2020

RÉMY COINTREAU

HALF-YEAR FINANCIAL REPORT

2020/2021

SUMMARY

RÉMY COINTREAU

HALF-YEAR FINANCIAL REPORT 2020/2021

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INTERIM MANAGEMENT REPORT

First six months of the year ending 31 March 2021

The major impact of the COVID-19 pandemic, which started at the beginning of the 2020 calendar year, continued to be felt throughout the first half-year. The extension of health-related measures in numerous countries resulted in the ongoing closure of a large number of venues where the Group's spirits are sold, particularly in the On-Trade sector (restaurants, bars and clubs) and Travel Retail (duty-free shops).

Fully assuming its social and societal responsibilities, the Group continued to implement the measures rolled out during the last quarter of the previous financial year. While cost reduction measures were introduced, the Group has been quickly adapting to the new situation. Its brands have shown resilience and dynamism, and the Group's strategy has not been called into question. The Group's balance sheet structure is solid and the Group is confident that it can emerge from this crisis even stronger.

During the first half year, which was still significantly impacted by the global COVID-19 pandemic, the Group's current operating profit amounted to €106.2 million, representing an organic change of -22.5% (-23.2% on a reported basis). The current operating margin stood at 24.7%.

1.1 Analysis of the business and consolidated results

1.1.1 Key figures

All data is presented in millions of euros for the period from 1 April to 30 September.

Organic change is calculated at constant scope and exchange rates compared with the previous period.

(in € millions)	September 2020	September 2019	Reported change	Organic change
Net sales	**430.8**	**523.9**	**-17.8%**	**-16.4%**
Current operating profit/(loss)	**106.2**	**138.3**	**-23.2%**	**-22.5%**
Current operating margin	24.7%	26.4%		24.5%
Other operating expenses	(0.2)	(0.6)		
Operating profit/(loss)	**106.0**	**137.7**		
Net financial income/(expense)	(8.0)	(14.4)		
Income tax	(33.1)	(39.1)		
Share in profit/(loss) of associates	0.0	(0.0)		
Profit/(Loss) from continuing operations	**64.9**	**84.2**	**-22.9%**	**-23.5%**
Net profit/(loss) from discontinued operations	-	6.3		
Net profit/(loss) attributable to the owners of the parent company	**65.0**	**90.5**	**-28.1%**	**-28.7%**
Net profit/(loss) excluding non-recurring items attributable to the owners of the parent company	**65.2**	**84.6**	**-23.0%**	**-23.6%**
Net earnings per share				
On net profit/(loss) attributable to the owners of the parent company	**€1.30**	**€1.82**	**-28.3%**	**-28.8%**
On net profit/(loss) excluding non-recurring items	**€1.31**	**€1.70**	**-23.1%**	**-23.7%**

1.1.2 General comments on current operating profit

Change in the current operating profit compared with September 2019 was as follows:

Current operating profit – September 2019	**138.3**
Change due to exchange rates (net of hedges)	(1.0)
Impact of changes in scope	(0.0)
Change in volumes	(42.0)
Impact of changes in price/mix	(24.3)
Change in advertising expenditure	15.7
Change in other expenses	19.5
Current operating profit – September 2020	**106.2**

Overall, exchange rate fluctuations had a slightly negative impact of €1.0 million. The average EUR/USD rate for the period was 1.14 compared with 1.12 during the previous period. Taking into account its hedging policy, the Group recorded an average collection rate of 1.16 on the net flows in US dollars generated by its European entities, on par with that recorded for the period ended 30 September 2019.

The Group consolidated the cognac house J.R. Brillet on 1 May 2020, with no significant impact on the scope for the half-year.

The drop in volumes (€42.0 million) affected all Group brands and all regions except the Americas. During the second quarter, the brands benefited from strong demand in the United States. Sales in China have started to rebound. However, sales in the Travel Retail sector and in the Europe-Middle/East-Africa region remained heavily affected. The unfavourable mix effect of €(24.3) million, mainly in the Cognac division, was chiefly due to the downturn in Travel Retail and the On-Trade sector, where the consumption of spirits is traditionally more high-end. In these sectors, advertising expenditure was automatically reduced, partially offsetting the volume and price/mix effects, by €15.7 million. However, advertising expenditure was only reduced by 0.6% in relation to net sales.

