



# 2020/2021 ANNUAL REPORT

*Time is on our side*

**TFF**  
GROUP



TIME  
IS ON  
OUR  
SIDE

# SUMMARY

A MESSAGE FROM THE CEO 2

KEY FIGURES 2020/2021 4

## ACTIVITY & PERFORMANCE

THE WINE MARKET 6

THE SCOTCH WHISKY MARKET 8

THE BOURBON MARKET 10

SHAREHOLDER'S NOTEBOOK 12

**FINANCIAL REPORT 14**



# A MESSAGE FROM THE CEO

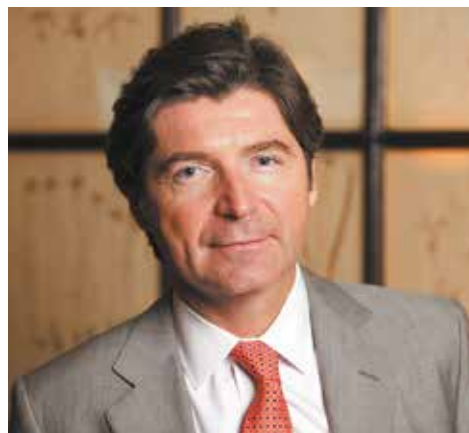
*TFF Group has demonstrated its ability to anticipate and to respond quickly, allowing it to ensure solid operational performances with a limited fall in activity*

# Dear shareholder,

The fiscal year ended that ended on April 30th was contrasted in the global context of the pandemic, difficult weather conditions and tight markets.

However, I have many reasons to be pleased with the quality, motivation, mobilization and responsiveness of our teams, who were able to face the exceptional headwinds of this fiscal year with great talent.

This year's results are the translation of this and I am pleased to announce that, in this unprecedented and unexpected context, marked simultaneously by the pandemic, Brexit, American taxes and the vagaries of the weather, - TFF Group was able to demonstrate its anticipation and responsiveness, allowing it to ensure a solid operational performance with a limited decline of -5.2% in its turnover on a like-on-like basis, an EBITDA at the high level of 18.4% of revenues, and net income at €20.51 million, close to 8% of revenues, despite an unfavorable intra-group exchange rate effect.



**Our wine business, which stood at €148 million**, limited its decline to -12%, despite an unstable political, economic and health context that was unfavorable to investment.

The quality of the 2020 harvest was low in terms of volume, with 45% of the Group's markets affected by fires (Australia, USA). However, the Group maintained a high level of operating profitability, above 20%.

**Our alcohol division, with revenues of € 112.8 million**, saw growth of +1.1% (+5.2% like-on-like)

The whisky division held up well with a 10% increase in trading activity, but with prices down 22%.

The renovation/repair business grew by +24% with the opening of an eighth production site, bringing its capacity to 1 million barrels per year.

**The Bourbon division** achieved revenues of €65.8 million, representing growth of +7.8%.

The winning combination of cooperages and stave mills has enabled defensive growth to be achieved thanks to our diversification towards sales of wood to clients with in-house cooperage facilities.

Despite the unfavorable context, EBITDA was particularly high, at 18.4%, while operating income remained above 14%, although this was impacted by a lack of volume and the ramping up of the Bourbon division.

Finally, we are closing this fiscal year with a strengthened balance sheet, a significant reduction in net debt from €169 million to €138 million, a strengthening of shareholder equity to €374 million (gearing of 37%), and nearly €100 million in available cash.

The 2021/2022 financial year began in an inflationary context, particularly for raw materials and freight and with a labor market that remains extremely tight.

This year is likely, once again, to prove mixed, with the wine market expected to decline and the spirits market expected to grow.

As a result, performance will continue to be under pressure as a result of the ramping-up of the bourbon division, which has not yet reached its target profitability rate of 15%, and from an unfavorable mix/country effect (USA, Australia, China).

This context, coupled with the consequences of the pandemic, means that we must remain cautious, with activity targets for 2021/2022 close to those of the last fiscal year and revised sales targets for 2024/2025 of around €350 million.

But I remain confident for the short and medium term, thanks to

- the Group's good financial health, which has helped it rise to the challenges of the past year.
- the strength of the markets on which we are confirming our position as world leader
- the motivation of our teams and the quality of the production resources put in place
- the Group's ability to achieve solid results at the end of this complicated and totally unprecedented period.
- our strategy of profitable growth and diversification, supported by a strengthened financial position that enabled us to meet the new challenges of this cycle and that leave us better equipped to take advantage of the expected rebound in the wine market in 2022 and to support the strong growth of the Bourbon division.
- On the basis of this confidence, we have decided to propose to the Annual General Meeting of October 2021 that a dividend of 0.35 euro per share be maintained.

  
**JÉRÔME FRANCOIS**  
CEO

# KEY FIGURES 2020/2021

## STRONG GROWTH DESPITE THE PANDEMIC AND ITS CONSEQUENCES

TURNOVER (IN M€)

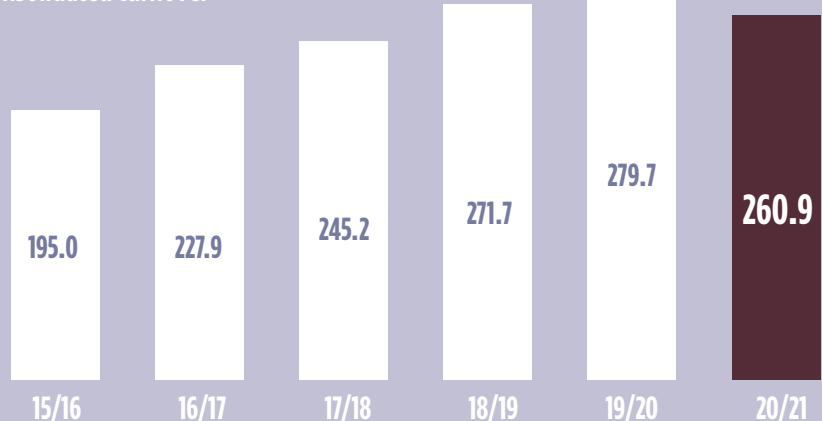
**260.9**

TURNOVER

**-6.7%**

-5.2% Like-on-like  
change 2020/2021 vs 2019/2020

Consolidated turnover



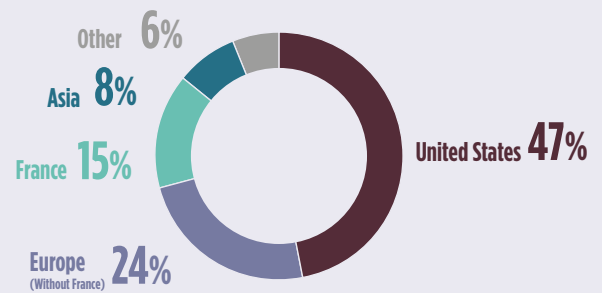


### CHANGE IN CURRENT OPERATING INCOME AND NET RESULTS (IN M€)

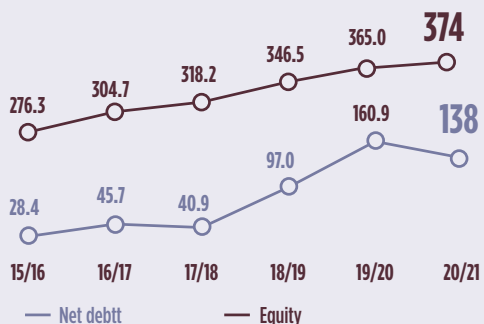


### TURNOVER

by geographic zone

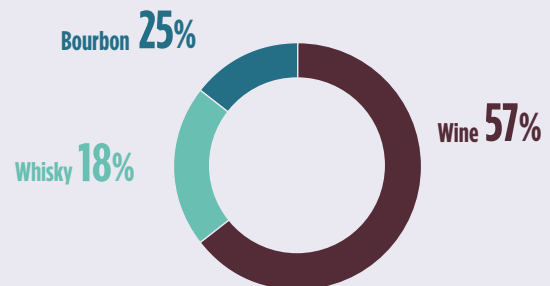


### CHANGE IN DEBT AND EQUITY (IN M€)



### SHARE OF SALES

By market





A close-up, low-angle shot of several wooden wine barrels stacked in a cellar. The lighting is warm and focused on the foreground barrel, creating a sense of depth and texture. The background barrels are softly blurred.

# **THE WINE MARKET**

**CONSOLIDATION  
OF OUR POSITION  
AS THE GLOBAL LEADER**



# STRONG RESISTANCE IN AN ECONOMIC ENVIRONMENT HEAVILY IMPACTED BY THE PANDEMIC

€ **148**<sub>m</sub>

Turnover

**-11.9%**

Change in turnover

**25**

Production sites

The 2020 harvest was affected by several climatic challenges: droughts, heat waves, fires and diseases, resulting in a harvest level of 260 million hectoliters, below the average of the last ten years. Consumption was impacted by an unprecedented health crisis that led to the closure for several months of cafes, hotels, restaurants as well as the shutdown of wine tourism. TFF Group's turnover on this market reached € 148 million, a decrease limited to -11.9% and with profitability still strong.

## Global wine production slightly up but with variations

Estimated at 260 Miohl, which marks a slight increase of nearly 3 Miohl (+1%), compared to 2019, global production in 2020 was in line with global wine production in 2019 global wine production level, but slightly below average.

Wine production in the European Union reached 165 Miohl in 2020, marking an increase of +8% (+12 Miohl) from the low volume recorded in 2019.

In North America, wine production stood at 22.8 Miohl, a decrease of -11% compared to 2019. This significant decrease in production was mainly due to the fires that raged in California.

Australian production fell for the third year in a row, standing at 10.6 Miohl in 2020 (-11% / 2019), the lowest level recorded in the last decade.

## Global consumption down as a result of the pandemic

Global wine consumption fell by -3% in volume in 2020 to 234 Mhl, or 7 Mhl less over one year, a significant decline explained by the magnitude of the pandemic

2020 was marked by lockdown measures and the closure of cafes, hotels and restaurants (CHR) in many countries causing a real upheaval in the distribution and consumption of wine.

The «Trump taxes» on some European wines and increased Chinese taxes on Australian wines have also led to a curb in consumption.

## More acquisitions in 2020

In line with its strategy of growth and the integration of its supplies, TFF Group made two quality acquisitions in 2020: the Bernard Gauthier stave mill and the Gauthier Frères coöperage.

The contribution to the Group's revenues of these two entities amounted to €2 million (over 10 months).

**260** MhL\*

Global production

**-3%**

Global consumption at its lowest level since 2002



# THE SCOTCH WHISKY MARKET

GLOBAL LEADER AMONGST  
INDEPENDENT COOPERS

# STRONG ACTIVITY DESPITE THE PANDEMIC AND AMERICAN TAXES



On the whisky market, TFF Group demonstrated strong resilience in an economic environment that was heavily disrupted by the pandemic and US taxes.

Our trading activity recorded strong growth of +10%, but with a -22% fall in prices over the period due to an abundance of used barrels on the market.

The renovation / repair activity posted very strong growth, at +24%, thanks to the opening of an 8th production site, which brought the Group's capacity to 1 million barrels per year.

## A promising market despite the short-term impacts of the pandemic and American taxes

In 2020 Scotch whisky exports fell by 23% to £3.8 billion. The number of 70cl bottles exported fell by 13% to 1.14 billion. The value and volume of exports to most of the top 10 Scotch Whisky markets fell as countries saw Covid 19- related restrictions. The shutdown of international travel also impacted airport retail trade globally, resulting in a decline in export value on 70 percent of global Scotch Whisky markets compared to 2019.

However, it should be noted that the market is poised to rebound. IWSR forecasts show that global consumption of Scotch whisky should reach 103.1 million 9-liter cases in 2023, compared to 95.3 million in 2018.

The whisky market remains well oriented on the whole, with an expected growth in sales of +4.2% per year between 2021 and 2025.

## With global demand higher than ever, the number of distilleries across Scotland never ceases to expand

In 2020, despite the Covid-19 pandemic, the number of distilleries continued to grow: in Scotland, 11 new distilleries will have opened in 2021.

With nearly 150 distilleries in operation in 2021, compared to 103 in 2008, the Scotch whisky industry has great growth prospects.



## Opening of an 8<sup>th</sup> production site in Edinburgh

In 2020, TFF Group will inaugurate its 8th production site as part of its dynamic development in the repair business.

With the Edinburgh site employing 20 members of staff trained by the Group, TFF is increasing its production capacity to meet its customers' demand.

