception of the severance package that may be paid, subject to the fulfilment of performance criteria, to Andrew Highcock in the event of his dismissal or the non-renewal of his appointment as Chief Executive Officer (see section 6.3 of this document), the Company has made no other commitments towards the members of the Board of Directors or the Chief Executive Officer, with regard to compensation or benefits due or liable to be due as a result of or following the termination of or a change in their appointments, which could have an impact in the event of a public tender offer.

6.7.2 Summary table of current authorisations granted to the Board of Directors for capital increase transactions

Date of General Meeting	Type of authorisation	Authorised nominal amount	Term of authorisation	Authorisation used during the year
31 January 2019 17th resolution	Delegation of authority to be granted to the Board of Directors to decrease the share capital by cancelling treasury shares	10% of the share capital per twenty-four (24)-month period	26 months	None
31 January 2019 18th resolution	Delegation of authority to be granted to the Board of Directors to increase the share capital via the issuance - with preferential subscription rights - of ordinary shares and/or securities giving direct or indirect access to the Company's share capital	€50 million	26 months	None
31 January 2019 19th resolution	Delegation of authority to be granted to the Board of Directors to increase the share capital via the issuance - without preferential subscription rights - of ordinary shares and/or securities giving direct or indirect access to the Company's share capital	€30 million to count towards the €50 million global ceiling provided for by the 31 January 2019 General Meeting in its 18th resolution	26 months	None
31 January 2019 20th resolution	Delegation of authority to be granted to the Board of Directors to increase the share capital via the issuance, without preferential subscription rights, of ordinary shares and/or securities giving direct or indirect access to the Company's share capital, by way of private placement as provided by Article L. 411-2 II of the French Monetary and Financial Code	€15 million to count towards the €30 million ceiling provided for by the 31 January 2019 General Meeting in its 19th resolution and the €50 million global ceiling provided for by the 31 January 2019 General Meeting in its 18th resolution Securities issues are also limited by law to 20% of the share capital per year	26 months	None
31 January 2019 21st resolution	Delegation of authority to be granted to the Board of Directors to increase the number of shares to be issued in the event of a share capital increase with or without preferential subscription rights	Up to 15% of the initial issue and subject to the global ceiling provided for in the 18th resolution	26 months	None
31 January 2019 22nd resolution	Authorisation granted to the Board of Directors, in the event of issuance without shareholder preferential subscription rights subject to the terms of the 19th and 20th resolutions, to set the issue price, within a limit of 10% of the share capital and under the terms set by the General Meeting	10% of the share capital per twelve (12)-month period as well as the ceiling set by the 18th resolution towards which it will count	26 months	None

31 January 2019 23rd resolution	Delegation of authority to be granted to the Board of Directors to issue, without shareholder preferential subscription rights, ordinary shares and/or securities giving direct or indirect access to the Company's share capital, in consideration for securities contributed to the Company in the context of a public exchange offer initiated by the Company on the securities of another company	€15 million to count towards the €50 million global ceiling provided for by the 31 January 2019 General Meeting in its 18th resolution	26 months	None
31 January 2019 24th resolution	Delegation of authority to be granted to the Board of Directors to issue ordinary shares and/or securities giving access to the Company's share capital, as remuneration for contributions in kind made to the Company consisting of equity securities or securities giving access to the share capital of other companies	10% of the Company's share capital at the date of issuance, to count towards the €50 million global ceiling provided for by the 31 January 2019 General Meeting in its 18th resolution	26 months	None
31 January 2019 25th resolution	Delegation of authority to be granted to the Board of Directors to increase the share capital by capitalisation of additional paid-in capital, reserves, retained earnings or other amounts of which the capitalisation is allowed	It may not exceed the amount of the sums that may be incorporated into the share capital at the date of the Board of Directors meeting that exercises this authority, on the understanding that this amount will count towards the global ceiling provided for in the 18th resolution	26 months	None
31 January 2019 26th resolution	Delegation of authority to be granted to the Board of Directors to increase the share capital via the issuance of shares reserved for employees, with waiver of preferential subscription rights in favour of said employees	3% of the share capital, to count towards the €50 million global ceiling provided for by the 31 January 2019 General Meeting in its 18th resolution	26 months	None
31 January 2019 27th resolution	Authorisation granted to the Board of Directors to grant existing or future bonus shares to selected beneficiaries from among salaried employees and executive corporate officers	5% of the share capital, to count towards the €50 million global ceiling provided for by the 31 January 2019 General Meeting in its 18th resolution	38 months	None
31 January 2019 28th resolution	Delegation of authority to be granted to the Board of Directors to issue, with cancellation of shareholder preferential subscription rights in favour of COFEPP, (a) ordinary Company shares for a total par value of eighteen million eight hundred and fifty-six thousand euros (€18,856,000) or (b) (i) bonds to be issued by the Company and redeemable for new ordinary Company shares for a maximum par value representing - together with the maximum par value of bonds issued by MBWS France and redeemable for Company shares - a total par value of twenty-nine million five hundred thousand euros (€29,500,000) and (ii) new ordinary Company shares issued through the redemption of bonds to be issued by the Company or MBWS France, liable to result in a capital increase by a total nominal amount of fourteen million seven	€18,856,000	12 months	On 28 February 2019, the Board of Directors decided, subject to the condition precedent of obtaining AMF approval of the transaction prospectus, to issue nine million four hundred and twenty-eight thousand (9,428,000) new ordinary shares to COFEPP, at a price of four euros (€4) per share, including an issue premium of two euros (€2) per newly issued share, representing a capital increase by a total nominal amount of

	hundred and fifty thousand euros (€14,750,000)			eighteen million eight hundred and fifty-six euros (€18,856,000). On 1 March 2019, the Chief Executive Officer formally noted the subscription by COFEPP of all 9,428,000 new shares and full payment of the subscription price, partly in cash and partly by offset of receivables, and accordingly noted the completion of the Reserved Capital Increase.
31 January 2019 29th resolution	Delegation of authority to be granted to the Board of Directors to issue share warrants and allocate them free of charge to Company shareholders	Capital increase for a maximum nominal amount of sixty-six million euros (€66,000,000)	12 months	On 28 February 2019, the Board of Directors decided in principle on the issuance of 37,762,312 share warrants exercisable during one month, granted free of charge to the shareholders, and liable to give rise to the issuance of 16,418,396 new shares at a price of €3 each (including issue premium) (the "Short-Term Warrants") and 37,762,312 share warrants exercisable during 42 months, granted free of charge to the shareholders, and liable to give rise to the issuance of 16,418,396 new shares at a price of €3 each (including issue premium) (the "Long-Term Warrants"). On 25 March 2019, the Board of Directors decided, subject to the condition precedent of obtaining AMF approval of the supplementary note to the prospectus, to exercise the aforementioned delegation of authority and to issue the Short-Term Warrants and Long-Term Warrants and delegate powers to the Chief Executive Officer, subject to the limits and terms set out in its decision, to formally note the foregoing and the completion of these issues.

6.8 STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS

To the General Meeting of Marie Brizard Wine & Spirits ("MBWS"),

In our capacity as the Company's Statutory Auditors, we hereby submit our report concerning regulated agreements.