Other costs, mainly consisting of the overheads of distribution companies and support functions, diminished by €19.5 million.

Current operating profit fell by 22.5% in organic terms, while the organic operating margin came to 24.5%, representing a drop of around 2 points compared to the first half of the previous year (2019: 26.4%).

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1.1.3 Business overview

In the comments that follow, all changes are given as organic change.

For the period ended 30 September 2020, in an economic environment severely hit by the global COVID-19 pandemic, the Rémy Cointreau Group's reported net sales amounted to €430.8 million, down 16.4%.

BY GEOGRAPHIC AREA

(in € millions)	Europe / Middle-East / Africa	Americas	Asia Pacific	Total
Net sales				
September 2020	83.5	229.9	117.4	430.8
September 2019	122.2	234.8	166.9	523.9
Reported change	-31.6%	-2.1%	-29.6%	-17.8%
Organic change	-30.9%	-0.8%	-28.0%	-16.4%

The EMEA (Europe-Middle/East-Africa) region, which accounts for 20% of net sales, was down 30.9% despite an ongoing positive trend in certain countries such as the United Kingdom.

The Americas region (53% of net sales) recorded only a slight drop of 0.8%, thanks to sharp growth in the United States in the second quarter.

The Asia-Pacific region (27% of net sales) posted a drop of 28.0%. The upswing in the Chinese market in the second quarter was not enough to offset the downturn in the Travel Retail sector, which is very significant in this region, and in the south-east Asia markets.

BY DIVISION

(in € millions)	Cognac	Liqueurs & Spirits	Total Group brands	Partner Brands	Holding company costs	Total
Net sales						
September 2020	305.4	112.1	417.5	13.3		430.8
September 2019	379.6	131.2	510.8	13.1		523.9
Reported change	-19.5%	-14.6%	-18.3%	1.8%		-17.8%
Organic change	-18.1%	-13.6%	-16.9%	2.1%		-16.4%
Current operating profit/(loss)						
September 2020	93.6	18.6	112.2	0.5	(6.5)	106.2
September 2019	126.9	21.0	147.9	(0.6)	(9.0)	138.3
Reported change	-26.3%	-11.1%	-24.1%	-182.2%	-28.4%	-23.2%
Organic change	-25.1%	-13.4%	-23.4%	-169.7%	-29.1%	-22.5%
Operating margin						
September 2020 (reported)	30.6%	16.6%	26.9%	3.6%		24.7%
September 2020 (organic)	30.6%	16.0%	26.7%	3.0%		24.5%
September 2019	33.4%	16.0%	29.0%	-4.5%		26.4%

COGNAC

Net sales amounted to €305.4 million (71% of net sales), down 18.1%. After a 39.3% drop in the first quarter, sales were down by only 2.5% in the second quarter. This turnaround was mainly attributable to excellent performance in the United States, where our brands are traditionally consumed at home and benefited from sustained demand in a context favourable to high-end products. Moreover, the recovery strengthened in China, with the very good performance of our brands at the Mid-Autumn Festival. Conversely, the downturn in Travel Retail is set to continue.

Operating profit amounted to €93.6 million, down 25.1% due to a drop in volumes and a less favourable mix. The current operating margin (organic) dropped 2.8 points to 30.6%.

This division now includes the cognac sales of Maison Brillet, *i.e.* €0.1 million for the period.

LIQUEURS & SPIRITS

Net sales decreased by 13.6% compared with the previous period, to €112.1 million (26% of net sales). Cointreau showed good resilience, with growth in the United States, the UK, Germany, Belgium and Australia. However, this growth did not offset the effects of the health crisis in other European countries, Asia and the Travel Retail sector. Sales dropped for the division's other brands, due to a disappointing summer tourist season and the decline in On-Trade and Travel Retail sales.