TFF Group is now able to renovate 1,000,000 used barrels per year.





# THE BOURBON MARKET

N°2 AMONGST  
GLOBAL COOPERS

# STAVE-MILLS AND COOPERAGES: A WINNING COMBINATION FOR PROFITABLE AND SUSTAINABLE GROWTH



The challenging health and economic context didn't prevent TFF Group from continuing its development on the bourbon market. With sales of €65.8 million in 2020/2021, the Group achieved growth of 7.8%, on what is forecast to be the fastest growing spirits market.

Whilst the lack of visibility caused by the pandemic impacted the cooperage business, which fell 25% - with 320,000 barrels produced in 2020/2021 compared to the 420,000 produced in 2019/2020 - the stave mill business grew by 30%. The Group was able to take advantage of strong demand from customers with integrated cooperages.

After investing €150 million in seven production sites, TFF Group is in a position to double its production to meet future growth.

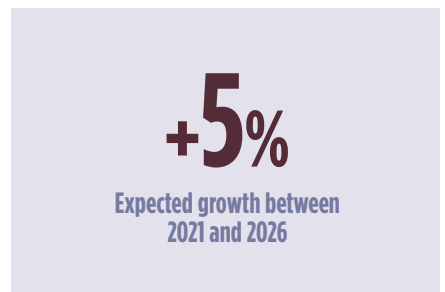
## A market that promises to be the fastest growing within the world of spirits

Even after recording growth of +50% over the last five years according to International Wine & Spirit Research, American bourbon is expected to be the fastest-growing product in the global spirits market over the next five years, with forecast annual growth of 5%.

## The major U.S. distilleries are set to invest in their production facilities to support growth

If there is one industry that has been constantly renewing itself and developing its production capacities in order to capture future growth, it is the bourbon industry.

The investments being made by the main players in the sector such as Diaego, Brown-Forman Corporation, Bean Suntory and Heaven Hill attest to the opportunities offered by this market.



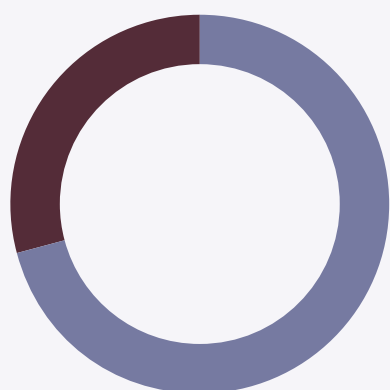
## DIVIDENDS: A SUSTAINABLE DISTRIBUTION POLICY MAINTAINED IN 2021<sup>(1)</sup>



\* according on the revised number of shares (x4 at December 1st, 2017)

(1) Proposal for the dividend distribution as submitted to the AGM of October 2021

## DISTRIBUTION OF THE CAPITAL AT APRIL 30<sup>TH</sup>, 2021



**29%**

Public

**71%**

FRANCOIS family

**Floated on the second market of the Paris stock exchange in January 1999**

**Eurolist – B**

Code ISIN FR 0013295789

**Euroclear : 7190**

**Reuters : TFF.PA**

**Bloomberg : TFF.FP**

**Euronext® Family Business**

**Eligible for PEA PME**





## FINANCIAL COMMUNICATION CALENDAR 2021/2022

### 2021

**September 9<sup>th</sup>** Q1 turnover 2021/2022

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**October 29<sup>th</sup>** General assembly

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### 2022

**January 5<sup>th</sup>** Q2 Turnover 2021/2022  
Half-yearly results

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**March 10<sup>th</sup>** Q3 turnover 2021/2022

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**Juillet** Annual results 2021/2022  
Results meeting

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**October** General assembly



**ADMINISTRATION  
AND  
MANAGEMENT**

# **Supervisory Board and Management Board**

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**Monsieur Jean François**  
**Chairman of the Supervisory Board**

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**Monsieur Jérôme François**  
**Chairman of the Management Board**

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**Madame Noëlle François**  
**Member of the Management Board**

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**Madame Nathalie Meo**  
**Supervisory Board member**

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**Monsieur Patrick Fenal**  
**Supervisory Board member**

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**Mademoiselle Philippine François**  
**Supervisory Board member**

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François Frères  
TONNELLERIE

# SUMMARY

<b>REPORT OF THE MANAGEMENT BOARD</b>	<b>18</b>
<b>CONSOLIDATED FINANCIAL STATEMENTS</b>	<b>44</b>
Consolidated Balance Sheet	44
Consolidated Income Statement	46

# MANAGEMENT REPORT OF THE EXECUTIVE BOARD PRESENTED AT THE JOINT GENERAL ASSEMBLY OF OCTOBER 29<sup>th</sup>, 2021

Ladies and Gentlemen,

The Shareholders' Meeting was convened to deliberate on the financial statements for the year that ended on April 30<sup>th</sup>, 2021, in order to allocate the results of that financial year, to decide on the regulated agreements entered into or continued with during the same financial year, as well as various other points detailed below.

The aim of the meeting was to outline the situation of both the Company and the Group (TFF Group) over the course of the past financial year, their foreseeable evolution, research and development activities, any significant events that occurred between the end of the period and the compiling of this report., as well as the main characteristics of their internal controls and risk management procedures. In accordance with the provisions of Articles L.225-102-1 and L.22-10-36 of the French Commercial Code, the declaration of non-financial performance is also included in this report.

It is worth noting that the quantified information given is subject to the approval of the accounts as presented below.

The annual report and the consolidated Group Management report are also included here, as is the report on corporate governance prepared by the Supervisory Board.

## I. THE EVOLUTION OF THE GROUP'S CAPITAL

There was no change to the capital during the year that ended on April 30<sup>th</sup>, 2021, which remains at 8,672,000 euros.

In accordance with the provisions of Article L 225-184 of the French Commercial Code, we would like to make clear that there is no current plan relating to stock options.

## II. ACQUISITIONS DURING THE YEAR - DISPOSALS OF INVESTMENTS

On June 30<sup>th</sup>, 2020, TFF Group acquired 80% of the shares of the GAUTHIER FRERES COOPERAGE and the BERNARD GAUTHIER STAVE-MILL.

Located in the Cher department, in the immediate vicinity of the prestigious forests of central France and amongst the vineyards of the Loire basin, the stave-mill and cooperage, which are very closely linked, will continue to be managed by the founding family, Guillaume and Fabien GAUTHIER who retain up to 20% of shares.

## III. CONSOLIDATED FINANCIAL PERFORMANCE AND STRUCTURAL RATIOS

1 - Consolidated financial items can be summarized as follows (IFRS standards):

Consolidated financial statements at 30 <sup>th</sup> April (in K€)	30/04/21	30/04/20
Turnover	260,878	279,663
Profit from recurring operations	36,826	43,657
Operating income after share of associates.	37,956	36,420
Profit before tax	27,688	37,530
Net income	20,504	26,846
Profit group share	20,041	26,635

### Balance sheet accounts (in K€)

Group equity	368,339	360,591
Net financial debt	138,008	168,727
Net financial debt/equity	0.374	0.468
Stocks nets	256,604	267,030



## 2 - Evolution of the business and its results - Progress made and difficulties encountered

For the 2020/2021 fiscal year, consolidated revenue stood at €260.9 million, down -6.7% compared to the previous year, and down -5.2% like-on-like (excluding currency and scope effects).

On a like-for-like basis, activity was down -12.1% in the wine businesses and up +5.2% in the alcohol businesses.

The wine business was penalized by a low-volume 2020 harvest with 45% of the Group's markets impacted by the fires in the USA and Australia and this in the context of a pandemic that was not conducive to investments.

Revenue from the wine businesses thus amounted to €148 million.

On the alcohols market, activity reached €112.9 million, up 1.1%.

TFF's whisky division held up well with an increase in volume in the trading business that helped offset the fall in prices that resulted from an abundance of used barrels.

The renovation/repair business continued to grow thanks to our eighth production site which raised our capacity to one million barrels per year.

The bourbon division reached €65.8 million in activity - up 7.8% - a rise driven by the sale of raw wood and jointed staves

Profit from recurring operations fell -15.6% to €36.8 million and reflected, on one hand, a decline in volume for the wine division and, on the other, a sharp increase in depreciation and amortization for the bourbon division.

The Group's operating income reached €37.4 million, up +5.2% thanks to a favorable base effect that resulted from the non-recurrence of exceptional expenses made in the bourbon division (start-up costs in 2020).

The financial result for the year was -€10.3 million, including a currency impact of -€9.3 million.

Net income was €20.5 million (7.9% of revenue), down -23.6%.

## 3 – Impacts of the Covid-19 pandemic on the balance sheet and on the consolidated income statement

The Covid-19 pandemic had a sharply negative impact on the global economy. It created supply and demand shocks that led to a pronounced slowdown in activity, which was then further worsened by the effects of containment measures on consumption (the closures of cafes, hotels and restaurants, the stoppage of wine tourism, the limited openings of wine merchants, the low traffic in duty-free zones, etc.) and the caution of economic agents (with a decrease in investment by winegrowers, a lack of visibility for customers in the bourbon sector, a slowdown in the rebound on the whisky market...). The crisis affected all of the markets on which TFF Group operates.

The confirmation of the Covid-19 pandemic by the World Health Organisation came on January 30<sup>th</sup>, 2020. TFF Group quickly implemented measures to adapt the operational aspects of its production sites and sales offices whilst protecting the health of employees. Despite the decrease in production volumes, our production sites remained open, with part-time working and a reorganization of working times in order to support and maintain the quality of our service to customers during the crisis.

With regard to the consolidated income statement, the Covid-19 health crisis had the following effects:

- The Group's management estimates a loss of turnover of around € 5 million in the wine and alcohol activities. Although it should be noted that the Group does not have any long-term contracts that might be vulnerable to the pandemic's effects and that might lead to a significant decline in activity over the coming years;
- The loss in activity in terms of margin is estimated at approximately €2.5 million;
- Government-funded support measures that the Group benefited from involve part-time working benefits in France and compensatory aid received mainly in the United States, Scotland and Australia for a total amount of €2.3 million.

From a financing point of view, the group continued to subscribe to several medium-term loans (with durations of 2 to 4 years) for a total of €83 million. This led to a reduction in short-term loans. The group does not present a liquidity risk in the medium term given the resilience of its activities and its solid financial structure. Furthermore, the group does not have any compliance clauses with financial/covenant ratios in its borrowing contracts.

## 4 - The main risks and uncertainties facing the Company

### Financial and market risks

Market risk covers the risk of adverse changes in the value of financial instruments that might result from changes in exchange rates, interest rates or stock prices. The Company's market risk is limited to changes in exchange rates or interest rates.

Furthermore, the Company considers that it is not subject to liquidity risks.

The detailed report on the management of these risks is presented in the notes to the consolidated accounts.

### Legal risks

TFF Group carries out manufacturing and/or distribution activities worldwide through its subsidiaries or through contracts with third parties in the fields of coopering, stave-milling, vat making, wood for oenology products, logging and the production of large stainless steel containers. This makes it subject to a complex regulatory environment, according to its fields of activity and/or production locations. The risks it incurs are the usual ones for similar companies in terms of the areas covered: defective products, methods of product marketing and relations with suppliers and/or distribution networks.

In the normal course of its business, TFF Group may be faced with litigation. With the exception of the deductibles applicable to it, TFF Group considers that it has taken out adequate Civil Liability insurance allowing it to be covered against any material financial loss that might result from the bringing into play of its civil liability.

### Insurance

As of April 30<sup>th</sup>, 2021, TFF Group had grouped under a «master» policy in France the risks of damage to property and operating losses, civil liability, maritime transport, the civil liability of its corporate officers as well as cyber-fraud. Depending on the insurance risks, local policies have been taken out locally and occasionally supplemented by the TFF Group master policy.

Civil liability insurance is taken out to cover any risk arising from the usual production activities of TFF Group entities. Furthermore, product liability insurance protects the company from any complaints that might arise as a result of the use of TFF Group products.

The list of insurance policies taken out by the Group is set out in 6.3 below.

## Miscellaneous general risks related our business

- As a major player in the cooperage sector, TFF Group is vulnerable to negative effects in terms of activity and results in the event of an economic slowdown on one or several of its markets;
- The success of the acquisitions made by TFF Group cannot be guaranteed, and in the event of a failure of integration, the Group's financial situation could be affected;
- A failure of the information systems used by TFF Group could delay or hinder the performance of services or decision-making.

## Risks of fraud

There's been a rise in the risks of external fraud, such as «cyber» attacks or extortion attempts in recent years, and TFF Group, through its exposure, could be a target.