It is our responsibility to inform you, based on the information that has been provided to us, of the characteristic features, the main terms and conditions, and the reasons justifying the benefit for the Company of the agreements that have been disclosed to us, or of which we may have become aware during our assignment. It is not our responsibility to issue an opinion on their usefulness and legitimacy, or to ascertain whether other agreements exist. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code, to assess whether these agreements are appropriate and should be approved.

We are further required to inform you, if applicable, of disclosures required under Article R. 225-31 of the French Commercial Code concerning transactions during the financial year ended pertaining to agreements previously approved by the General Meeting.

We performed the checks that we considered necessary regarding this assignment in view of the professional standards issued by the French National Institute of Auditors. These checks consisted in verifying that the information provided to us is consistent with the source documents from which it was extracted.

Agreements subject to the approval of the General Meeting

Agreements authorised and signed during the financial year ended

Pursuant to Article L. 225-40 of the French Commercial Code, we have been informed of the following agreements entered into during the year ended and previously authorised by your Board of Directors.

Amendments 1 and 2 to the agreement between COFEPP and MBWS on the recapitalisation of the Company (agreement dated 21 December 2018)

Persons concerned: COFEPP (represented by Sylvia Bernard, Director), Jean-Pierre Cayard (Director), Edith Cayard (Director).

Type, terms and purpose:

Two amendments to the agreement between COFEPP and MBWS on the recapitalisation of MBWS signed on 21 December 2018 ("Term Sheet") were authorised by the Board of Directors on 30 January 2019 (Amendment 1) and 28 February 2019 (Amendment 2) and entered into on the same dates.

Under Amendment 1, the parties agreed (i) to extend the term of BSA 2 warrants from 27 to 42 months under the Term Sheet and (ii) to allow COFEPP to exercise up to 30% of the warrants issued in accordance with the main option.

Amendment 2 concerns changes to (i) the End Date, setting it at 1 March 2019, (ii) the deadline for obtaining AMF approval of the prospectus relating to the reserved capital increase and to the issuance of BSA 1 and BSA 2 warrants, setting it at 28 February 2019 for the reserved capital increase and 25 March 2019 for the issuance of the BSA warrants, and (iii) the first day of the periods for exercising BSA 1 and BSA 2 warrants under the Term Sheet.

These amendments were applied in 2019 due to the exercise of the warrants.

Reasons justifying the benefit of the commitment for the Company:

These two agreements were signed with the majority shareholder, COFEPP, in relation to the agreement on the recapitalisation of the Company (agreement dated 21 December 2018) in order to provide MBWS with new funds to be made available as soon as possible in order to cover the Group's immediate cash requirements.

Agreement on the main terms and conditions of a new investment by COFEPP in MBWS (agreement dated 20 December 2019)

Persons concerned: COFEPP (represented by Sylvia Bernard, Director), Jean-Pierre Cayard (Director), Edith Cayard (Director), Ana Luc (Director), Pascale Anquetil (Director), Georges Graux (Director), Cyril Cahart (Director).

Type, terms and purpose:

On 20 December 2019 the Board of Directors authorised the signing of an agreement between MBWS and COFEPP on the main terms and conditions of a new investment by COFEPP in MBWS, consisting of:

• an initial current account advance from COFEPP amounting to €15 million (bearing compounded interest at an annual rate of EURIBOR 3 month + 425 bps), to be paid by 17 January 2020 ("Advance 1");

• a second current account advance from COFEPP amounting to €17 million (bearing compounded interest at an annual rate of EURIBOR 3 month + 425 bps), to be paid by 17 March 2020 ("Advance 2");

• the grant of a number of security interests over MBWS and MBWS France assets to COFEPP to secure Advances 1 and 2, namely senior or junior pledges of the Sobieski, Marie Brizard and William Peel trademarks, pledges of shares in MBWS France, Cognac Gautier and Vilnius Degtine, senior pledges of outstanding current account receivables between MBWS and Vilnius

Degtine and between MBWS France and Cognac Gautier, and a personal guarantee by MBWS covering amounts owed by MBWS France in respect of Advance 1;

• subscription by COFEPP to a rights issue for a total maximum amount of €105.3 million (including issue premium), underwritten up to 75% (i.e. €79 million including issue premium).

This agreement provides that COFEPP's investment would be subject to conditions precedent, including prior approval by MBWS's lending banks for the assignment of their receivables under the €45 million loan agreement signed on 26 July 2017 to COFEPP and the completion of a capital increase with shareholder preferential subscription rights (rights issue) by the Company for a total maximum amount of €105.3 million (including issue premium).

This agreement was signed on 20 December 2019 and was not applied in 2019.

Reasons justifying the benefit of the agreement for the Company:

After several attempts to procure third-party financing to no avail, this agreement with majority shareholder COFEPP provides MBWS with new funds which would be made available as soon as possible to cover the Group's immediate cash requirements.

Agreements authorised and signed since financial year-end

We have been notified of the following agreement authorised and entered into since the close of the financial year ended and previously authorised by your Board of Directors.

Amendment to the agreement signed on 20 December 2019 between the Company and COFEPP ("Advance 1(b)")

Persons concerned: COFEPP (represented by Sylvia Bernard, Director), Jean-Pierre Cayard (Director), Edith Cayard (Director), Ana Luc (Director), Pascale Anquetil (Director), Georges Graux (Director), Cyril Cahart (Director).

Type, terms and purpose:

On 14 May 2020, the Board of Directors authorised an amendment to the agreement signed on 20 December 2019 between MBWS and COFEPP on a new investment by COFEPP in MBWS. This amendment provides for an "Advance 1(b)" subject to an overall cap of €10 million, consisting of:

• a firm undertaking on the part of COFEPP to immediately pay MBWS (no later than 20 May) a €6 million current account advance (bearing compounded interest at an annual rate of EURIBOR 3 month floored at zero + 425 bps); then

• provision, at COFEPP's discretion, of a current account advance capped at €4 million; this second portion of the advance may only be provided subject to COFEPP's consent and proof of the cash requirements in question;

• the establishment of security interests, at COFEPP's discretion, via junior pledges of Sobieski trademarks, all shares in Gaïa I and/or the current account receivable between MBWS and MBWS France, coupled with a pledge covering shares in Cognac Gautier and/or Marie Brizard trademarks, in favour of COFEPP.

The amount of Advance 1(b) shall be deducted from Advance 2, amounting to €17 million and not yet paid, as provided for in the 20 December 2019 agreement. The security interests provided for by the 20 December 2019 agreement in respect of Advance 2, in the event that this advance is actually paid, remain unchanged.

This agreement was signed on 14 May 2020.

Reasons justifying the benefit of the commitment for the Company:

The agreement signed with COFEPP on 20 December 2019 provided for current account Advance 1 amounting to €15 million, paid during Q1 2020, and current account Advance 2 amounting to €17 million, for which the conditions precedent have not yet been lifted, notably the requirement to amend the Scotch whisky bulk supply agreement. Advance 1(b) amounting to €10 million is designed to secure the Group's immediate cash requirements.

Agreements already approved by the General Meeting

Agreements approved in previous financial years

a) Agreements that continued to be performed during the year ended

In application of Article R. 225-30 of the French Commercial Code, we have been notified that the performance of the following agreements approved by the General Meeting in previous financial years continued during the financial year ended. As required by law, we hereby notify you that the Board of Directors did not conduct the annual review of agreements entered into and authorised in previous financial years that continued to be performed during the year ended, as provided for by Article L. 225-40-1 of the French Commercial Code.