The Liqueurs & Spirits business recorded current operating profit of €18.6 million, down 13.4%. Advertising expenditure remained significant as a percentage of net sales. The current operating margin came to 16.0% (organic), in line with that of the previous period.

This division now includes sales of the Belle de Brillet liqueur, amounting to €0.4 million for the period.

PARTNER BRANDS

The Group's net sales amounted to €13.3 million (3% of net sales) compared to €13.1 million for the previous period. This increase reflects the good resilience of the portfolio of Partner Brands in Belgium, the main market where the Group has maintained this activity.

The division recorded an operating profit of €0.5 million, compared with a loss of €0.6 million for the period ended 30 September 2019.

HOLDING COMPANY COSTS

These costs amounted to €6.5 million (reported), down €2.5 million including the non-recurrence of costs relating to organisational changes and the sharp drop in travelling and consulting expenses due to the health crisis. Holding company costs came to 1.5% of consolidated net sales (2019: 1.7%).

1.1.4 Operating profit/(loss)

Current operating profit amounted to €106.2 million. Taking into account a net expense of €0.2 million, mainly relating to costs for the acquisitions made over the period, operating profit came to €106.0 million.

1.1.5 Net financial income/(expense)

(in € millions)	**2020**	2019	Change
Cost of gross financial debt	(6.1)	(6.3)	0.2
Currency gains/(losses)	(0.6)	(2.4)	1.8
Other financial expenses (net)	(1.3)	(5.7)	4.4
NET FINANCIAL INCOME/(EXPENSE)	**(8.0)**	**(14.4)**	**6.4**

A net financial expense of €8.0 million was recorded, representing a sharp reduction of €6.4 million compared with the period ended 30 September 2019:

- the cost of gross financial debt was down by €0.2 million, reflecting a drop in the average debt over the period;
- currency gains/(losses) from the hedging of liabilities in foreign currencies amounted to a loss of €0.6 million, compared with a loss of €2.4 million at 30 September 2019.

Other financial expenses mainly include accrued financial expenses on certain *eaux-de-vie* supply agreements, which were down by €4.1 million due to changes in the contract terms applicable since the beginning of the financial year.

1.1.6 Net profit/(loss) for the period

The tax charge, estimated on the basis of a projected annual effective rate, amounted to €33.1 million, *i.e.* an effective tax rate of 33.8%. This represents an increase compared with the period ended 30 September 2019 (31.7%), due to the geographical spread of profits.

Profit from continuing operations amounted to €64.9 million, representing a drop of 23.5% in organic terms and 22.9% in reported terms. During the period ended 30 September 2019, the sale of the Central European subsidiaries had given rise to the recognition of €6.3 million. The net profit attributable to owners of the parent amounted to €65.0 million, a drop of 28.7% in organic terms and 28.1% in reported terms, equating to basic earnings per share of €1.30 compared with €1.82 for the previous period.

Excluding non-recurring items (other operating income and expenses net of tax, and sale of the Central European subsidiaries in 2019), the net profit attributable to owners of the parent came to €65.2 million, *i.e.* €1.31 per share, compared with €84.6 million (€1.70 per share) at 30 September 2019, down 23.6% in organic terms and 23.0% in reported terms.