As a result, TFF Group strives to raise awareness among its teams worldwide, and has implemented control procedures. TFF Group has also taken out «cyber fraud» insurance.

## Disputes

Over the last financial year, there were no governmental or judicial proceedings that had a significant impact on the financial position or profitability of TFF Group.

It should be noted that the Group's companies are regularly subject to tax or social audits, in the due course of business.

## 5 - Guidance on the use of financial instruments

With regard to this, we refer you to the notes to the consolidated accounts.

# IV. ACTIVITIES OF SUBSIDIARIES AND PARTNERS OF THE PARENT COMPANY

## 1. Parent company

The annual accounts for the year that ended on April 30<sup>th</sup>, 2021, which are subject to shareholder approval, have been prepared in accordance with regulatory presentation rules and valuation methods.

The presentation rules and valuation methods used are identical to those used last year. TFF Group's consolidation scope is included in the notes to the consolidated financial statements.

Revenue excluding taxes amounted to €29,218K compared to €37,089K last year.

The operating result shows a profit of €8,332K compared to €10,622 K last year.

The financial result is loss-making to the tune of €643K.

Profit from recurring income was €7,688K compared to €11,289K last year.

The exceptional result was profitable to the tune of 144 K€.

The net result showed a profit of €7,115K compared to €6,672,000 last year, taking into account a corporate tax of €511K and employee profit-sharing of €207 K.

In accordance with the provisions of Articles 223 quarter and 223 quinquies of the General Tax Code, we inform you that the accounts of the parent company for the past financial year include expenses not deductible from the tax result referred to in Article 39.4 of the General Tax Code in the amount of 53,123 euros.

## 2. Subsidiaries and partners

### • French subsidiaries

French cooperages have evolved in the unstable context of the pandemic and in an unfavorable climatic environment involving fires in Australia and the USA.

Their level of activity declined as a result.

French stave-mills also saw a reduction in their levels of activity.

The vat-making sector also recorded a decline in its activity levels.

The turnover in wood for oenology products was maintained after being impacted last year by the fire at the AROBOIS site.

### • Foreign affiliates

In the wine division, activity evolved as follows:

- The turnover of American companies declined,
- Subsidiaries in Australia and New Zealand saw a fall as a result of the 2020 fires,
- Activity levels in our Spanish subsidiary declined,
- Our Chinese subsidiary maintained a moderate level of activity, similar to last year.

The whisky cooperage business in Scotland grew in terms of volume whilst falling sales prices caused a decline in terms of value.

The entities of the bourbon division continued to grow with, particularly, the development of wood sales whilst the production of new barrels fell in the unfavorable context of the pandemic.

The wood for oenology sector grew as a result of the downgrading of the wines that were impacted by fires in the United States.

The activity of direct subsidiaries is summarized in the annexed table (table of subsidiaries and holdings).

In the context of the provisions of Article L.232-1 II of the French Commercial Code, it is noted here that TFF Group does not have any branches.

## V. SHAREHOLDING

To meet the obligation made by law to mention the identity of natural or legal persons owning more than the twentieth, tenth, fifth, third or half of the share capital, we inform you that on April 30<sup>th</sup>, 2021, the distribution of the capital and voting rights of the company was as follows:

	Situation at 30 <sup>th</sup> April 2021			
	Number of shares	Number of voting rights	% of capital	% voting rights
SAS La Demignière (famille François)	10,320,716	10,320,716	47.61%	47.61%
SARL Familiale François (famille François)	4,040,840	4,040,840	18.64%	18.64%
Mr et Mme Jean François	287,040	287,040	1.32%	1.32%
Mr Jérôme François	704,706	704,706	3.25%	3.25%
Other (including Public)	6,326,698	6,326,698	29.18%	29.18%
TOTAL	21,680,000	21,680,000	100.00%	100.00%

## VI - INTERNAL CONTROL PROCEDURES IMPLEMENTED BY TFF GROUP

In accordance with the provisions of Articles L.225-100-1 and L.22-10-35 of the French Commercial Code, you will find below the main characteristics of the internal controls and risk management procedures implemented by TFF Group in relation to the preparation and processing of accounting and financial information.

### 6.1 Purpose of internal controls

The internal controls system is defined as all the system aimed at controlling activities and risks of all kinds and ensuring the regularity, security and efficiency of operations. It is therefore characterized by the objectives assigned to it:

- financial performance, through the efficient and appropriate use of the Group's assets and resources and through protection against the risk of losses
- exhaustive, precise and regular knowledge of the data required for decision-making and risk management
- compliance with internal and external rules;
- prevention and detection of fraud and error;

- accuracy and completeness of accounting records and timely and reliable accounting and financial information.

Thus, the internal control system is, within SA TONNELLERIE FRANCOIS FRERES and more generally, TFF Group :

- a system designed to create and maintain an organization that prevents and controls risks, particularly economic, industrial, financial and legal risks to which the Company and its subsidiaries in France and abroad are exposed
- a system to ensure that the Group's financial and accounting information is reliable and fairly prepared, so that the Group's assets are safeguarded.

However, like any control system, it cannot provide an absolute guarantee that such risks of error or fraud have been totally eliminated or controlled.

### 6.2 General organization of internal control procedures

Internal control is everyone's business. Thus, each employee, when he or she checks a task that he or she has performed personally or when he or she checks the work of another member of the team, contributes to the proper functioning of the company's internal control systems.

The organizational principles and components of the internal control systems of SA TONNELLERIE FRANCOIS FRERES and, more generally, the TFF Group are

- the exhaustive coverage of activities and risks,
- the responsibility of all those involved,
- a clear definition of tasks,
- the effective separation of commitment and control functions,
- formalized and up-to-date delegations.

### 6.3 Summary description of the internal controls and risk management system to which the company is subject

Within TFF Group, the main players in internal controls are:

- the Management Board, the Presidents of subsidiaries,
- the Finance Department, particularly in terms of cash management, consolidation, financial communication.



**6.3.1 The Executive Board defines the general principles of internal controls and ensures that they are properly implemented within the Group. With regard to this, the Executive Board is in constant contact with the Finance Department and the managers of the subsidiaries. It should be noted that each Group subsidiary has a separate manager. Also, that the parent company, Tonnellerie François Frères, acts as a holding company for the Group, and through its Board of Directors, defines the Group's general policies and actively controls and manages its subsidiaries. The Board of Directors decides also on external growth operations within the group.**

The Board of Directors of Tonnellerie François Frères has set up an Executive Committee at the level of the parent company. It is composed of the Chairman of the Board of Directors, the Group's financial management, and the principal managers of the subsidiaries. It meets quarterly. This committee discusses the progress of business, the Group's strategy, and any opportunities for external and organic growth, as well as trying to detect and anticipate risks.

At the level of the Group's subsidiaries, the ordinary management carried out by the staff of the entities is overseen by the management teams within each entity. Actions outside the ordinary course of business are regularly monitored by the management team of the parent company, in its capacity as the holding company for the Group.

**6.3.2 \* The Group's Finance Department, located within the parent company, acting in its capacity as the holding company for the Group (SA Tonnellerie François Frères - TFF Group), is also in constant contact with the accounting managers of each subsidiary, and is responsible for internal controls, in particular with regard to cash management (centralized management of the cash position of French companies, the monitoring of the cash position of foreign subsidiaries) and consolidation (annual and half-yearly consolidation operations that are overseen by the Finance Department).**

There is also a monthly financial reporting system that covers the main economic indicators (sales by country, type of product, average sales price, investments made, barrels produced, etc.).

This financial information is prepared by the accounting systems of each company and enables the Finance Department and the Executive Board to monitor their performance and compare them with the budgets set at the beginning of the year. It should be noted that the subsidiaries regularly communicate their budget forecasts to the Group.

A consolidated budget is drawn up to serve as a basis for comparison with the monthly results. This budget is regularly updated.

This financial information is also compared with the half-yearly and annual consolidated statements prepared by the Group's Finance Department, in order to analyze the causes of any discrepancies.

CSR reporting and the declaration of non-financial performance are prepared under the direction and coordination of the Group's Chief Financial Officer, with the help of the Health and Safety Officer of François Frères Management and the CSR consulting firm PEPS Management, in accordance with the data collection questionnaire and the consolidation tools. Information on social and environmental responsibility is included in the annual management report, and an independent third-party organization (ACA Nexia) also makes an assessment. This report is updated and completed annually.

\* More specifically, with regard to the parent company TONNELLERIE FRANCOIS FRERES, the Finance Department carries out the following internal control tasks.

The Finance Department manages the chart of accounts and associated reference systems, ensures consistency and completeness checks, and prepares the individual financial statements and tax returns for which it is responsible in a timely manner. Through its role in preparing accounting information, the Finance Department also contributes to the preparation of the Group's financial information.

SA TONNELLERIE FRANCOIS FRERES' general accounting is centralized. Each accounting employee has a clearly defined role and responsibilities. In addition to the accounting records, they constantly monitor the accounts for which they are responsible. In this context they regularly reconcile the balances and transactions recorded with external information (direct confirmation from third parties, bank reconciliation, etc.).

The Finance Department supervises the work of its team on an ongoing basis and participates actively in the preparation of annual and interim financial statements. On the basis of these elements and additional information from other sources, it performs a second-level check of its team's work and of the results that emerge from the accounting of transactions. It works in direct liaison with management to provide it with all the accounting information needed to steer the company, as well as providing regular cash-flow monitoring.

\* Foreign exchange risk management and prevention: given the company's exposure to foreign exchange risk, a hedging policy has been put in place, especially for North American currencies.

The Group's policy in this respect is to reduce its exposure to interest rate and currency fluctuations, and not to take speculative positions. TFF Group uses derivative instruments only for hedging purposes, with gains and losses recognized symmetrically with the results of the hedged items.

\* The Finance Department also coordinates the work of the Statutory Auditors and the Supervisory Board. Given the size of TFF Group, the Supervisory Board acts as its own audit committee.

### 6.3.3 Insurance: TFF Group is covered by several insurance policies relating to the following risks

- . Property damage and business interruption (through a master group policy or a local policy depending on the country) :
  - buildings, rental risks and equipment at replacement value
  - goods,
  - recourse from neighbors and third parties,
  - automatic coverage for investments,
- . business interruption
- . Civil liability (through a master group police or a local police depending on the country)
- . Maritime Transport Insurance (group contract applicable to a large majority of group companies)
- . Car fleet (group contract applicable to a large majority of French companies)
- . Insurance of corporate officers
- . Cyber fraud insurance

### 6.3.4 The fight against corruption and influence peddling:

TFF Group does not engage in any action that could encourage corruption, and is particularly committed:

- to behaving fairly in business relationships,
- To excluding any abusive or illegal behavior and any abuse and restrictive practices relating to competition and anti-competitive practices,
- to excluding any behavior or facts that could be qualified as active or passive corruption, complicity in influence peddling or favoritism, during the negotiation and execution of contracts.

In order to meet the obligations arising from the law of September 9<sup>th</sup>, 2016 on transparency, the fight against corruption and the modernization of economic life (SAPIN II law), TFF Group has previously undertaken a series of steps, including:

- the adoption of a Code of Conduct based on the Middlednext model, which refers to the United Nations Convention. This Code of Conduct defines (i) the principles and rules that should guide the behavior of each employee in the course of his or her duties, and (ii) identifies the different types of corruption and similar acts that should be avoided.
- the development of a risk map.
- the implementation of information and awareness-raising procedures for the Executive Committee and the Group's managers and employees.

Over the course of the year, the Group :

- carried out anti-corruption training in e-learning for at-risk staff, with 180 people spread around the world.
- set up an internal business ethics alert system.

TFF Group will continue to monitor its anti-corruption system for the current and subsequent financial years, making any necessary updates.

### 6.3.5 Information on the consequences of climate change: TFF Group is aware of the risks associated with climate change and is diversifying its activities in order to limit the possible impacts. For the time being, its locations are not directly affected by any restrictive measures taken by local or national authorities.

The main risks for TFF Group in this respect are the potential consequences of global warming, which could lead to an rising temperatures, which could result in lower harvests for the wine business.

TFF Group's business activity does not generate significant greenhouse gas emissions. Only its travel and logistics are a source of emissions, which TFF Group strives to reduce by rationalizing the transport of goods.

All of the Group's French subsidiaries are covered by civil liability insurance for environmental risks.