Agreement between COFEPP and MBWS on the recapitalisation of the Company (agreement dated 21 December 2018)

Persons concerned: COFEPP (represented by Sylvia Bernard, Director), Jean-Pierre Cayard (Director), Edith Cayard (Director).

Type, terms and purpose:

A firm agreement between COFEPP and MBWS on the recapitalisation of MBWS was signed on 21 December 2018 ("Term Sheet"). Pursuant to this agreement, COFEPP agreed, provided that, by way of condition precedent, the General Meeting approved one of the two capital increase options, to subscribe to a bond issue for a total par value of €25 million (including €10 million for MBWS SA and €15 million for its subsidiary MBWS France). This agreement provided for a coupon rate of 4.56% per year, maturity on 30 April 2020 and amounts to be paid up within two days following the General Meeting.

This agreement approved by the 31 January 2019 General Meeting was applied during the year: this bond issue was subscribed to on 4 February 2019 then redeemed by offsetting receivables in March 2019 in the context of the reserved capital increase, in accordance with the agreement with COFEPP. The Company recorded a financial expense of €38,317 in 2019 in connection with this transaction.

Pledge agreement for the Sobieski trademark between the Company and COFEPP

Persons concerned: COFEPP (represented by Sylvia Bernard, Director), Jean-Pierre Cayard (Director), Edith Cayard (Director).

Type and purpose: A senior pledge of the Sobieski trademark granted to COFEPP was authorised on 28 May 2018 by the Board of Directors within the framework of the current account advance provided for by the agreement mentioned below. This pledge was approved by the General Meeting on 31 January 2019.

This agreement was continued in 2019 and terminated upon completion of the capital increase reserved for COFEPP.

This agreement had no financial impact in 2019.

Current account advance agreement between the Company and COFEPP

Persons concerned: COFEPP (represented by Sylvia Bernard, Director) and Andrew Highcock (Chief Executive Officer of MBWS).

Type, terms and purpose: A current account advance agreement between MBWS and COFEPP for an amount of €7.5 million was authorised by the Board of Directors on 28 May 2018 and signed for a one-year term ending at midnight on 30 April 2019.

This agreement was approved by the General Meeting on 31 January 2019.

This advance was designed to finance general Group requirements and carried an annual interest rate equal to the sum of (i) EURIBOR 12 months and (ii) the applicable margin set at 4.20%.

This advance was reimbursed by offsetting receivables in March 2019 in the context of carrying out the reserved capital increase, in accordance with the aforementioned agreement with COFEPP.

Interest expenses related to this advance amounted to €55,089 in 2019.

Agreement signed between the Company and Benoît Hérault for a consultancy assignment

Person concerned: Benoît Hérault, Chairman of the Board of Directors until 28 February 2019

Type, terms and purpose: On 29 October 2018, a consultancy assignment for a six-month renewable term was entrusted to Benoît Hérault, following authorisation granted by the Board of Directors on 26 October 2018, in order to assist MBWS senior management with negotiations with banking partners, principal shareholders and/or new investors. Benoît Hérault was not acting in the capacity of a senior executive of the Company and was therefore not empowered to represent or bind the Company.

This agreement sets the exceptional remuneration paid to Benoît Hérault for this assignment at €2,000 per day, capped at €200,000 over a six-month period. This fixed remuneration will be paid monthly, at the latest on the last business day of each calendar month in accordance with the Company's current policies and procedures. The exceptional remuneration will also include reimbursement by the Company of fees and business expenses incurred by Benoît Hérault in relation to this assignment.

This agreement was approved by the General Meeting on 31 January 2019.

Under this agreement, Benoît Hérault received €65,500 in respect of the 2019 financial year.

The agreement ended on 28 February 2019, on the date of Mr Hérault's resignation as Director and Chairman of the Company's Board of Directors.

b) Agreements that were not performed during the year ended

None.

Paris La Défense, 2 June 2020

The Statutory Auditors

KPMG

Stephane Devin

MAZARS

Erwan Candau

6.9 INFORMATION ON THE STATUTORY AUDITORS

6.9.1 Incumbent Statutory Auditors

Mazars

Member of the Versailles Regional Association of Statutory Auditors
Exaltis - 61 rue Henri Regnault - 92075 Paris la Défense
Represented by Erwan Candau
First appointed on: 8 August 2008
Re-appointed on: 16 September 2014
Appointment expires on: 31 December 2019

KPMG

Member of the Versailles Regional Association of Statutory Auditors
Tour EQHO - 2 avenue Gambetta - 92066 Paris la Défense
Represented by Stéphane Devin
First appointed on: 30 June 2015
Appointment expires on: 31 December 2020

6.9.2 Alternate Statutory Auditors

Gaël Lamant
Alternate to Mazars
Exaltis - 61 rue Henri Regnault - 92075 Paris la Défense
First appointed on: 16 September 2014
Appointment expires on: 31 December 2019

Salustro Reydel
Alternate to KPMG
Tour EQHO - 2 avenue Gambetta - 92066 Paris la Défense
First appointed on: 30 June 2015
Appointment expires on: 31 December 2020

7

GENERAL INFORMATION ON THE COMPANY AND ITS SHARE CAPITAL

7.1 GENERAL INFORMATION ON MARIE BRIZARD WINE & SPIRITS SA

7.1.1 Corporate name and LEI code

The Company's corporate and trade name is "MARIE BRIZARD WINE & SPIRITS".
The LEI code of Marie Brizard Wine & Spirits is 969500XQM2JOWHKWI437.

7.1.2 Trade and Companies Register, SIRET and EU VAT numbers

The Company is registered on the Paris Trade and Companies Register under No. 380 695 213.
The Company's SIRET number is 38069521300047. The APE code is 4676 Z.
The Company's EU VAT number is FR85380695213.

7.1.3 Term of the Company

The Company was incorporated on 8 February 1991 for a term of 99 years (i.e. until 8 February 2090), unless prematurely dissolved or extended as decided at an Extraordinary General Meeting of Shareholders.

7.1.4 Registered office, legal form and telephone number of registered office

The Company's registered office is at 27-29 Rue de Provence, 75009 Paris.
Registered office telephone number: +33 (0)1 46 82 05 05
The Company was incorporated in the form of a French limited company (*société anonyme*) with a Board of Directors.

7.1.5 Website

The Company's website address is http://fr.mbws.com.
The information shown on the website does not form part of the URD unless it is incorporated by reference herein.

7.1.6 Legislation governing the Company's activities - Country of origin

The Company is a French company governed by the provisions of the French Commercial Code. Its registered office is situated at 27-29 Rue de Provence, 75009 Paris.

7.2 MEMORANDUM OF INCORPORATION AND ARTICLES OF ASSOCIATION

7.2.1 Corporate purpose (Article 2 of the Articles of Association)

The corporate purpose is set out in Article 2 of the most recent version of the Company's Articles of Association. The objects of the Company are:

• The importing and exporting of all food and industrial products and all manufactured products and items, either on its own behalf or in the capacity of an agent;

• The acquisition by the Company of a direct or indirect interest, through contributions in kind, purchase of or subscription to securities, shares or rights in a company, merger, joint venture or otherwise, in any company or enterprise having a similar or related purpose;

• And generally all commercial, industrial, investment, real estate and financial transactions directly or indirectly related to the corporate purpose that could contribute to the development of the company.