1.2 Comment on the financial position

(in € millions)	September 2020	September 2019	March 2020	Change *vs.* March 2020
Brands and other intangible assets	500.1	515.9	498.2	1.9
User rights, IFRS 16	16.7	22.2	20.8	(4.1)
Property, plant and equipment	309.3	276.7	310.1	(0.8)
Investments in associates	1.1	1.0	0.9	0.1
Other financial assets	18.4	96.0	87.3	(68.9)
Non-current assets (other than deferred tax)	**845.6**	**911.9**	**917.4**	**(71.8)**
Inventories	1,378.6	1,269.0	1,363.9	14.6
Trade and other receivables	270.5	249.6	199.4	71.2
Trade and other payables	(498.7)	(474.7)	(534.4)	35.6
Working capital requirements	**1,150.4**	**1,044.0**	**1,028.9**	**121.4**
Net financial derivatives	7.7	(13.5)	(3.6)	11.3
Net current and deferred tax	(59.7)	(64.3)	(44.5)	(15.2)
Dividend payable	(9.6)	-	-	(9.6)
Provisions for liabilities and charges	(41.4)	(35.8)	(43.9)	2.5
Other net current and non-current assets and liabilities	**(103.0)**	**(113.5)**	**(92.0)**	**(11.0)**
TOTAL	**1,892.9**	**1,842.3**	**1,854.3**	**38.6**
Financed by:				
Shareholders' equity	**1,465.7**	**1,383.4**	**1,403.4**	**62.3**
Long-term financial debt	449.7	521.6	452.0	(2.3)
Short-term financial debt and accrued interest charge	67.2	63.3	268.3	(201.1)
Cash and cash equivalents	(89.6)	(126.0)	(269.4)	179.7
Net financial debt	**427.3**	**458.9**	**450.9**	**(23.6)**
TOTAL	**1,892.9**	**1,842.3**	**1,854.3**	**38.6**
For information:				
TOTAL ASSETS	**2,616.3**	**2,581.2**	**2,788.7**	**(172.4)**

All changes given below are compared with the financial year ended 31 March 2020.

Non-current assets dropped by €71.8 million, breaking down as follows:

Non-current assets at 31 March 2020	917.4
Translation difference	(8.6)
Reclassified as other operating receivables	(71.3)
Consolidation of Maison J.R. Brillet	9.2
Investments	13.0
Amortisation/depreciation for the period	(13.6)
Change in IFRS 16 right-of-use assets	(3.3)
Liquidity account	3.9
Other changes	(1.0)
NON-CURRENT ASSETS AT 30 SEPTEMBER 2020	**845.6**

On 28 May 2020, Lucas Bols NV explicitly expressed its intention to exercise the call option expiring in December 2020 enabling it to purchase all Passoa SAS shares held by the Rémy Cointreau Group. Consequently, this asset whose fair value amounts to €71.3 million was reclassified as a current asset under "Receivables related to asset disposals" at 30 September 2020.

On 30 April 2020, the Rémy Cointreau Group announced its acquisition of the Cognac House J.R. Brillet. With this acquisition, the House of Rémy Martin has enhanced its portfolio with the J.R. Brillet cognac brand, along with some 50 hectares of vineyards in Grande Champagne and Petite Champagne (France). In addition, Belle de Brillet has joined the Group's Liqueurs & Spirits division, providing good development potential in the high-end liqueurs segment.

The Cognac House J.R. Brillet has been consolidated since May 2020. The impact on "Non-current assets" breaks down as follows:

Goodwill	1.0
Brands	2.5
Property, plant and equipment	5.7
TOTAL	**9.2**

The period's capital expenditure mainly concerned IT systems and the Cognac and Islay sites.

Working capital amounted to €1,150.4 million at 30 September 2020, corresponding to a total change of €121.4 million compared with March 2020. At 30 September 2020:

- inventories – a key asset for the Group – stood at €1,378.6 million, 87% of which involved inventories of spirits undergoing ageing;
- "trade and other receivables" amounted to €270.5 million, remaining stable compared with March 2020, excluding the impact of the reclassification of €71.3 million to "Receivables related to asset disposals". During the period, the Group made use of factoring programmes, thereby speeding up the non-recourse payment of trade receivables totalling €75.3 million (September 2019: €85.5 million; March 2020: €97.9 million);
- "trade and other payables" amounted to €498.7 million, down compared with March 2020, reflecting an overall reduction in expenses.

Derivative financial instruments are intended to hedge currency risk. The Group hedges its provisional positions over a rolling period not exceeding 36 months. The market value of the portfolio held at 30 September 2020 amounted to a net asset of €7.7 million, compared with a net liability of €3.6 million at 31 March 2020. The change is due to the maturing of part of the opening portfolio for €2.9 million, the revaluation of the balance for €6.2 million and the conclusion of new instruments for a market value of €2.2 million.