## 6.4 External Control Procedures

### 6.4.1 The Statutory Auditors, through their various audits, perform the procedures specific to their profession. They are informed upstream of the processes regarding the preparation of the financial statements, and present a summary of their work to the Finance Department on a half-yearly and annual basis

It should be noted that the company has two statutory auditors and two alternate auditors, in accordance with the applicable legislation.

The current Statutory Auditors are as follows:

Statutory Auditors:

- Cabinet Expertise Comptable et Audit, whose mandate was renewed for 6 fiscal years at the Annual General Meeting called to approve the financial statements for the fiscal year ending April 30<sup>th</sup>, 2018.
- SARL CLEON MARTIN BROICHOT ET ASSOCIES AUDITEURS ET CONSEILS, whose term of office was renewed for 6 financial years at the Annual General Meeting called to approve the financial statements for the year ended April 30<sup>th</sup>, 2018.

Alternate Auditors:

- Mr. Claude Cornuot, whose term of office was renewed at the Annual Ordinary Shareholders' Meeting called to approve the financial statements for the fiscal year ending April 30<sup>th</sup>, 2018.
- Compagnie Générale d'Audit & Associés, whose term of office was renewed at the Ordinary General Meeting called to approve the financial statements for the fiscal year ending April 30<sup>th</sup>, 2018.

The operational subsidiaries, French and foreign, appoint Statutory Auditors or auditors within the framework of the applicable regulations.

### 6.4.2 Quality certifications:

Some of the Group's subsidiaries benefit from ISO 9001 (quality management system) certification. The Hungarian subsidiary also benefits from the ISO 14001 (environmental protection) standard.

## **VII. STATEMENT OF EMPLOYEES' SHAREHOLDINGS IN THE COMPANY'S CAPITAL AS OF THE LAST DAY OF THE FISCAL YEAR**

None.

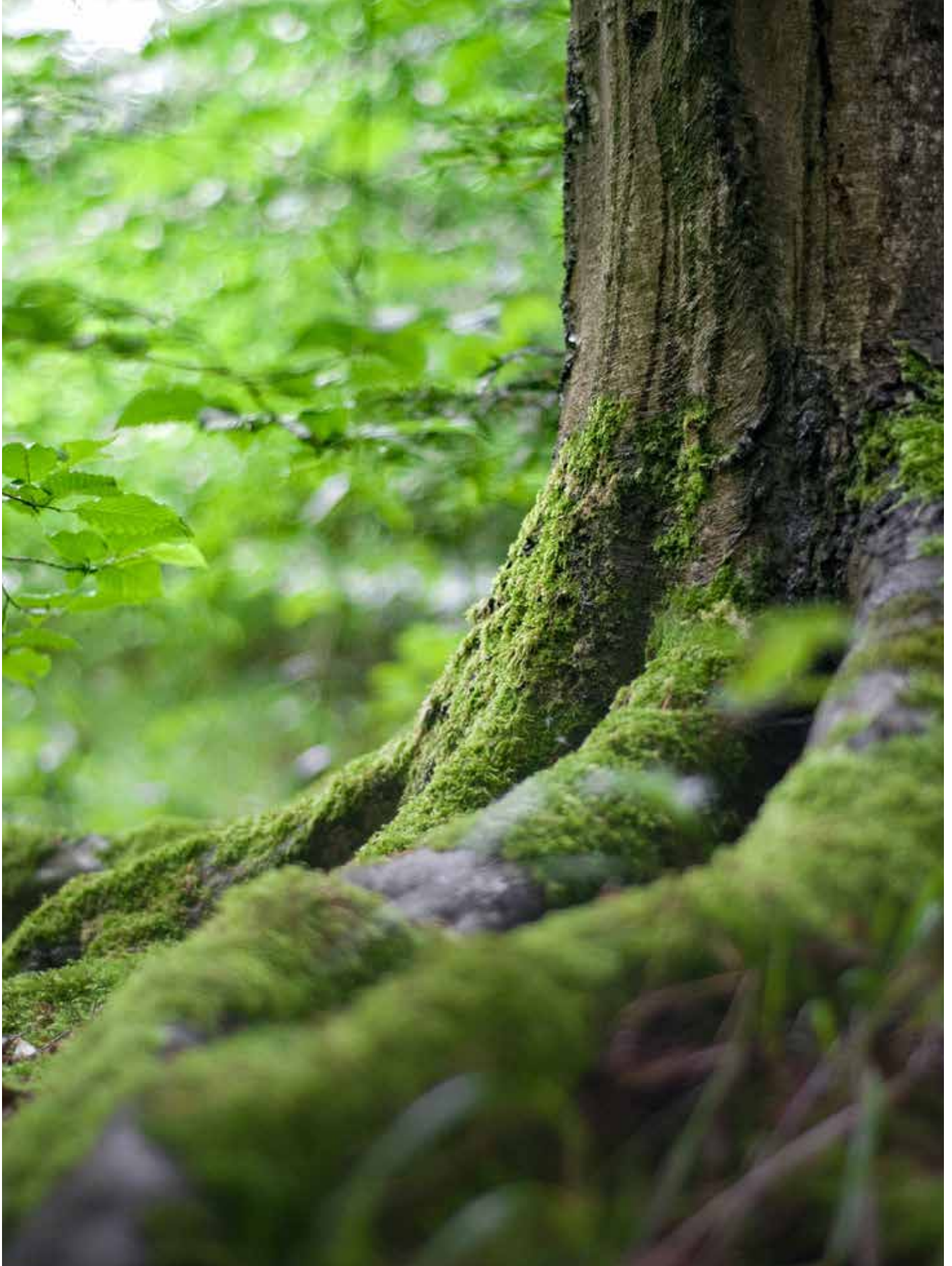
## **VIII. INFORMATION CONCERNING TRANSACTIONS IN THE SECURITIES OF A LISTED COMPANY BY DIRECTORS OR SENIOR EXECUTIVES AND PERSONS CLOSE TO THEM**

A summary statement of the transactions carried out by senior executives and persons close to them during the last financial year is attached to this report (AMF, General Regulation, art. 222-15-3 new).

## **IX. NON-FINANCIAL PERFORMANCE STATEMENT**

In accordance with the provisions of Articles L.225-102-1 paragraph 4 and L.22-10-36 of the French Commercial Code, you will find below the non-financial performance statement prepared by TFF Group.





*Photo : Pexels – Mali Maeder*

# NON-FINANCIAL PERFORMANCE STATEMENT

## RESPONSIVENESS AND RESILIENCE

2020 was marked by an unprecedented health crisis, linked to Covid 19.

This global event was accompanied by devastating fires in the vineyards of Australia and the USA (California/Oregon/Washington), two major markets for the Group.

This unprecedented situation and the challenges that characterized it were an opportunity to test the Group's resilience and adaptability.

In this context, TFF Group adapted to these sharp changes by continuing to prioritize its fundamental values of social and societal responsibility, in particular by ensuring safe working conditions and protecting the health of its employees and partners.

The implementation of adequate health protection measures in strict compliance with local regulations and WHO guidelines enabled us to continue our activities in an effort to best meet the needs of our clients and stakeholders.

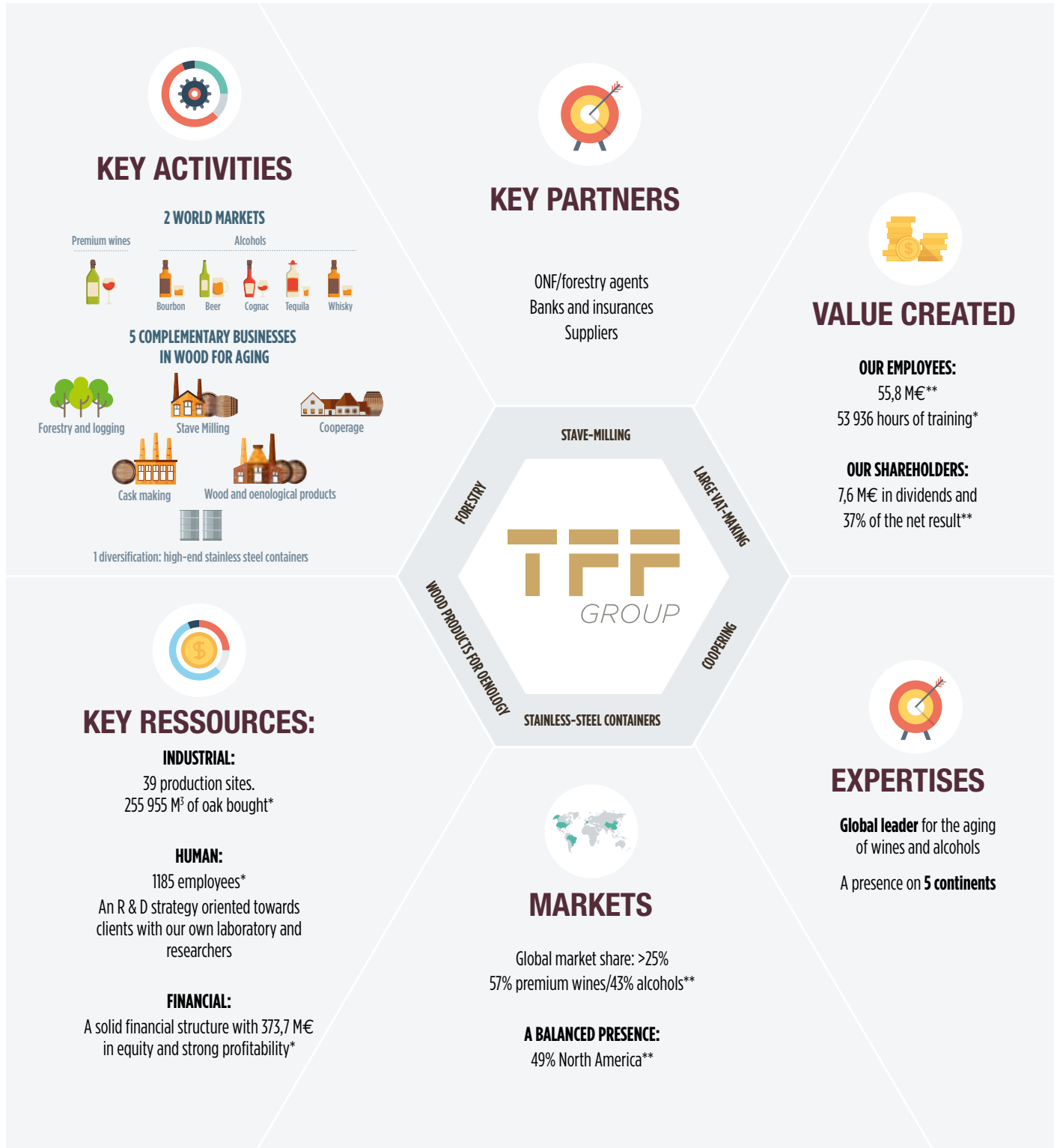
Over the course of the year, and despite the context described above, TFF Group also continued to integrate and develop new business sites in France and internationally with a view to continuing its expansion:

- The consolidation of DARNAJOU over a full year
- The acquisition of Tonnellerie et Merranderie GAUTHIER in July 2020 (not included in the CSR scope in 2020)
- The start-up of the eighth production site in Scotland, thus consolidating our position as the world's leading independent cooperage in the whisky market
- Completion of the investments made in the seven production sites dedicated to the Bourbon market in the USA, with a position as world No. 2 in this fast-growing market acquired in less than four years

At the start of this new fiscal year, our Group is ready to face the challenges of the future with confidence and serenity, and in particular the extra-financial challenges, through a desire to raise its standards still further.