7.2.2 Provisions regarding the Board of Directors (Articles 13 to 20)

ARTICLE 13 – BOARD OF DIRECTORS

I – The Company is managed by a Board of Directors consisting of at least three and no more than eighteen members.

During the existence of the Company, the Directors shall be appointed or re-appointed by the Ordinary General Meeting of Shareholders.

II – Their terms of office shall last for six years. The duties of a Director shall end at the close of the Ordinary General Meeting called to approve the financial statements for the previous financial year and held during the year in which said Director's term of office expires.

Board members may always be re-appointed.

They may be dismissed at any time by the Ordinary General Meeting.

No-one may be appointed as a Director if, having reached the age of 70, more than one third of the members of the Board of Directors would be over that age as a result of their appointment. If, when a Director reaches the age of 70, the aforementioned proportion of one third is exceeded, the oldest Director shall be considered to have resigned at the close of the next Ordinary General Meeting.

III – Directors may be private individuals or legal entities; a legal entity, at the time of its appointment as a Director, must designate a permanent representative subject to the same conditions and obligations and with the same responsibilities as if he/she were a Director in his/her own right, without prejudice to the joint and several liability of the legal entity represented; the permanent representative's term of office shall be assigned for the term of the legal entity represented; it must be renewed whenever the legal entity's term of office is renewed.

If the legal entity terminates the appointment of its representative, it is required to notify the Company of this termination, without delay by registered letter, and state the identity of its new permanent representative; the same shall apply in case of death, resignation or prolonged incapacity of the permanent representative.

IV - If one or more Directors' seats fall vacant between two General Meetings as a result of death or resignation, the Board of Directors may make one or more provisional appointments.

The appointments of Directors made by the Board of Directors shall be subject to ratification by the next Ordinary General Meeting. If they are not ratified, the resolutions voted and the actions performed by the Board prior to the General Meeting shall nevertheless remain valid.

If only one or two Directors remain in office, the Director or Directors, or otherwise the Statutory Auditors, shall immediately convene an Ordinary General Meeting of Shareholders for the purpose of appointing additional member(s) of the Board.

The Director appointed to replace another shall remain in office solely for the remaining period of his/her predecessor's term of office.

V – A Director who is a private individual may not belong to a total of more than five Boards of Directors, save the exceptions provided for by law. The calculation also includes positions of Chief Executive Officer, member of the Executive Board, sole managing director or member of the Supervisory Board at French limited companies held by the individual in question.

Save exceptions provided for by law, the position of permanent representative of a legal entity Director or Supervisory Board member shall be included in the calculation of the number of offices held by said individual.

A Company employee may be appointed as a Director if their contract of employment pre-dates their appointment and corresponds to genuine employment.

In a case of merger or de-merger, the contract of employment may have been entered into with one of the merged companies or with the de-merged company.
The number of the Company's Directors bound to the Company by a contract of employment shall not exceed one third of the Directors holding office.

ARTICLE 14 – BOARD MEETINGS

The decisions shall be taken via a majority vote of the members present or represented; each Director shall have one vote, and shall not be entitled to represent more than one of their colleagues.
Under the conditions provided for by law and the regulations, the internal rules of procedure of the Board of Directors may provide that those persons considered to be present for the purpose of calculating the quorum and majority of Directors attending the meeting may attend by means of video-conference or telecommunications technology. Voting by means of video-conference or telecommunications technology is nevertheless prohibited in the case of resolutions concerning the approval of the parent company financial statements or consolidated financial statements, the appointment and dismissal of the Chairman of the Board of Directors, the Chief Executive Officer and Deputy Chief Executive Officers.
The Chairman shall have the casting vote in the event of a tied vote.
III - An attendance register shall be kept, to be signed by the Directors attending the Board of Directors meeting.
The mere mention in the minutes of each meeting of the names of the Directors present, represented or absent shall constitute valid proof vis-à-vis third parties of the number of Directors holding office and of their respective appointments.
IV - The deliberations of the Board of Directors shall be recorded in minutes drawn up in accordance with the applicable statutory provisions and signed by the Chairman of the session and one Director or, should the Chairman be prevented from doing so, by two Directors.
Copies or extracts from these minutes may be certified by the Chairman of the Board of Directors, a senior executive, a Director temporarily authorised to perform the functions of the Chairman or a proxy empowered for this purpose.

ARTICLE 17 – POWERS OF THE BOARD OF DIRECTORS

The Board of Directors shall determine the strategies that guide the Company's operations and shall ensure that they are implemented. Subject to the powers specifically assigned to General Meetings of Shareholders, and within the limits of the corporate purpose, the Board shall deal with any matter involving the proper operation of the Company, and settle any matters concerning it through its discussions.
In its dealings with third parties, the Company shall be bound even by actions of the Board of Directors that are not related to the corporate purpose, unless it proves that the third party was aware that the action exceeded that purpose, or could not have been unaware of this fact given the circumstances, although the sole publication of the Articles of Association shall not constitute sufficient proof thereof.
The Board of Directors may carry out any checks and verifications it considers appropriate.

Each Director shall receive all of the information necessary for the performance of his/her assignment and may request and obtain any documents he/she considers appropriate.
The Board of Directors may delegate authority to any persons of its choice within the limit of the powers conferred to the Board by law and under the present Articles of Association.
It may decide to create committees responsible for reviewing matters which the Board or its Chairman shall submit to them for examination and for their opinion.
The Board of Directors shall have full power to authorise the Chairman and Chief Executive Officer to assign any sureties as security for any bonds issued or to be issued by the Company.

ARTICLE 18 – SENIOR MANAGEMENT

I – The senior management of the Company is assumed, under his/her responsibility, by the Chairman of the Board of Directors or by another individual, who may or may not be a Director, appointed by the Board of Directors and bearing the title of Chief Executive Officer.
The Board of Directors shall choose between the two general management options referred to in the previous paragraph, and shall appoint a Chief Executive Officer, where applicable.
The shareholders and third parties shall be informed of this choice under the conditions provided for by law and the regulations.
If general management is assumed by the Chairman of the Board of Directors, all of the following provisions relating to the Chief Executive Officer shall apply to the former.
The Chief Executive Officer's term of office shall be fixed by the Board of Directors, subject to the Board's right to remove the Chief Executive Officer from office and the Chief Executive Officer's right to step down before the end of his/her term of office.
The term of the functions of a Chief Executive Officer may not exceed that of his/her term of office as a Director.
No one may simultaneously hold more than one position as Chief Executive Officer of limited companies that have their registered office in France, except in specific cases provided for by law.
No one over the age of 70 may be appointed as Chief Executive Officer. Furthermore, if the incumbent Chief Executive Officer reaches this age, he/she shall be deemed to have resigned automatically at the close of the next meeting of the Board of Directors.
The Chief Executive Officer shall represent the Company in its dealings with third parties and shall be vested with full powers within the limits of the corporate purpose, subject, however, to the powers expressly assigned by law to General Meetings.
In dealings with third parties, the Chief Executive Officer is empowered to bind the Company even through actions that fall outside the scope of the corporate purpose, unless the Company proves that the third party was aware that the action exceeded that purpose, or that they could not ignore this fact in view of the circumstances.