The total net tax position (current and deferred) amounts to a liability of €59.7 million, representing an increase of €15.2 million compared with March 2020.

"Dividend payable" corresponds to the portion of the dividend paid in cash for the financial year ended 31 March 2020. This amount was paid out early October 2020.

The change in shareholders' equity breaks down as follows:

Shareholders' equity at 31 March 2020	1,403.4
Net profit/(loss) for the period	64.9
Profit/(loss) recorded in equity	8.7
Change in translation reserves	(4.8)
Impact of stock-option and similar plans	0.7
Transactions on treasury shares	2.5
Dividend paid	(9.6)
Change	**62.3**
SHAREHOLDERS' EQUITY AT 30 SEPTEMBER 2020	**1,465.7**

The Shareholders' Meeting of 23 July 2020 approved the payment of an ordinary dividend of €1.00 per share in respect of the financial year ended 31 March 2020, payable in cash or in shares. In respect of the dividend payment, 353,319 new shares were issued on 22 September 2020, and €9.6 million was paid out in cash early October 2020.

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The net debt amounted to €427.3 million, down €23.6 million due to the net cash flows generated over the period.

At 30 September 2020, the Rémy Cointreau Group had €540 million in confirmed funding, including:

- a €100 million syndicated revolving loan maturing on 2 July 2024, bearing interest at EURIBOR plus a variable margin;
- a €65 million bond maturing on 13 August 2023, bearing interest at 4% and an issue premium of 2%;
- a bond issued in the form of a private placement with a leading European insurer for €80 million, maturing on 27 February 2025 and bearing interest at 2.94%;
- a current-account agreement with the company ORPAR SA for €20 million at a rate of 0.60%, with a term expiring on 7 April 2021;
- an OCEANE bond issued on 7 September 2016 for a nominal value of €275 million, maturing on 7 September 2026, with a conversion option exercisable on 7 September 2023, and bearing interest at the rate of 0.125%.

In addition, the Group had €215 million in unconfirmed bilateral lines.

The A ratio[1] (Net debt/EBITDA), on which the availability of the private bond placement and the syndicated loan is based, was 2.04 at 30 September 2020 (March 2020: 1.86; September 2019: 1.39). Under the terms of the syndicated loan, this ratio, calculated every six months, must remain less than or equal to 4.0 until the loan matures. For the private placement, this limit is 3.5.

1.3 Comments on cash flows

(in € millions)	September 2020	September 2019	Change
EBITDA	123.8	155.8	(32.0)
Change in working capital requirement	(41.1)	(74.6)	33.5
Net cash flow from operations	82.8	81.2	1.6
Other operating income/(expense)	(0.0)	-	(0.0)
Financial result	(7.3)	(8.5)	1.2
Income tax	(22.4)	(41.6)	19.2
Other operating cash flows	(29.7)	(50.1)	20.4
Net cash flow from operating activities	**53.1**	**31.1**	**22.0**
Net cash flow from investment activities	(20.5)	(26.1)	5.6
Net cash flow from sales/acquisitions	(11.3)	1.5	(12.8)
Net cash flow before investment activities	**21.3**	**6.5**	**14.8**
Treasury shares	2.5	(0.6)	3.1
Dividends paid	-	(132.0)	132.0
Net cash flow relating to capital	**2.5**	**(132.6)**	**135.1**
Repayment of financial debt	(205.1)	65.8	(270.9)
Net cash flow from continuing operations after financing	**(181.4)**	**(60.3)**	**(121.1)**
Impact of discontinued operations	-	9.1	(9.1)
Translation differences on cash and cash equivalents	1.7	(1.3)	3.0
Change in cash and cash equivalents	**(179.7)**	**(52.6)**	**(127.1)**

(1) The A ratio is calculated every six months. It is the ratio of (a) the arithmetic average of net debt at the end of the half-year and the end of the prior half-year – in this case end-September 2020 and end-March 2020 – and (b) EBITDA for the previous 12 months – in this case end-March 2020 minus end-September 2019 plus September 2020.