# THE BUSINESS MODEL



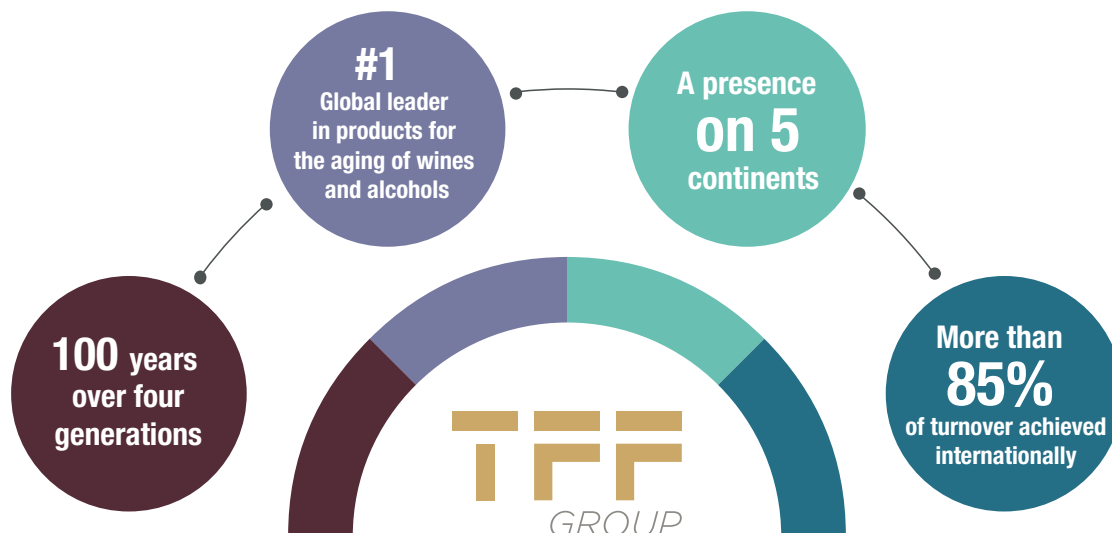
\* CSR perimeter - December 31<sup>st</sup> 2020

\*\* Financial data - April 30<sup>th</sup> 2021

ANNUAL REPORT 2020/2021 // 27



## MARKETS



## VISION, MISSIONS AND VALUES: TIME IS ON OUR SIDE



Financial data as of 30/04/2021

TFF Group's core values are inherent to its business model. The group was built by integrating independent companies, each with their own specificities and specialties.

By preserving the autonomy of each company, and by keeping the teams already in place, each addition brings additional richness and diversity to the group. Exchanges between companies allow for the harmonization of best practices within each entity, without erasing the particularities of each.

### Territorial anchoring with an international outlook

All of the group's operating sites are located in wine production or alcohol distillation regions on the five continents. These locations allow them to be responsive and available to meet their customers' needs.

The group's development through successive acquisitions of companies located in these strategic areas gives it a global vision of its markets while maintaining the know-how and proximity that are essential to local stakeholders.

### Between tradition and modernity, a unique integration model

TFF Group has continued to strengthen its position by vertically integrating the six complementary businesses required to produce wine and alcohol aging products:

forestry, stave mills, wine cooperages, whisky and Bourbon cooperages, vats, wood products for oenology and stainless steel tanks.

This organization contributes to the durability of TFF Group and ensures its stability in a fluctuating environment.

### Innovation and quality of its products

Innovation is one of the keys to reducing our ecological impact, both in our products and in our manufacturing and distribution processes. We never stop questioning ourselves and position ourselves to continue improving.

## Social, Societal and Environmental Responsibility

TFF Group’s social policy is a long-term one, based on the development of team loyalty and local recruitment. Training apprentices and passing on know-how is an absolute priority in order to preserve valuable human capital.

TFF Group is involved in social issues through cultural and sports sponsorship, as well as through the promotion of its businesses to schools and professionals and by participating in local life in general.

Working to reduce the environmental impact of our business has become one of the centerpieces of our strategy in recent years.

TFF Group not only wishes to preserve its raw material supplies but also to preserve the environment and the biodiversity of the forests for future generations. Particular attention is paid to the management of energy, water, waste and the carbon footprint generated by our activity.

## CSR WITHIN TFF GROUP

TFF Group is aware that its social and environmental impact must be constantly measured, evaluated and analyzed in order to be better limited.

The establishment of a CSR committee in 2021, which will enable discussions on CSR issues and the subsequent deployment of appropriate tools or advisory guides for the implementation of actions decided by the Executive Committee, will be a significant area for improvement and consultation.

### Governance system

TFF Group has opted for a two-tiered governance system with an Executive Board and a Supervisory Board. It is organized with an important supervisory function in the conduct of business by the Executive Board. The Supervisory Board is made up of two people from outside the Group who bring their expertise in promoting a sustainable vision in the Group’s strategy.

The Executive Committee, comprising senior management, support functions and the directors of the main brands, then applies this strategy and translates it into concrete actions within each company.

The CSR Committee regularly presents an assessment and proposals for action in the area of social and sustainable development to the Executive Committee in order to help define the Group’s strategy. These CSR actions are then deployed in each of the group’s companies and influence all their activities and the actions of their employees.

### The foundations of CSR

In 2019, TFF Group set CSR objectives that fell within the framework of the 2030 Sustainable Development Goals developed by the United Nations.

In order to best meet the expectations of its stakeholders, TFF Group has deployed its Sustainable Development policy around 4 main commitments:

- To promote training and ensure the transmission of know-how within its teams.

- To increase the CSR culture throughout the Group while maintaining the specificities of each site.
- To favor the purchase of wood from sustainably managed forests and to continue to reduce the Group’s environmental footprint by encouraging best practice.
- To disseminate our ethical values to all our employees in order to reaffirm the importance of a sound approach to business.

### CSR scope and reporting methodology

The CSR scope of the Group’s consolidated companies has changed and now includes two new French cooperages, Darnajou acquired in March 2019, as well as three new American companies integrated in early January 2019: a bourbon cooperage, Speyside Cooperage Atkins, and two stave mills, Speyside Bourbon Glade Spring Mill and Speyside Bourbon Manchester Mill.

Companies that are less than 51% owned by TFF Group, or with fewer than three employees, are not included.

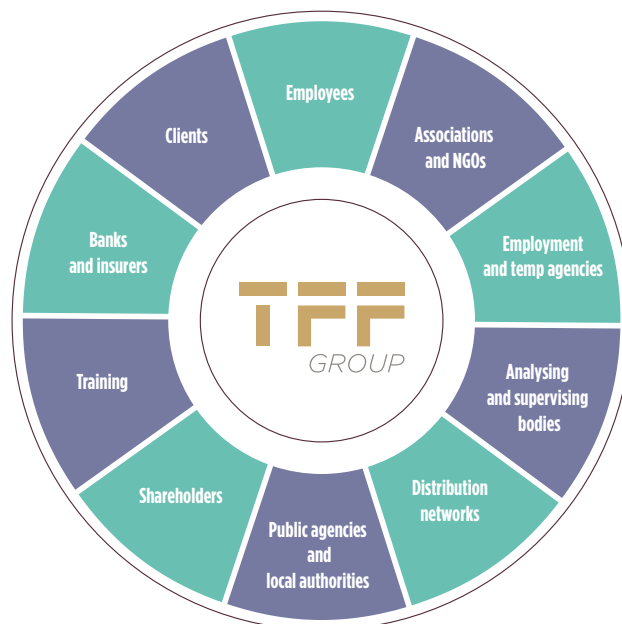
Our CSR reporting is carried out for the period from January 1<sup>st</sup>, 2020 to December 31<sup>st</sup>, 2020, and follows the GRI 3 model, in line with the recommendations of the AMF, based on a diagnosis corresponding to the ISO 26000 standard.

Information is collected from all subsidiaries using Amelkis’ Opera software. The data is checked at both subsidiary and head office level.

Consolidation is carried out at head office level. The data is then checked by the firm ACA Nexia.

CSR reporting is supervised by the CFO of TFF Group, and carried out by the Health and Safety Officer of François Frères Management, with the advice of the consulting firm PEPS Management.

### Key internal and external actors



## Risks and Opportunities analysis



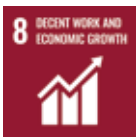





In 2019, TFF Group carried out an assessment of its sustainability risks thanks to the collaborative work of its teams, the external firm PEPS Management and the Group's Executive Committee.

The methodology used was as follows:

- Identification of risks and issues through surveys of TFF Group subsidiaries and stakeholders
- Consolidation of the various evaluations at TFF Group's head office
- Construction of our materiality grid, thanks to the information gathered and supported by a series of interviews conducted by the Group's main governance bodies.
- Validation of the indicators by TFF's Group Executive Committee
- Implementation of tools for the Group's various companies to make any necessary improvements.

In 2020, each company also assessed any Pandemic-lined risk within its structure and implemented the necessary actions to ensure continuity in its activity.

## Priority Goals and Targets

ODD	Priority issues identified	Description of the issue	Goals and targets and KPIs	Paragraph title
	Preserving the health and safety of employees	Ensuring the safety of employees and develop health prevention	<ul style="list-style-type: none"> <li>• 100% of receptions areas made secure</li> <li>• Zero accidents and occupational diseases</li> </ul>	Chapter I
 	Strengthening its social policy	Recruiting and retaining qualified or trained staff. Maintain attractiveness, know-how and skills transfer	<ul style="list-style-type: none"> <li>• Sustaining skills and the transmission of know-how</li> <li>• Increase in internal and external training by 1% each year</li> </ul>	Chapter II
   	Reducing the ecological footprint of sites and products and develop more sustainable products	<p>Conserving resources Limiting the environmental impacts of sites</p> <p>Innovate to develop sustainable products and services</p>	<ul style="list-style-type: none"> <li>• Preserving the oak wood resource by area and activity</li> <li>• % PEFC purchase</li> <li>• Developing the number of recycled barrels per number of barrels produced</li> <li>• Proportion of recycled barrels per barrel sold</li> </ul>	Chapter III
	Ensuring Business Ethics	Ensuring a healthy business relationship and transparency in relations with stakeholders	<ul style="list-style-type: none"> <li>• To have 100% of employees concerned by ethical risk trained (target end of 2021)</li> </ul>	Chapter IV

# I. SAFEGUARDING THE HEALTH AND SAFETY OF EMPLOYEES



## The Group's policy

TFF Group maintained its health and safety improvement policy despite a difficult context and the management of the consequences of the Covid-19 pandemic. The projects undertaken were successfully completed, even if we had to adapt our methods and schedules.

TFF Group took the necessary measures to protect its employees from the pandemic, by purchasing the necessary PPE and implementing sanitary protocols adapted to each situation in order to guarantee compliance with safety measures.

### Occupational health and safety goals and commitments:

✓ Target: 0 WA and OD for the year 2020

### The Results

#### KPI - Indicators WA/FR/SR in relation to the industry – LA7

TFF Group's objective of reducing working accidents is achieved with a decrease in the number of working accidents and their frequency of occurrence. However, there has been an increase in the duration of stoppages, which are still twice lower than our branch of activity.

It is the wine and whisky poles that are particularly impacted, two more artisanal sectors than the highly mechanized and automated Bourbon sector. An analysis will be conducted to check if this increase is exceptional, our severity rate being for 5 years less than 0.90.

TFF GROUP	12.2019	12.2020	Evolution in 2020	Industry in France in 2016
Number of Working Accidents (WA)	67	66		n/a
Number of WAs/Staff	6.18%	5.57%		n/a
WA Frequency Rate*	33.20	32.04		61.9
WA Severity Rate**	0.83	1.51		3.4

In 2020, there were no fatal working accidents within TFF Group.

#### KPI - Indicators Occupational Diseases

On a like-for-like basis, the number of occupational diseases remains the same as last year, with the increase recorded coming from one of the companies newly integrated into the group.

	12/2019	12/2020	12/2020 Constant scope*
Number of occupational disease reports per year – TFF Group	4	5	4

\* Without Speyside Cooperage Atkins, Speyside Bourbon Glade Spring Mill et Speyside Bourbon Manchester Mill.

Frequency Rate (FR) = (total number of working accidents with stoppage / total number of hours worked over the period) \* 1 000 000

Severity Rate (SR) = (total number of days lost due to working accidents / Total number of hours worked over the period) \* 1000



## Some concrete actions carried out in 2020

### Tonnellerie François Frères :

Purchase of 2 lift tables on the combined machine and replacement of the lights in the storage area now completed. Installation of anti-whiplash hoses on the presses of the heater.

### Demptos :

Replacement of fixed PCs with height-adjustable screens for improved ergonomics.

Installation of anti-whiplash ducts on hydraulic hoses to prevent the operator from being injured in the event of rupture or disconnection of the hose under pressure.

### François Frères USA :

Purchase of more efficient air filters for air conditioning, effective against mold, viruses and bacteria.

### Focus

Bouyouud cooperation: purchase of a combined machine entirely under cabin in July 2020.

*“The purchase of a combined machine allowed us to combine three positions into one: dolage, joining and cutting. This investment has made it possible to increase the yield of course but also to improve both the ergonomics of the workstations and the capture of wood dust.”*

*This improvement has been felt in the high working cost of employees and will contribute to reducing the risk of occupational diseases in the years to come.”*

*Philippe Bertrand Director of Tonnellerie Bouyouud*



## ✓ Objective: 100% of security receptions carried out

### The results

#### KPI - Reinforcing security reception and integration of new recruits:

90% of French sites have formalized this welcome with a booklet distributed to each new employee (66% last year) but the existence of disparities in procedures or lack of registration mean that a standardized procedure needs to be established, which could be completed according to the needs of each site and extended to foreign sites in the years to come.