However, the mere publication of the Articles of Association shall not constitute sufficient proof thereof.
The Chief Executive Officer may be dismissed at any time by the Board of Directors.
II – At the proposal of the Chief Executive Officer, the Board of Directors may appoint Deputy Chief Executive Officers, who must be individuals, chosen from among the Directors or outside of their number, up to a limit of five Deputy Chief Executive Officers.
Deputy Chief Executive Officers may be dismissed at any time by the Board of Directors, at the proposal of the Chief Executive Officer; in case of the latter's death, resignation or dismissal, they shall retain their functions and responsibilities until the appointment of a new Chief Executive Officer, unless the Board decides to the contrary.
The extent and term of the powers granted to the Deputy Chief Executive Officers shall be determined by the Board of Directors with the agreement of the Chief Executive Officer.
Where a Deputy Chief Executive Officer is also a Director, their term of office as Deputy Chief Executive Officer may not exceed their term of office as Director.
Deputy Chief Executive Officers shall have the same powers as the Chief Executive Officer in relation to third parties.
No one over the age of 70 may be appointed as Deputy Chief Executive Officer. Furthermore, if an incumbent Deputy Chief Executive Officer reaches this age, they shall be deemed to have resigned automatically at the close of the next meeting of the Board of Directors.

ARTICLE 19 – REMUNERATION OF THE DIRECTORS, CHAIRMAN, CHIEF EXECUTIVE OFFICER, DEPUTY CHIEF EXECUTIVE OFFICERS AND REPRESENTATIVES OF THE BOARD OF DIRECTORS

I – The Ordinary General Meeting may allocate to the Directors an attendance fee, the amount of which shall be included in the Company's overheads and shall remain applicable until a decision to the contrary has been taken by the General Meeting. The Board of Directors shall allocate these fees between its members as it sees fit.
II – The remuneration paid to the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officers shall be determined by the Board of Directors.
Such remuneration may be either fixed, proportional or both fixed and proportional.
III – The Board of Directors may grant exceptional payments for assignments or mandates assigned to Directors. In such a case, this remuneration shall be accounted for as operating expenditure and shall be subject to the approval of the Ordinary General Meeting.
No remuneration, whether permanent or otherwise, other than that which is provided for, may be allocated to the Directors, unless they are bound to the Company by a contract of employment under the conditions permitted by law.

ARTICLE 20 – AGREEMENTS BETWEEN THE COMPANY AND A DIRECTOR, CHIEF EXECUTIVE OFFICER OR DEPUTY CHIEF EXECUTIVE OFFICER

1 – Any agreement made directly or indirectly between the Company and:
- its Chief Executive Officer, any of its Deputy Chief Executive Officers or any of its Directors,
- any of its shareholders holding more than 10% of the voting rights, or
- a company controlling a shareholder company holding more than 10% of the voting rights,

shall constitute a regulated agreement subject to prior authorisation by the Board of Directors if it does not correspond to a normal transaction carried out on arm's length terms. The Chief Executive Officer, Deputy Chief Executive Officer, Director or shareholder in question shall be required to inform the Board as soon as he/she becomes aware of an agreement that is subject to authorisation.
Such a person may not take part in the voting concerning the authorisation requested. These agreements shall be subject to the approval of the Shareholders' Meeting under the conditions provided for by law.
This shall also be the case when one of the aforementioned persons has an indirect interest in the agreement and when an agreement is entered into between the Company and a company of which any such person is the owner, a partner with unlimited liability, Manager, Chief Executive Officer, Deputy Chief Executive Officer, Member of the Executive Board, Director or Member of the Supervisory Board, or in which such person exercises a general management role.
2 – Any agreement falling within the field of application of regulated agreements as defined above, but concerning a normal transaction entered into on arm's length terms, must be communicated by the party concerned to the Chairman of the Board of Directors, unless the agreement is not material for any of the parties in terms of its purpose or financial implications. The Chairman of the Board of Directors shall then forward a list of these agreements and their purpose to the Board of Directors, the Statutory Auditors and any shareholder so requesting.
3 – Members of the Board of Directors other than legal entities are not permitted to take out loans from the Company, in any form whatsoever, or to have the Company grant them a current account or other overdraft or offer a guarantee or endorsement to cover their commitments to third parties.

The same prohibition applies to the Chief Executive Officer, Deputy Chief Executive Officers and the permanent representatives of legal entities holding office as Director. It also applies to spouses, ascendants or descendants of the persons covered by this article, as well as to any intermediary.

7.2.3 Provisions regarding General Meetings (Articles 22 to 29)

ARTICLE 22 – GENERAL MEETINGS

The collective decisions of shareholders shall be made during the General Meetings, which shall be defined as ordinary, extraordinary or separate, depending on the type of decisions they are required to take.

Separate General Meetings are attended by the shareholders of a predetermined share class, in order to approve any change to the rights attached to shares in that class. These meetings shall be convened and shall deliberate under the same conditions as for Extraordinary General Meetings.

Any duly constituted General Meeting shall represent the entire shareholder body.

General Meeting resolutions are binding on all shareholders, even if absent, dissenting or incapacitated.

ARTICLE 24 – AGENDA

I - The agenda for General Meetings shall be prepared by the person convening the meeting.

II - One or more shareholders representing at least the percentage of share capital specified by law and acting in accordance with statutory conditions and time limits may request the inclusion of draft resolutions in the agenda for the General Meeting, via registered letter with acknowledgement of receipt.

III - The General Meeting may not vote on an issue that has not been entered on the agenda, nor may the agenda be changed if there is a second notice of meeting. It may, however, in all circumstances, dismiss one or more Directors and proceed to their replacement.

ARTICLE 25 – ADMISSION TO GENERAL MEETINGS – PROXY

Every shareholder shall have the right, upon proving his/her identity, to participate in General Meetings regardless of the number of shares that he/she holds, by attending in person, by returning a postal ballot form or by appointing a proxy, provided that:

- in the case of registered shares, the shares are registered in the Company's share register in the name of the shareholder or intermediary appointed to act on their behalf pursuant to paragraph 7 of Article L. 228-1 of the French Commercial Code;
- in the case of bearer shares, the shares are registered in the name of the shareholder or intermediary appointed to act on their behalf pursuant to paragraph 7 of Article L. 228-1 of the French Commercial Code in the bearer share ledgers held by the duly appointed intermediary;

on the second business day prior to the General Meeting at midnight, Paris time.

ARTICLE 26 – ATTENDANCE SHEET – OFFICERS – MINUTES

I – An attendance sheet containing the information required by law shall be kept at each General Meeting.

This attendance sheet, duly signed by the shareholders present and the proxies and stating the powers given to each proxy and, if applicable, the postal voting forms, shall be certified as correct by the officers of the meeting.

II - General Meetings are chaired by the Chairman of the Board of Directors or, in his absence, by a Deputy Chairman or a Director specially appointed for this purpose by the Board.

If the meeting is convened by any of the Statutory Auditors, it shall be chaired by one of them.