1.3.1 Operating cash flows

Earnings before interest, tax, depreciation and amortisation (EBITDA)(1) fell by €32.0 million, as a result of the change in current operating profit/(loss).

The working capital requirement increased by €41.1 million, compared with €74.6 million for the previous period.

The various items' impact on the change in working capital requirement breaks down as follows:

(in € millions)	September 2020	September 2019	Change
Change in inventories	(9.6)	(32.6)	23.0
Change in trade and other receivables	(13.2)	2.8	(16.0)
Change in trade and other payables	(16.9)	(44.8)	27.9
Net change in other items	(1.4)	(0.0)	(1.4)
(INCREASE) IN WORKING CAPITAL REQUIREMENT	**(41.1)**	**(74.6)**	**33.5**

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Inventories accounted for €9.6 million. The increase in inventories sharply receded compared with the previous period due to lower volumes of *eaux-de-vie* coming into inventories (temporal effect and volume effect).

Trade and other receivables accounted for €13.2 million, as a result of brisk business in the second quarter.

Net cash outflows relating to financing activities totalled €7.3 million, down €1.2 million due to the drop in financial expenses.

Income tax represented a payment of €22.4 million, reflecting the instalments paid by the various Group entities for the current financial year and the assessment of the previous year's tax which generally takes place in July.

1.3.2 Investment flows

Capital expenditure amounted to €20.5 million for the period, mainly for the Cognac site, the whisky production sites (Islay, Seattle, France), and the Group's IT systems.

On 30 April 2020, the Rémy Cointreau Group acquired Maison J.R. Brillet, with an impact of €9.5 million on the period's cash flow. The Group also refinanced the debt of Maison J.R. Brillet in the amount of €0.6 million.

1.3.3 Net cash flows relating to capital and financing

For the financial year ended 31 March 2020, the dividend was paid out in cash and in shares in October 2020. For the period ended 30 September 2019, a dividend of €132.0 million had been paid out in cash.

At 31 March 2020, against the backdrop of the health crisis, the Group made drawdowns in excess of its needs from its credit facilities in order to secure the financing of the first quarter. Given the sound financial position and absence of risks, the drawdowns were repaid. This explains the change of €205.1 million in gross financial debt.

After taking into account the net change in financial debt and translation effects, cash and cash equivalents posted a drop of €179.7 million. However, the net financial debt of €427.3 million diminished by €23.6 million compared with March 2020.

(1) Earnings before interest, tax, depreciation and amortisation (EBITDA) corresponds to the current operating profit adjusted by adding back depreciation and amortisation charges in respect of property, plant and equipment and intangible assets, and charges in respect of share-based payments and dividends paid out by associates during the period.

1.4 Events after the reporting period

On 16 October 2020, the Group announced its acquisition of the Champagne House J. de Telmont, a traditional century-old business firmly engaged in an organic agriculture certification process.

1.5 Outlook

In a still uncertain public health, economic and geopolitical environment, the Rémy Cointreau Group remains confident of its ability to emerge stronger from the crisis.

With the first half over, the Group continues to expect a real recovery in the second half, driven by the United States and Mainland China. For financial year 2020/21, Rémy Cointreau is thus forecasting positive organic growth in its Current Operating Profit. On current estimates, this performance is likely to be slightly tempered by adverse foreign exchange and scope effects of €5.0 million and €3.0 million respectively.