A toolbox facilitating the integration of new employees is made available to French subsidiaries by the CSR committee, with the aim of better formalizing the security at reception areas.

## II - STRENGTHENING SOCIAL POLICY



### Social policy:

TFF Group's social policy is applied within each entity. Its objective is to promote the development of employees' skills through training and mentoring. It ensures the transfer of know-how and skills and thus helps with the retention of talent.

Training and the transmission of «best practice» and know-how are essential to the long-term survival of our businesses.

Wherever it operates, the Group is committed to respecting local social legislation at all times, in particular freedom of association and the right to collective bargaining, the prohibition of discrimination and forced labor, and the effective abolition of child labor. Locally, the subsidiaries implement a training plan adapted to their own needs and situation.

TFF Group has set up a working group to strengthen its social policy and share best practice, with a view to implementing joint initiatives aimed at encouraging, professionalizing and enhance the acquisition of skills.



In 2020 a toolbox was set up for French subsidiaries in terms of personnel management, including: a model welcome booklet for newcomers, a skills monitoring table, a training plan ...

Document templates are shared to help HR departments improve skills assessments and guide training policies as closely as possible towards the needs of the company and its employees.

### Developing skills and transfer of know-how – LA10 and LA11

The Group's companies continue to rely heavily on apprenticeship and mentoring in order to transmit values and skills. The establishment of these «tutor-apprentice» duos was a «win-win» which enhances our know-how.

#### ✓ Goal: to increase the number of training hours by 1% per trained employee

#### The results:

The number of hours of training per employee is 74 hours this year, compared to the average of the hours of training of the last 3 years and despite a difficult context that has led to numerous absences and postponements of training, TFF Group manages to maintain a high rate of training hours and to train a greater number of employees.

#### 107 additional employees trained this year

732 employees trained

74 hours of training per trained employee

48,332 hours of learning

62% of employees trained

#### KPI - Training indicators (number of hours and people trained) - LA10

	12.2019	Average of data published on April 30, 2017, April 30, 2018 and data from January 1 <sup>st</sup> , 2019 to December 31, 2019	12.2020
Hours of training per trained employee	87 h	51 h	74 h
Training rate	59%	61%	62%

## III – LIMITING OUR ECOLOGICAL FOOTPRINT AND ADAPTING OUR PRODUCTS AND SERVICES TO CLIMATE CHANGE



### The group’s environmental policy:

TFF Group’s environmental policy is based on three major principles:

- Preserving the forest by promoting the use of wood labelled in terms of sustainable management (PEFC, FSC)
- Preserving the environment at its sites by limiting their environmental impact (limiting packaging, circular economy, waste recycling)
- Promoting any product, installation or innovation that would help limit its impact on the environment.

### Limiting the environmental impact on wood and raw materials

The protection of oak forests is considered a priority issue in the environmental field. In order to meet this challenge, 100% of the stave mills are PEFC certified, and 75% of TFF’s French companies working with oak wood have obtained PEFC certification in their field of expertise.



TFF Group has also turned to the PEFC label for the purchase of oak wood in France in order to ensure sustainable forest management.

The process of sourcing wood from forests that respect the principles of sustainable management ensures access to and renewal of the indispensable resource that is oak wood, whilst ensuring both respect for biodiversity and for the people who work in forests.

The limited supply of oak wood for cooperage and stave-milling activities has led the group’s companies to pay more attention to the raw material and its processing.

### Environmental objectives:

- ✓ Maintaining at least the current percentage of PEFC-labelled wood purchases in France.

#### The results:

- KPI - Indicator of % of PEFC certified wood purchases

	12/2019	12/2020
% of wood purchases TFF Group	45.18%	42%
% of wood purchases France	76.52%	65%



2020 was marked by the impact of the COVID-19 pandemic on the restaurant industry in France and abroad because of closures, as well as by violent fires in the wine-growing regions of California and Australia. In this environment, TFF Group focused on maintaining employment in all its subsidiaries and on controlling costs, particularly for raw materials.

The purchase of wood, logs and staves was significantly reduced, and the proportion of PEFC certified wood purchases was not maintained.

This situation is obviously transitory and TFF Group plans to continue to improve its commitment to sustainable forest management by favoring the purchase of PEFC or FSC certified wood and by encouraging its suppliers to adhere to this commitment, in order to integrate them in the spirit of sustainable development.

## ✓ Objective : Increase the rate of recycled barrels

### The results:

#### KPI – Indicator of recycled barrels per barrel sold and by area - EN2

TFF Group recycles more barrels than it produces through its whisky sector. This year, the wine and whisky sectors recycled 4.37 barrels per barrel sold.

#### Number of recycled barrels per new barrel sold

	12/2019	12/2020
TFF Group	1.39 / 1	1.52 / 1
Wine and whisky division, excluding Bourbon	3.97 / 1	4.37 / 1

### Developing products or services to respond to climate change:

TFF Group is facing new challenges related to global warming. The latter leads to an increase in the alcohol content of wine in certain regions. To meet these challenges, cooperages are proposing adapted products: a different toasting proposals for the barrels, the adaptation of the type of the grain or the size of the container for example.

The DEMPTOS research center has developed a barrel designed to preserve the balance of these high alcohol wines. This OH>15® technological barrel is based on a selection of wood that is isolated and chosen for its ability to balance alcohol-rich wines such as those produced in the southern regions.

### Limiting the carbon footprint – EN16:

The Group has calculated its greenhouse gas emissions and thus voluntarily meets the requirement of Decree No. 2011-829 on the greenhouse gas emission balance.

French cooperages and stave-milling sites have already calculated their CO<sub>2</sub> emissions with the Bilan Carbone methodology® of Ademe, in order to validate the data of the cooperage federation regarding the Teq carbon produced per barrel. This method of calculation makes it possible to fully measure the impact of the activity on the environment and to be able to initiate a targeted action plan.

Given the difficulties of implementing a scope 3 carbon footprint at Group level, we opted for a scope 1 and 2 as a first step.

TFF Group's Carbon Footprint (scope 2):

	12/2019	12/2020	12/2020* Like-on-like
Carbon footprint in Tonnes CO <sub>2</sub> equivalent	42 021	47 265	43 608
Carbon footprint per barrel (Teq CO <sub>2</sub> )	0.0902	0.0923	0.0927

\* Carbon footprint like-on-like without the addition of the three new cooperages (Darnajou 1 and 2, Speyside Bourbon Atkins)

On a like-for-like basis, TFF Group's carbon footprint increased due to the growing demand for larger capacity barrels, which have a greater impact on the carbon footprint.





## IV – INTEGRITY AND TRUST IN BUSINESS RELATIONSHIPS



### TFF Group's policy on business ethics:

TFF Group's success is based on long-standing relationships of trust with its stakeholders, customers, employees, suppliers, shareholders and in all its business relationships.

To reaffirm its ethical values, TFF Group has chosen to adhere to the «Middlenext Anti-Corruption Code of Conduct» and has implemented a training program to support this code and the Group's anti-corruption policy, which seeks to enhance values of integrity, responsibility and respect of all our partners.

TFF Group is fully aware of the challenges posed by the risks of corruption and requires its employees to fully adhere to the Group's ethical principles, which are formalized in this code.

TFF Group implemented a business ethics alert system in September 2020, but there were no alerts, questions or requests for advice in the last quarter of 2020.

✓ Objectives: 100% of employees exposed to corruption risks trained by the end of 2021

#### The results:

Our training goal was met by mid-January 2021. All employees involved in an ethical risk in the performance of their duties have validated and integrated the values and rules required by TFF Group.



100%

of our employees exposed are trained

### Lobbying :

TFF group is a member of the French Cooperage Federation, the Wood Products Union and the Stave Millers Union, as well as Middle Next for the representation of its interests with public authorities and the state. The company does not practice direct lobbying. TFF Group represents its interests through responsible practices that comply with national and international requirements.

### Tax evasion:

TFF Group complies with the tax regulations of the various countries in which its sites are located.

## EXEMPTIONS:

### Other Regulatory Indicators

#### Fight against food waste

#### Responsible, fair and sustainable food

TFF Group is not directly affected by these indicators because we do not have collective catering within the group companies.

#### Respect for animal welfare

TFF Group is not concerned by this indicator as the group does not use animal testing.

## OTHER INDICATORS 2020

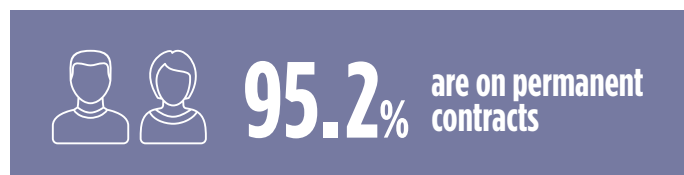
### Other social data

The data is based on the CSR perimeter at the end of the December of the years concerned. Data based on any another perimeter is marked with an asterisk.

#### Number by zone – LA1

Staff by zone (permanent and fixed term contracts)	12/2019	12/2020
Europe (excluding France)	136	137
France	453	466
USA	449	539
Australia	37	36
New Zealand	1	1
China	6	6
South Africa	2	0*
<b>TOTAL</b>	<b>1 084</b>	<b>1 185</b>
Share of the workforce located in the country of the head office (permanent and fixed-term contracts)	41.78%	39.3%
Share of permanent staff located in the country of the head office*	41.23%	39%

\* Companies with fewer than 3 employees are no longer included as of this year in the CSR scope



#### Workforce – LA1

	12/2019	12/2020
Workforce (permanent and fixed-term contracts)	1084	1185
Acting Workforce	24	18
Apprentice Workforce	34	36
Fixed-term workforce	34	3
Total number of companies outside the CSR scope	153	88
Total number of employees permanent contracts-fixed-term contracts, apprentices)*	1,295	1,327

\* Total scope of the group

### Personnel Changes

	12/2019	12/2020
Number of recruitments	621	580
Number of departures	521	477
of which: Dismissals	213 (195 in the USA)	304 (296 in the USA)
Number of employee recruitments (on a like-on-like basis)	330	279
Number of employee departures (on a like-on-like basis)	246	331
Net evolution of the workforce on a like-on-like basis compared to N-1	84	(52) of which 21 end of fixed-term contract

#### Staff turnover - LA2

TFF Group's staff turnover decreased this year, both in France and abroad. A slowdown in both new hires and departures is linked to the year's difficult economic context.

Turnover in %	12/2019	12/2020
TFF Group	51.80	44.60
France	15.78	12.66
USA	53.67	45.64

Definition Staff turnover = Input Rate + Output Rate / 2

NB: the turnover rate of the wood sector in 2018 in France was 15.1%, and that of the wood industry in the USA in 2018, 55.5%.

TFF Group did not implement any restructuring measures that resulted in redundancies during the year.

#### Absenteeism rate – LA7

The absenteeism rate rose sharply as a result of the COVID-19 pandemic this year.

Absenteeism rate	12/2019	12/2020
TFF Group	5.78%	8.67%
France	6.39%	9.09%
Europe without France	4.63%	4.93%
USA	5.98%	9.84%
Oceania	1.65%	1.42%

## The working conditions of employees

When it comes to the organization of working time, TFF Group favors daytime work. 7.81% of the group's workforce worked in shifts (2x8 or 3x8) in 2019, 10.12% this year.

TFF Group takes into account the personal situations of its employees (family situation, health factors) and arranges working time according to their needs wherever possible.

## Collective agreements – LA4

Five gender parity agreements are being worked on and several profit-sharing deals are also in progress. The proportion of TFF Group employees covered by a collective agreement is 43%.