In all cases, where no one is entitled or appointed to chair the General Meeting, it shall elect its own chairman.

The duties of teller shall be performed by two shareholders present who agree to do so and who, either on their own account or as proxies, possess the largest number of votes.

The officers thus appointed shall appoint a secretary, who need not be a shareholder.

The officers shall be responsible for checking, certifying and signing the attendance sheet, ensuring that the discussions are held properly, dealing with any incidents that occur during the meeting, checking the votes cast, ensuring that they are compliant and ensuring that the minutes are drawn up.

III - The minutes shall be drawn up and copies or extracts of the deliberations shall be issued and certified in accordance with the law.

ARTICLE 27 – QUORUM – VOTING – NUMBER OF VOTES

I – In Ordinary and Extraordinary General Meetings, the quorum shall be calculated on the basis of all shares comprising the share capital or, in the case of Separate General Meetings, all shares of the class in question, less any shares stripped of voting rights pursuant to statutory provisions.

When calculating the quorum in the event of a postal vote, consideration may only be given to ballots received by the Company before the General Meeting is held, under the conditions and deadlines determined by decree.

II – The voting rights attached to shares are proportional to the share capital that they represent. Where all the shares have the same par value, each equity share or dividend share shall carry entitlement to one vote.

Any holder of fully-paid up shares, who can prove registration in their name for at least the previous four (4) years, shall enjoy double voting rights as provided for by law. Furthermore, in the event of a capital increase via the capitalisation of reserves, profits or additional paid-in capital, double voting rights will be granted to the new bonus registered shares allotted to a shareholder, where they are entitled to this right, as soon as they are issued.

Any share converted into a bearer share or where the ownership is transferred shall forfeit the double voting right.

Transfer through succession, liquidation of communal property between spouses or *inter vivos* gift to a spouse or relative entitled to inherit an estate shall not cause the acquired right to be forfeited and shall not interrupt the four-year period provided for under this article.

III – If the shares have been pledged, the voting right shall be exercised by the owner of the securities.

The issuing company may not vote using shares it has subscribed to, acquired or accepted as security and these shares are not taken into account in calculating the quorum.

IV - The voting process shall be held and the votes cast by show of hands, by "sitting and standing" or by roll call, as decided by the officers of the General Meeting.

ARTICLE 28 – ORDINARY GENERAL MEETINGS

I - The Ordinary General Meeting is the meeting convened to take any decisions that do not involve amendments to the Articles of Association. It shall meet at least once a year, according to the statutory and regulatory deadlines in force, to approve the financial statements for the previous financial year.

II – When convened for the first time, the Ordinary General Meeting may only validly deliberate if the shareholders present, represented or voting by post hold at least one-fifth of the shares to which voting rights are attached. If the meeting is convened for the second time, no quorum is required. The meeting shall pass resolutions via a majority of the votes of the shareholders present or represented, including shareholders voting by post.

ARTICLE 29 – EXTRAORDINARY GENERAL MEETINGS

I - Only the Extraordinary General Meeting shall be entitled to amend the Articles of Association in all the provisions thereof. However, it may not increase the shareholders' commitments, except in the case of transactions resulting from an exchange of shares or a reverse share split duly decided upon and executed.

II – Extraordinary General Meetings may only pass resolutions if the shareholders present, represented or voting by post hold, when the meeting is convened for the first time, one quarter and, when convened for the second time, one fifth of the voting shares. If the latter quorum is not obtained, the second Extraordinary General Meeting may be postponed to a date no later than two months following the date on which it was convened. It shall rule by a two-thirds majority of the votes of the shareholders present or represented, including shareholders voting by post.

It shall rule by a two-thirds majority of the votes of the shareholders present or represented, including shareholders voting by post.

III – By way of statutory exemption to the foregoing, a General Meeting that decides to increase the capital by capitalisation of reserves, profits or additional paid-in capital may so approve as long as it is quorate and has the majority applicable to the Ordinary General Meeting.

Furthermore, in an Extraordinary General Meeting convened to vote on the approval of a contribution in kind or the granting of a special benefit, the contributor or the beneficiary whose shares do not carry voting rights shall not be entitled to vote, either on their own behalf or as a proxy, and each of the other shareholders shall have a number of votes equal to the shares that they own without this number exceeding ten; a shareholder's proxy shall have the votes that they hold under the same conditions and up to the same limit.

In the case of contributions in kind or grants of special benefits, one or more independent appraisers shall be appointed by the courts at the request of any interested party.

IV - If several categories of shares exist, no change may be made to the rights attached to shares in any of these categories, without a due vote at an Extraordinary General Meeting open to all shareholders and, furthermore, without a vote that is also compliant in a General Meeting open only to the holders of shares in the category in question.

7.2.4 Conditions governing changes in the share capital pursuant to the Articles of Association (Article 7)

ARTICLE 7 – CHANGES TO THE SHARE CAPITAL

I - The share capital may be increased in all ways and by all means authorised by the law.

Only the Extraordinary General Meeting is authorised to pass a resolution to increase the share capital, based on a report from the Board of Directors containing the disclosures required by law.

Pursuant to the law, shareholders have a preferential right to subscribe for shares in cash issued as part of a capital increase in proportion to the number of shares that they hold. They may waive this right on an individual basis. Shareholders also have an option to subscribe for additional shares if expressly authorised by a General Meeting resolution.

Unless agreed otherwise, entitlement to new shares following the capitalisation of reserves, profits or additional paid-in capital belongs to the legal owner, subject to the rights of the beneficiary.

II - Extraordinary General Meetings may also authorise or resolve on a reduction in the share capital for any reasons and by any means, subject to any creditors' rights. Under no circumstances, however, may a share capital reduction infringe shareholder equality.

A share capital reduction, irrespective of the reason, whereby the share capital falls below the statutory minimum may only be decided if a condition precedent is established providing for a capital increase aimed at restoring the amount of share capital to at least the statutory minimum, unless the Company adopts a different legal form that does not require the share capital to exceed the amount of share capital following the reduction.

Otherwise, any interested party may apply to the courts to have the Company wound up. The court may not order the Company to be wound up if the amount of share capital has been restored to the statutory minimum by the day on which the court rules on the merits.

7.2.5 Other information

- Clauses liable to affect the control of the Company:

The Company's Articles of Association do not contain any provisions that enable a change in control to be delayed, deferred or prevented.