## The distribution of women in the workforce and their share by type of position

	12/2019	12/2020
Percentage of women in the workforce	16.4%	16.5%
Percentage of executives in the workforce	13.20%	12.7%
Percentage of female managers among managers	25.20%	26.7%

## Number of employees with disabilities

	12/2019	12/2020
Number of employees with disabilities in TFF Group	21	32
% of staff in France	3.09%	5.36%

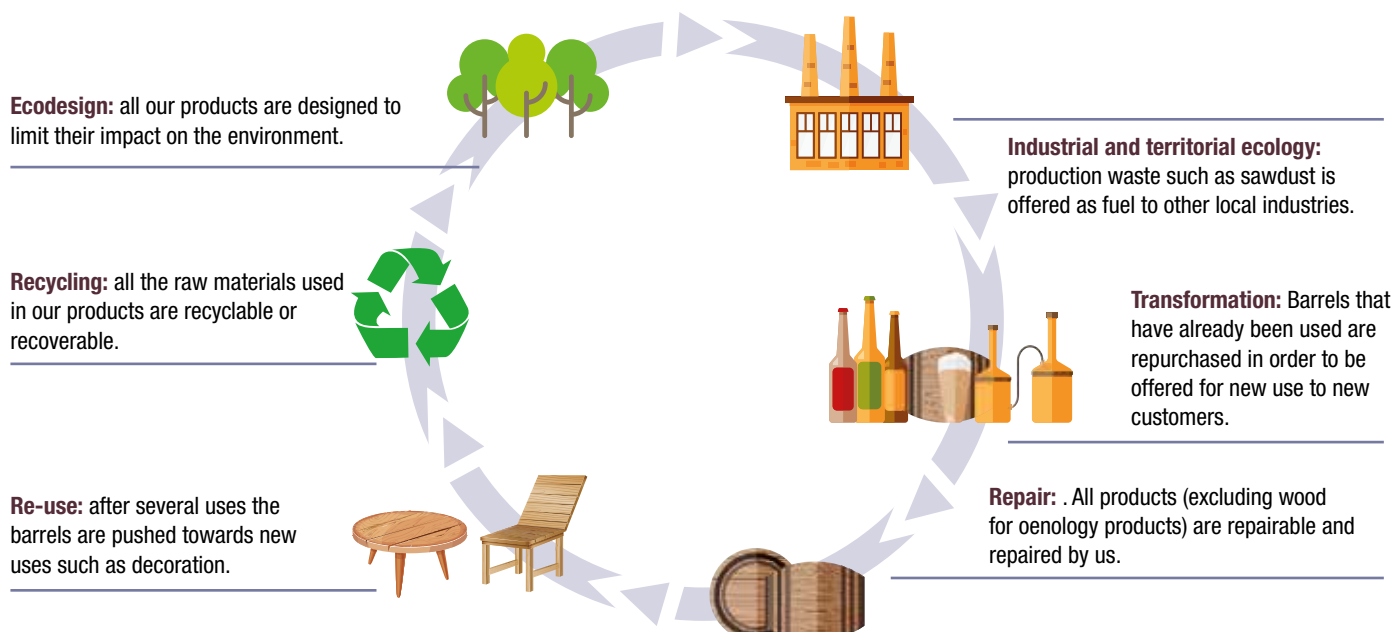
## Average age of employees and share of seniors in the workforce

The average age\* of TFF Group employees was 41.3 years in 2020. Seniors (over 50) represented 29.28% of the workforce (28.49% in 2019).

\* age estimated from TFF Group's age structure

## Developing the circular economy

TFF Group has integrated the principle of the circular economy at all stages of its coopering, vat-making and in the production of its wood for oenology products.



## OTHER ENVIRONMENTAL DATA

### Water

Consumption in m <sup>3</sup>	12/2019	12/2020
of the distribution network	17 252.00	35 175.59
water taken from springs or aquifers *	77 632.00	70 332.00
TOTAL	94 884.00	105 507.59

\* CSR scope without Demptos Napa Cooperage data

	12/2019	12/2020
Volume of recycled water (m <sup>3</sup> )	50 030.00	65 000.00

Being fully aware of the risks of dwindling water sources, TFF Group monitors its consumption, aims to limit its consumption of water drawn from the natural environment and recycles part of the water used on two of its sites.

## Improving energy efficiency at production sites – EN 5

French companies continue to gradually replace the lighting of their workshops with LED neon lights. Many TFF Group cooperages use the waste from their wood usage to supply the boilers used to heat their premises and their wood dryers.

## MEETING THE EXPECTATIONS OF OUR STAKEHOLDERS

### Improving Customer Satisfaction – PR5

After a Group survey of our customers in 2019, we found a high satisfaction index that we continue to evaluate to best meet their expectations, namely with regard to:

- The repeatability of an identical quality from one year to the next
- The quality of the products
- The traceability of products and inputs

At all production sites, specific controls and traceability are in place to guarantee the quality of our products and to provide any associated services (oenological advice, QR codes on barrels for example).

Radoux, Sciage du Berry, Arobois, Brive Tonneliers and Foudrerie François are certified according to ISO 9001 standards in order to guarantee their customers the implementation of quality management oriented towards customer satisfaction.



**5** ISO 90015 certified sites

### Ensuring food safety and limiting allergenic risks

The guarantee of food safety is a central concern throughout the manufacturing and shipping processes and a legitimate expectation of our customers.

We make every effort to guarantee quality products with the aim of eliminating contamination and allergen risks:

- Through random analyses of raw materials, barrels, air, water, and containers.
- Thanks to the elimination of gluten, which was replaced by another material...
- By using food grade products throughout the production process for any parts that come into contact with the products (machine oils, etc.)
- HACCP processes have been implemented at the following sites: Tonnellerie François Frères, Tonnellerie Demptos, Tonnellerie Radoux, Brive Tonneliers, Arobois (wood for oenology products) and Foudrerie François.
- All our stainless steel suppliers are European and comply with regulations in order to guarantee products free of hazardous substances.

### Securing raw materials and finished products

Stocks of raw materials and finished products are carefully monitored in order to guarantee a continuity of supply to our customers.

### Supplier Relationship – EC6

TFF Group takes into account in its purchasing policy the proximity of its suppliers in order to minimize supply times, but also to promote the local economy wherever the opportunity exists.

Some of our suppliers are partly dependent on our regular purchases, and we strive as far as possible to provide suitable solutions to minimize the risks for them as well as for us: by ensuring a certain quantity ordered each year, by planning purchases upstream in a spirit of partnership and by taking into account their imperatives in our order deadlines for example.

### Relations with civil society

TFF Group is involved in education, and allows many students to discover its various professions by organizing school visits for example. These visits are not limited to schools, but to local businesses employing forestry staff (NFB), sommelières, viticulture staff, oenologists and customers.

TFF Group is also involved in several sponsorship programs in various fields such as sport, culture, heritage safeguarding, medical research against cancer (Crush MS in the USA and Leclerc Center in Dijon), education, support for firefighting services and sustainable forest maintenance, as well as support for populations in difficulty.

### Support for Wildfire Services in California



In light of the dramatic fires in California in 2020, TFF Group decided to support the men and women of the California Department of Forestry and Fire Protection: approximately 8,000 permanent and seasonal employees dedicated to fire prevention and to the stewardship of more than 31 million acres of private California wilderness. The department was established in 1905.



CAL FIRE's mission focuses on the management and protection of California's natural resources; a goal that is achieved through ongoing assessment and the study of biodiversity.

CAL FIRE oversees the enforcement of California's forest regulations, which guide timber management in private forests. Foresters and fire departments work closely together to encourage and implement management projects in order to reduce the threat of wildfires. CAL FIRE Foresters promote the conservation and importance of trees and forests to Californians of all ages.

*Text and images taken from Cal Fire's website and Facebook page.*



## Support for people



Meals on Wheels logo- Photo Created: 18 July 2017 – Public Domain

The association Meals on Wheels, was created in 1943 in England during the Blitz, when a large part of the population had lost their homes and were no longer able to cook. Meals on Wheels America now supports 628 local communities in the United States.

TFF Group has chosen to help this association to cope with the consequences of the economic crisis related to Covid-19. With the pandemic, the need to bring food to the homes of the elderly grew, and the association expanded its scope of action to people who had lost their jobs and homes by delivering hot meals directly to people in need on the street.

## Sports sponsorship



Photos taken from the Villa Primrose website

TFF Group has been chosen to support one of the oldest tennis and hockey sports club «Villa Primrose» in Bordeaux, a century-old club created in 1897 by Edouard Lawton, an important wine merchant of Irish origin in Bordeaux. The fame of the club began in the 1940s, with the sporting success of the Jauffret family (above in photo), and continues to the present day (champions of France interclub Pro A 2020).



In order to promote the local Blayais heritage, TFF Group participates in the marathon of the 10 Kms des Vins de Blaye, which passes through the vineyards of the Côtes de Blaye and several castles along the way.

## Cultural patronage



Under the artistic direction of the cellist Sung-Won Yang, the Beethoven Festival in Beaune explores Beethoven's rich repertoire and legacy.

For its 3<sup>rd</sup> edition, the festival took part in the 250<sup>th</sup> anniversary of Beethoven (1770-1827) and contributed to this international tribute (postponed from 11<sup>th</sup> to 14<sup>th</sup> November 2021 due to the pandemic).

## Heritage protection



Images by Christophe Finot – ShareAlike 2.5

Participation in the renovation of the Romanesque style Saint Romain church built in the 15<sup>th</sup> century. This church is located on the site of the 11<sup>th</sup> century chapel which was part of the old castle bought by the Duke of Burgundy in 1300.

## List of the companies included in TFF Group's CSR scope

Tonnellerie François Frères  
 François Frères Management  
 Tonnellerie Bouyouud  
 François Frères USA  
 Tonnellerie Radoux  
 Merranderie Sciage du Berry  
 Radoux USA  
 Tonnellerie Demptos  
 Demptos Espagne  
 Demptos Napa Cooperage  
 Demptos Yantai  
 Arobois  
 Brive Tonneliers  
 Foudrerie Joseph François  
 Alain Fouquet French Cooperage  
 A.P.John Cooperage  
 Classic Oak Australie  
 Classic Oak NZ  
 Camlachie Cooperage  
 Speyside Broxburn Cooperage  
 Speyside Kentucky Cooperage  
 Isla Cooperage  
 Stavin  
 Merranderie Sogibois  
 Merranderie Tronçais Bois Merrain  
 Tonnellerie Berger  
 Speyside Bourbon Cooperage  
 Speyside Bourbon Stave Mill  
 Waverly South  
 Waverly North  
 Speyside Bourbon Cooperage Atkins  
 Speyside Bourbon Glade Spring Stave Mill  
 Speyside Bourbon Manchester Stave Mill  
 Cuves Lejeune  
 Idelot Père & Fils  
 Barrels Unlimited Inc.  
 Tonnellerie Darnajou 1  
 Tonnellerie Darnajou 2

## X. RESEARCH AND DEVELOPMENT ACTIVITIES – THE COMPANY’S COMMITMENTS TO THE CIRCULAR ECONOMY

These headings are developed above in Part IX that is dedicated to the declaration of non-financial performance.

## XI. SIGNIFICANT EVENTS SINCE THE CLOSE OF THE FINANCIAL YEAR

None

## XII. INFORMATION ON PAYMENT DEADLINES

Pursuant to Article L. 441-6-1 of the French Commercial Code, we include here information on the payment terms of the Company’s suppliers and its customers.

As of April 30<sup>th</sup>, 2021, the breakdown by maturity of the Company’s supplier balance and customer balance was as follows.

In their report on the annual accounts drawn up as part of the approval of the accounts for the year ended 30<sup>th</sup> April, 2021, the Statutory Auditors made their observations concerning the accuracy and consistency of this information.

	Article D.441 I.- 1 of the Commercial Code: Invoices <b>received</b> and not paid at the financial year’s closing date						Article D. 441 I.-2 of the Commercial Code: Invoices <b>sent</b> and not paid at the financial year’s closing date					
	0 day	1 -30 days	31 -60 days	61 -90 days	91 days and more	Total	0 day	1 -30 days	31 -60 days	61 -90 days	91 days and more	Total
<b>(A) Installment of arrears</b>												
Number of Invoices	177					46	121					95
Total amount of the invoices tax included	2 282 607 €	4 397 €	381 €	449 €	3€	5 228 €	2 793 569 €	437 727€	434 972 €	1 508 548 €	262 183 €	2 643 429 €
Percentage of the total amount of purchases over the year tax included	8.13%	0.02%	0.00%	0.00%	0.00%	0.02%						
Percentage of the turnover of the year (must state before or after tax)							8.93%	1.40%	1.39%	4.82%	0.84%	8.45%
<b>(B) Invoices not included in (A) and related to debt or credit that is the subject of litigation or not counted</b>												
Number of invoices												
Total number of excluded invoices (must state before or after tax)												
<b>(C) Reference payment period used (contractual or legal period L. 443-1 of the Commercial Code)</b>												
Payment period used for the calculation of payment delays	Legal deadline: 30 days end of month						Legal deadline: 60 days end of month					

Purchases after taxes 20/21 28 084 584

Sales after taxes 20/21 31 300 327

## XIII. ORDINARY AND EXTRAORDINARY SHAREHOLDERS’ MEETING OF OCTOBER 29<sup>th</sup>, 2021

### 1 – Presentation of resolutions in ordinary form

- The purpose of the first resolution is to submit for your approval the financial statements for the year that ended on April 30<sup>th</sup>, 2021, as well as the discharge of the members of the Executive Board and the Supervisory Board in the performance of their duties for said year.
- Under the terms of the second resolution, the Shareholders’ Meeting will be asked to approve the payment of a dividend of €0.35 per share of capital on November 9<sup>th</sup>, 2021.

When paid to individuals domiciled in France for tax purposes, the dividend is subject to a single flat-rate withholding tax on its gross amount at a rate of 12.8% (Article 200 A 1. of the French General Tax Code). The dividend is also subject to social security withholdings at the rate of 17.2%, i.e., an overall taxation rate of 30%.

On the basis of a derogation and upon express request, these dividends are subject to income tax at the progressive scale (article 200 A 2. of the General Tax Code), after a 40% allowance, under the conditions provided for in article 158-3. 2° of the French General Tax Code. The dividend is also subject to social security deductions of 17.2%.

An exemption from the 12.8% flat-rate withholding tax (Article 117 quater, I.-1. of the French Tax Code) is provided for taxpayers whose «reference tax income» does not exceed a certain threshold, as set in paragraph 3 of the article, and provided that they have expressly requested it when filing the relevant income tax return, under the conditions set out in Article 200 A 2. of the French Tax Code, for dividends received in 2021.

Thus, the profit of the parent company, i.e. € 7,114,561 would be affected as follows:

Profit for the financial year	7,114,561 euros
Item «carry-over”	3.599.447 euros
Total to be allocated:	10,714,008 euros
* Allocation as dividends	7,588,000 euros

\* Assignment to the post carried over 3,126,008 euros  
 Total equal to the profit to be allocated (including the item «carry-over») 10,714,008 euros  
 The dividends as distributed for the last three financial years:

Years	2017/2018	2018/2019	2019/2020
Number of shares	5 420 000	21 680 000	21 680 000
Net dividends (euros)	1.40	0.35	0.35
Dividend eligible for abatement	1.40	0.35	0.35

• The purpose of the third resolution is to approve the Statutory Auditors' special report on regulated agreements entered into during the fiscal year ended April 30<sup>th</sup>, 2021. In this respect, the following clarifications are provided:

**1. The Statutory Auditors' special report, which is included in the Company's annual report, mentions the agreements already approved by the General Meeting in previous years, and which continued during the past year.**

These agreements are reviewed annually by the Supervisory Board and communicated to the Statutory Auditor, in accordance with the legal provisions in force (Article L.225-88-1 of the Commercial Code). The Supervisory Board carried out this annual review at its meeting on July 16, 2021.

The financial terms of these agreements, which consist mainly of leases, are likely to change over time in line with the usual indexation of such agreements.

**2. New agreements entered into during the past year and authorized by the Supervisory Board, it being noted that only these agreements are subject to a vote by the General Meeting:**

None.

- The purpose of the 4<sup>th</sup> resolution is to submit for your approval the consolidated financial statements at 30<sup>th</sup> April 2021, as outlined above.
- Pursuant to the provisions of Article L. 22-10-34 of the French Commercial Code, it is proposed that you approve the remuneration paid or granted for the financial year ending April 30<sup>th</sup>, 2021 to the executive directors and to the members of the Supervisory Board (commonly referred to as the «ex-post vote»). You are therefore asked to approve :
  - the information relating to the remuneration of all executive directors for the financial year ending April 30, 2021 (5<sup>th</sup> resolution);
  - the compensation and benefits of any kind paid or granted to Jérôme François, Chairman of the Board of Directors, in respect of the financial year ended April 30<sup>th</sup>, 2021 (6<sup>th</sup> resolution);
  - the compensation and benefits of any kind paid or granted to Jean François, Chairman of the Supervisory Board, in respect of the financial year ending April 30<sup>th</sup>, 2021 (7<sup>th</sup> resolution).

You are asked to vote in favor of all of these compensation items, which have been approved by the Supervisory Board. All of these items are described in detail in the Supervisory Board's report on corporate governance (section 9).

- In accordance with Article L.22-10-26 of the French Commercial Code, the meeting is then asked to approve the remuneration policy applicable to the Chairman of the Executive Board (8<sup>th</sup> resolution), the Chairman of the Supervisory Board (9<sup>th</sup> resolution), and the members of the Supervisory Board (10<sup>th</sup> resolution) (commonly referred to as the «ex ante vote»).

Remuneration policy is described in detail in the Supervisory Board's report on corporate governance (section 9). It is proposed that you vote in favor of these elements of the compensation policies for corporate officers, as approved by the Supervisory Board.

- Under the terms of the 11<sup>th</sup> resolution, it is proposed that the General Meeting of Shareholders set the total annual remuneration allocated to the members of the Supervisory Board at 12,000 euros for the current fiscal year beginning May 1st, 2021, and for each subsequent fiscal year, until the shareholders' meeting decides otherwise.

- In the 12<sup>th</sup> resolution, you will also be asked to vote on an authorization for the Board of Directors to implement a share buyback program in accordance with Article L.22-10-62 of the French Commercial Code:

In order to enable our Company to improve the financial management of its equity, we propose, in accordance with the provisions of Article L.22-10-62 of the French Commercial Code, that you authorize your Board of Directors to acquire a number of shares representing up to 10% of the shares comprising the Company's share capital.

- The purpose of the 13<sup>th</sup> resolution is to confer the powers to carry out all legal formalities in relation to ordinary resolutions.

## 2 – Presentation of the resolutions in extraordinary form

- Authorization for the Board of Directors to reduce the share capital by cancelling treasury shares held by the Company (14<sup>th</sup> resolution)

The Board of Directors is asking the Shareholders' Meeting, after having heard the special report of the Statutory Auditors, to grant it a delegation of authority to cancel all or part of the shares acquired, up to a limit of 10% of the share capital, for a maximum period of eighteen months.

- Authorization for the Board of Directors to reduce the share capital by cancelling treasury shares held by the Company (14<sup>th</sup> resolution)
- Finally, the purpose of the 15<sup>th</sup> resolution is to grant powers to carry out all legal formalities in connection with the extraordinary resolutions.

## **XIV. INTER-COMPANY LOANS (ARTICLE L.511-6 OF THE MONETARY AND FINANCIAL CODE)**

Pursuant to the provisions of Articles L.511-6 and R. 511-2-1-1 II of the French Monetary and Financial Code, joint stock companies whose accounts are certified by an auditor must disclose in their management report the amount of loans with a maturity of less than two years granted to companies with which they have economic ties, as certified by the auditor (this is different from the intra-group loans authorized by Article L.511-7 of the Monetary and Financial Code).

There were no such agreements within TFF Group during the year under review.

## **XV. OUTLOOK**

The 2021/2022 financial year looks set to be one of contrasts: with a wine market expected to fall as a result of unfavorable climatic factors, particularly in the USA (fires) and Europe (extreme spring frosts).

However, the alcohol market is expected to grow and allow the level of consolidated activity to remain at a level comparable to that of the 2020/2021 financial year.

Operating income is likely to come under pressure in the inflationary context that is weighing on raw materials and will also be impacted by the ramping-up of the alcohol division, where profitability is lower than in declining wine division.

Prospects are looking promising for 2022/2023.

With our market share in wine and spirits, our financial strength and the massive investments made in recent years, the Group will be ready for the rebound of the wine market and remains confident of its ability to increase revenue to €350 million by 2024/25.

The Executive Board

# **ANNEXES TO THE ANNUAL REPORT**

## **SUMMARY STATEMENT OF THE TRANSACTIONS CARRIED OUT BY THE MANAGEMENT AND THEIR RELATIVES OVER THE LAST FINANCIAL YEAR**

**(AMF, REGL. GENERAL, ART. 222-15-3 NEW)**

NONE



# CONSOLIDATED BALANCE SHEET

Assets (thousands of euros)	4/30/2021 IFRS	4/30/2020 IFRS
<b>Non current assets</b>		
Intangible fixed assets	4 466	4 165
Goodwill	85 984	87 157
Intangible fixed assets	90 450	91 322
Tangible assets	125 203	139 844
Investments in equity-valued companies	14 411	14 251
Deferred tax assets	16 006	10 456
Financial assets	2 142	2 017
<b>Total non current assets</b>	<b>248 212</b>	<b>257 890</b>
<b>Current assets</b>		
Raw material, intermediate and finished products	256 604	267 030
Trade receivables	47 864	52 198
Other receivables	12 347	9 137
Cash	94 640	82 020
<b>Total current assets</b>	<b>411 455</b>	<b>410 385</b>
Non current assets to be discontinued	0	0
<b>Total assets</b>	<b>659 667</b>	<b>668 275</b>

# CONSOLIDATED BALANCE SHEET

Equity and Liabilities (thousands of euros)	4/30/2021 IFRS	4/30/2020 IFRS
<b>Shareholder's equity</b>		
Common stock	8 672	8 672
Retained earnings	346 716	327 625
Translation adjustment - shareholders' equity	(7 220)	-2 214
Consolidated income of the year	20 041	26 635
Translation adjustment - income	130	-127
<b>Total Group shareholders' equity</b>	<b>368 339</b>	<b>360 591</b>
Minority interests / reserves	4 933	4 393
Minority interests / income	466	211
<b>Total shareholders' equity</b>	<b>373 738</b>	<b>365 195</b>
<b>Non current liabilities</b>		
Long term provisions	124	433
Deferred tax liabilities	12 635	6 577
Long term interest-bearing loans and borrowings	79 168	51 279
Retirement benefit obligation	2 994	2 846
<b>Total non current liabilities</b>	<b>94 921</b>	<b>61 135</b>
<b>Current liabilities</b>		
Trade payables and equivalent	18 714	21 737
Other liabilities	18 814	20 740
Short term loans and borrowings	153 480	199 468
<b>Total current liabilities</b>	<b>191 008</b>	<b>241 945</b>
Non current liabilities to be discontinued	0	0
<b>Total current and non current liabilities</b>	<b>285 929</b>	<b>303 080</b>
<b>Total Equity and Liabilities</b>	<b>659 667</b>	<b>668 275</b>

# INCOME STATEMENT

Thousands Euros		4/30/2021 12 months IFRS	4/30/2020 12 months IFRS
Revenue		260 878	279 663
Change in finished goods		(1 049)	(381)
<b>PRODUCTION INCOME</b>		<b>259 829</b>	<b>279 282</b>
Purchase of raw materials and goods		(124 140)	(155 114)
Change in raw materials		204	15 125
<b>GROSS PROFIT</b>		<b>135 893</b>	<b>139 293</b>
Other purchases and external charges		(30 518)	(30 563)
<b>VALUE-ADDED</b>		<b>105 375</b>	<b>108 730</b>
Operating grants		0	0
Taxes and similar payments		(2 935)	(2 815)
Employee benefits expense		(55 844)	(53 901)
<b>EBITDA</b>		<b>46 596</b>	<b>52 014</b>
Reserves written back to income and internal transfers		2 951	3 078
Allowances for amortizations		(12 228)	(8 912)
Allowances for reserves		(1 009)	(2 583)
Other current expenses and income		516	60
<b>INCOME OF OPERATING ACTIVITIES</b>		<b>36 826</b>	<b>43 657</b>
Other non-current operating income and expenses		612	(8 071)
<b>INCOME FROM CONTINUING OPERATIONS</b>		<b>37 438</b>	<b>35 586</b>
Share in net income of equity affiliates		518	834
<b>INCOME AFTER SHARE IN NET INCOME OF EQUITY AFFILIATES</b>		<b>37 956</b>	<b>36 420</b>
Financial income		3 885	7 233
Financial expense		(14 153)	(6 123)
<b>Net Financial Expense</b>		<b>(10 268)</b>	<b>1 110</b>
<b>EARNINGS BEFORE TAX</b>		<b>27 688</b>	<b>37 530</b>
Income tax		(7 184)	(10 684)
<b>NET INCOME FROM CONTINUING OPERATIONS</b>		<b>20 504</b>	<b>26 846</b>
<b>NET INCOME FROM DISCONTINUED OPERATIONS</b>		<b>0</b>	<b>0</b>
<b>NET INCOME</b>		<b>20 504</b>	<b>26 846</b>
Group share		20 041	26 635
Minority interests		463	211
Earnings per share			
net income		0,92	1,23
net income from continuing activities		0,92	1,23
		0,92	1,23
		0,92	1,23





*Time is on our side*

**TFF**  
GROUP