7.3 BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS

7.3.1 Current shareholder structure

Breakdown of share capital and voting rights at 5 February 2020

Shareholders	Number of shares	% of share capital held	Number of theoretical voting rights	% of voting rights held
COFEPP	22,779,967	50.96%	22,779,967	50.77%
Diana Holding	3,940,000	8.81%	3,940,000	8.78%
BDL Capital Management	2,886,968	6.46%	2,886,968	6.43%
Other	15,091,519	33.77%	15,257,693	34.01%
TOTAL	**44,698,454**	**100%**	**44,864,628**	**100%**

Breakdown of share capital and voting rights for the past three financial years

	Situation at 31/12/2019			Situation at 31/12/2018			Situation at 31/12/2017		
	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights
COFEPP	22,779,967	50.96%	50.86%	8,352,943	29.48%	29.28%	8,352,943	29.48%	29.28%
Diana Holding	3,940,000	8.81%	8.80%	3,940,000	13.90%	13.81%	3,940,000	13.90%	13.82%
Schroder Investment Management							1,440,290	5.08%	5.05%
BDL Capital Management	2,886,968	6.46%	6.45%	1,985,524	7.01%	6.96%			
Other shareholders	15,090,969	33.76%	33.90%	14,060,187	49.61%	49.94%	14,603,282	51.54%	51.85%
TOTAL	**44,697,904**	**100.00%**	**100.00%**	**28,338,654**	**100.00%**	**100.00%**	**28,336,515**	**100.00%**	**100.00%**
Theoretical voting rights according to monthly declaration			44,903,229			28,523,904			28,501,675

7.3.2 Recent events relating to the breakdown of share capital and voting rights

Threshold crossing disclosure: COFEPP (1 March 2019)

1. By letter received on 1 March 2019, Compagnie Financière Européenne de Prise de Participation[1] (COFEPP), a French limited company (85 Rue de l'Hérault, 94220 Charenton-le-Pont) stated that on 1 March 2019 it had exceeded the 30% and one-third thresholds in Marie Brizard Wine & Spirits' share capital and voting rights and that it held 17,779,967 Marie Brizard Wine & Spirits[2] shares representing as many voting rights, i.e. 47.08% of the share capital and 46.85% of the voting rights in the Company[3]. The crossing of these thresholds resulted from subscription to a share capital increase carried out by Marie Brizard Wine & Spirits and reserved for the reporting entity[4].

2. Having exceeded the 30% thresholds in the share capital and voting rights of Marie Brizard Wine & Spirits, COFEPP was granted an exemption from the requirement to file a mandatory offer pursuant to AMF decision D&I 219C0222 published online on 6 February 2019.

1 Controlled by the Cayard family group.

2 NB: Marie Brizard Wine & Spirits holds 586,670 treasury shares representing 1.55% of its capital.

3 On the basis of share capital consisting of 37,767,044 shares, representing 37,951,904 voting rights pursuant to paragraph 2 of Article 223-11 of the AMF General Regulation.

4 See in particular the prospectus approved by the AMF on 28 February 2019 under number 19-066 and the Marie Brizard Wine & Spirits press release dated 28 February 2019.

Threshold crossing disclosure: COFEPP (29 March 2019)

1. By letter received on 1 April 2019, Compagnie Financière Européenne de Prise de Participation[1] (COFEPP), a French limited company (85 Rue de l'Hérault, 94220 Charenton-le-Pont) stated that on 29 March 2019 it had exceeded the 50% threshold in Marie Brizard Wine & Spirits' share capital and voting rights and that it held 22,779,967 Marie Brizard Wine & Spirits shares representing as many voting rights, i.e. 53.27% of the share capital and 53.03% of the voting rights in the Company[3].

The crossing of these thresholds resulted from the reporting entity exercising 11,500,000 Marie Brizard Wine & Spirits short-term warrants (23 warrants entitling the holder to subscribe to 10 shares at a price of €3 per share) allocated on 29 March 2019. In application of Article 223-14 III of the AMF General Regulation, the reporting entity stated that it held 6,279,967 short-term warrants (23 warrants entitling the holder to subscribe to 10 shares at a price of €3 per share until 29 April 2019) and 17,779,967 long-term warrants (23 warrants entitling the holder to subscribe to 10 shares at a price of €3 per share until 29 September 2022)[4].

2. Having increased its share in Marie Brizard Wine & Spirits' share capital and voting rights by more than 1% in less than 12 consecutive months since the last recorded position of between 30% and 50% (see AMF decision D&I 219C0388 dated 4 March 2019), COFEPP was granted an exemption from the requirement to file a mandatory offer pursuant to AMF decision D&I 219C0222 published online on 6 February 2019.

1 Controlled by the Cayard family group.

2 NB: Marie Brizard Wine & Spirits holds 586,670 treasury shares representing 1.37% of its capital.

3 On the basis of share capital consisting of 42,767,044 shares, representing 42,958,295 voting rights pursuant to paragraph 2 of Article 223-11 of the AMF General Regulation.

4 See in particular the prospectus approved by the AMF on 28 February 2019 under no. 19-066, the supplementary note to said prospectus approved by the AMF on 25 March 2019 under no. 19-114 and the Marie Brizard Wine & Spirits press release dated 25 March 2019.

Threshold crossing disclosure: BDL Capital Management (29 April 2019)

By letter received on 29 April 2019, BDL Capital Management[1] (28 Rue de Berri, 75008 Paris), a French joint-stock company acting on behalf of funds whose investments it manages, stated that on 24 April 2019 it crossed above the 5% threshold in Marie Brizard Wine & Spirits' share capital and voting rights and that it held 2,886,968 Marie Brizard Wine & Spirits shares representing as many voting rights, i.e. 6.75% of the share capital and 6.72% of the voting rights in the Company[2], on behalf of said funds. The crossing of these thresholds resulted from the exercise of Marie Brizard Wine & Spirits short-term warrants by the reporting entity.

In application of Article 223-14 III of the AMF General Regulation, the reporting entity stated that it held 874,842 long-term warrants (23 warrants entitling the holder to subscribe to 10 shares at a price of €3 per share until 29 September 2022)[3].

1: Ultimately held at 50% each by Hugues Beuzelin and Thierry Dupont, who do not hold any Marie Brizard Wine & Spirits shares directly.

2: On the basis of share capital consisting of 42,762,312 shares, representing 42,954,947 voting rights pursuant to paragraph 2 of Article 223-11 of the AMF General Regulation.

3: See in particular the prospectus approved by the AMF on 28 February 2019 under no. 19-066, the supplementary note to said prospectus approved by the AMF on 25 March 2019 under no. 19-114 and the Marie Brizard Wine & Spirits press release dated 25 March 2019.

Threshold crossing disclosure: Diana Holding (6 June 2019)

By letter received on 5 June 2019, supplemented by a letter received on 6 June 2019, the Moroccan limited company Diana Holding[1] (Domaine Zniber, Ait Harzallah, Province of El Hajeb, Wilaya de Meknes Tafilalet, Morocco) stated by way of rectification that it had crossed below the 10% threshold in Marie Brizard Wine & Spirits' share capital and voting rights on 4 April 2019 and that, at that date, it held 3,940,000 shares in Marie Brizard Wine & Spirits representing as many voting rights, i.e. 9.21% of the share capital and 9.17% of the voting rights in the Company[2]. The crossing of these thresholds resulted from an increase in the total number of Marie Brizard Wine & Spirits shares and voting rights. The reporting entity also stated that, as of 6 June 2019, it held 3,940,000 Marie Brizard Wine & Spirits shares representing as many voting rights, i.e. 8.82% of the share capital and 8.78% of the voting rights in the Company[3]. The reporting entity stated that, as of 4 April 2019 and at the present date, it held the following warrants pursuant to Article 223-14 III of the AMF General Regulation:

• 3,940,000 "BSA 2022" long-term warrants exercisable until 29 September 2022 (23 warrants granting entitlement to subscribe to 10 Marie Brizard Wine & Spirits shares at a unit price of €3 per share[4]); and

• 700,000 "BSAR 2023" redeemable warrants exercisable until 31 December 2023 and granting entitlement, if exercised, to the same number of Marie Brizard Wine & Spirits shares at a unit price of €25 per share[5].

1: Controlled by the Zniber family.

2: On the basis of a share capital consisting of 42,762,312 shares at this date representing 42,954,947 voting rights pursuant to paragraph 2 of Article 223-11 of the AMF General Regulation.

3: On the basis of a share capital consisting of 44,691,714 shares, representing 44,884,729 voting rights pursuant to paragraph 2 of Article 223-11 of the AMF General Regulation.

4: See in particular the prospectus approved by the AMF on 28 February 2019 under no. 19-066, the supplementary note to said prospectus approved by the AMF on 25 March 2019 under no. 19-114 and the Marie Brizard Wine & Spirits press release dated 25 March 2019.

5: See in particular the Marie Brizard Wine & Spirits press release dated 6 April 2016.

7.3.3 Nature of control and measures taken to ensure that it is not exercised in an abusive manner

In accordance with the European Regulation for the application of the "Prospectus" Directive (Regulation (EC) No. 809/2004 issued by the European Commission on 29 April 2004), the Company has adopted various corporate governance measures designed to ensure that control over the Company is not exercised in an abusive manner.

This control is ensured by the various governance bodies within Marie Brizard Wine & Spirits, as explained in further detail in Chapter 6.

At the present date, except for agreements entered into in the ordinary course of business, no agreement between Group companies and companies belonging to the majority shareholder has been entered into besides the agreements listed in Section 6.5.

Regulated agreements are listed in the Statutory Auditors' special report on regulated agreements.

The Group is not currently aware of any potential conflicts of interests between the duties of any of the corporate officers towards the issuer and their private interests and/or any other duties.

7.3.4 Change of control

The firm offer agreed between the Company and COFEPP on 21 December 2018 was approved by the shareholders at the General Meeting held on 31 January 2019. On 28 February 2019 MBWS announced that it had obtained the authorisation of the French antitrust authority for the COFEPP transaction.

Under the terms of this authorisation, COFEPP has committed to selling the following to a third party independent of both the Company and COFEPP:

• the business activity related to the Porto Pitters brand, in France and abroad; and

• the business activity related to the Tiscaz tequila brand, in France only or in France and abroad depending on the performance terms of the commitment.

7.3.5 Identifiable bearer share survey

A survey on identifiable bearer shares performed by Euroclear on 5 February 2020 enabled a total of 44,698,454 shares to be identified, i.e. 100% of the shares that make up the Company's share capital.

Institutional investors hold 17.17% of the shares that make up the share capital, private investors hold 16.59% and 66.24% of the share capital is held by strategic investors (Diana Holding, COFEPP and BDL Capital Management).

7.4 DIVIDENDS

7.4.1 Reminder regarding the Articles of Association

Concerning the appropriation of earnings, Article 33 of the Articles of Association provides that: "Distributable profit consists of the profit for the year less previous losses and amounts transferred to reserves, pursuant to the law and the Articles of Association, plus retained earnings brought forward.

This profit is distributed among the shareholders in proportion to the number of shares held by each one.

Notwithstanding, after deduction of the amounts transferred to reserves as required by law, the General Meeting may deduct any amounts it deems appropriate in order to allocate them to any optional, ordinary or extraordinary reserve or to retained earnings carried forward.

Dividends are deducted from the profit for the year as a priority. Furthermore, the General Meeting may resolve to distribute available amounts taken from reserves, provided that it expressly specifies the reserve accounts from which such amounts are taken.

Except in the case of a capital reduction, no distribution may be made to the shareholders when the amount of shareholders' equity, either before or after such distribution, falls or would fall below the amount of share capital plus reserves which the Company is prohibited by law or by the Articles of Association from distributing. The revaluation surplus is not available for distribution. It may be partly or fully incorporated into the share capital.

Any losses are posted to retained earnings, after the General Meeting has approved the financial statements, to be offset against future profits until they are eliminated."

With regard to the payment of dividends or interim dividends, Article 34 of the Articles of Association specifies that:

"I- In respect of all or part of a dividend or interim dividend payment, the General Meeting may grant each shareholder the option of choosing between payment of the dividend or interim dividend in cash or payment in the form of shares, in accordance with statutory provisions.

II- The procedure for cash payment of dividends is defined by the General Meeting or, otherwise, by the Board of Directors.

The payment of dividends in cash must take place within nine months following the year-end date, unless this period is extended by court authorisation.

However, where a balance sheet drawn up during or at the end of the financial year, and certified by a Statutory Auditor, shows that the Company has made a profit since the close of the previous financial year, after recording the required depreciation, amortisation and provision charges, and after deducting any prior losses as well as the amounts to be transferred to reserves pursuant to the law and the Articles of Association, an interim dividend may be paid, prior to the approval of the financial statements for the year. The amount of these interim dividends shall not exceed the amount of profit determined in this manner.

No reimbursement of the dividend may be requested from the shareholders unless the distribution was made in breach of statutory provisions and the Company can demonstrate that the beneficiaries knew that the distribution was unlawful at the time it was made or could not have been unaware of this fact given the circumstances. Where applicable, claims for reimbursement of dividends shall be barred under the statute of limitations three years after the dividend payment has been made.

Dividends that are not claimed within five years of their payment date shall lapse."

7.4.2 Dividend for the 2019 financial year

As at the date of publication of this report, no dividend had been paid to the shareholders in respect of the 2019 financial year.

7.5 FINANCIAL SERVICES

The Company's financial services company as at 31 December 2019 was CACEIS, 14 Rue Rouget de Lisle, 92130 Issy-les-Moulineaux, France.

Marie Brizard Wine & Spirits SA: FR 0000060873

Listing markets: Euronext Paris and Warsaw Stock Exchange

Compartment: Euronext Compartment B

Eligible for share savings schemes: Yes / Eligible for deferred settlement service: Yes

8

PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT AND INFORMATION POLICY

8.1 PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

Andrew Highcock, Chief Executive Officer of the Marie Brizard Wine & Spirits Group.

8.2 STATEMENT BY THE PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

"I hereby declare, after having taken all reasonable measures to this effect, that the information contained in the present Universal Registration Document is, to my knowledge, a reflection of the true situation and contains no omission of such a nature as to alter the scope thereof.

I hereby certify that, to the best of my knowledge, the financial statements for 2019 have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and earnings of the Company and of all the companies included in the consolidation scope and that the management report presented on page 11 provides a true and fair view of the development of the business, results and financial position of the Company and of all the companies included in the consolidation scope and describes the main risks and uncertainties which they face."

2 June 2020

Andrew Highcock

8.3 DOCUMENTS AVAILABLE TO THE PUBLIC

The Company's founding and updated Articles of Association, auditors' reports for the last three financial years and other company documents required under current regulations may be consulted at the Company's headquarters, 27-29 Rue de Provence, 75009 Paris.

These documents will be available during the period of validity of the Universal Registration Document.

The section entitled "Regulatory Information" on the Company's website is available at the following address: http://www.mbws.com/.

This space contains the regulatory information circulated by the Company in application of the provisions of Articles 221-1 et seq. of the AMF General Regulation.

APPENDIX 1

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Not applicable

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Not applicable

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Not applicable

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