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CONSOLIDATED FINANCIAL STATEMENTS OF THE RÉMY COINTREAU GROUP AT 30 SEPTEMBER 2020

2.1 Consolidated income statement

(in € millions)	Notes	September 2020	September 2019	March 2020
Net sales	17	**430.8**	**523.9**	**1,024.8**
Cost of sales		(152.2)	(175.6)	(347.9)
Gross margin		**278.6**	**348.3**	**676.9**
Distribution costs	18	(128.6)	(159.2)	(355.0)
Administrative expenses	18	(43.8)	(50.8)	(106.8)
Current operating profit/(loss)	17	**106.2**	**138.3**	**215.1**
Other operating expenses	19	(0.2)	(0.6)	(19.7)
Operating profit/(loss)		**106.0**	**137.7**	**195.5**
Cost of net financial debt		(6.1)	(6.3)	(12.7)
Other financial income/(expense)		(1.9)	(8.0)	(15.3)
Net financial income/(expense)	20	**(8.0)**	**(14.4)**	**(28.0)**
Profit before tax and before share in profit/(loss) of associates		**98.0**	**123.3**	**167.5**
Income tax	21	(33.1)	(39.1)	(60.9)
Share in profit/(loss) of associates	7	0.0	(0.0)	0.3
Net profit/(loss) from continuing operations		**64.9**	**84.2**	**106.9**
Net profit/(loss) from discontinued operations	22	-	6.3	6.4
Net profit/(loss) for the period		**64.9**	**90.5**	**113.2**
Of which:				
attributable to non-controlling interests		(0.1)	(0.0)	(0.1)
attributable to owners of the parent		65.0	90.5	113.4
Net earnings per share – from continuing operations *(in €)*				
basic		1.30	1.69	2.15
diluted		1.24	1.61	2.04
Net earnings per share attributable to owners of the parent *(in €)*				
basic		1.30	1.82	2.28
diluted		1.24	1.73	2.17
Number of shares used for the calculation				
basic	12.2	49,894,848	49,803,302	49,806,712
diluted	12.2	52,488,122	52,472,851	52,400,986

2.2 Consolidated statement of comprehensive income

(in € millions)	September 2020	September 2019	March 2020
Net profit/(loss) for the period	**64.9**	**90.5**	**113.2**
Movement in the value of hedging instruments	10.9	(1.6)	5.3
Actuarial difference on pension commitments	-	(0.5)	(0.5)
Change in value of AFS securities	(0.2)	2.2	(4.4)
Other movements	1.4	-	-
Related tax effect	(3.5)	0.6	(2.2)
Movement in translation differences	(4.9)	(3.1)	(3.5)
Total income/(expenses) recorded in equity	**3.7**	**(2.4)**	**(5.2)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**68.7**	**88.1**	**108.1**
Of which:			
attributable to owners of the parent	68.9	88.1	108.1
attributable to non-controlling interests	(0.2)	0.0	(0.1)

2.3 Consolidated statement of financial position

(in € millions)	Notes	September 2020	September 2019	March 2020
Goodwill and other intangible assets	4	500.1	515.9	498.2
User rights, IFRS 16	5	16.7	22.2	20.8
Property, plant and equipment	6	309.3	276.7	310.1
Investments in associates	7	1.1	1.0	0.9
Other financial assets	8	18.4	96.0	87.3
Deferred tax assets	21	18.8	20.5	23.2
Non-current assets		**864.4**	**932.3**	**940.6**
Inventories	9	1,378.6	1,269.0	1,363.9
Trade and other receivables	10	270.5	249.6	199.4
Income tax receivables	21	3.8	1.5	10.4
Derivative financial instruments	16	9.5	2.7	5.1
Cash and cash equivalents	11	89.6	126.0	269.4
Current assets		**1,751.9**	**1,648.9**	**1,848.2**
TOTAL ASSET		**2,616.3**	**2,581.2**	**2,788.7**
Share capital		80.8	80.2	80.2
Share premium		834.8	795.1	795.1
Treasury shares		(27.5)	(35.0)	(30.0)
Consolidated reserves and profit/(loss) for the period		558.9	519.0	534.4
Translation reserve		17.8	23.0	22.7
Shareholders' equity – attributable to owners of the parent		**1,464.9**	**1,382.4**	**1,402.5**
Non-controlling interests		0.8	1.0	0.9
Shareholders' equity	12	**1,465.7**	**1,383.4**	**1,403.4**
Long-term financial debt	13	449.7	521.6	452.0
Provision for employee benefits		29.8	32.7	30.3
Long-term provisions for liabilities and charges	14	1.9	2.0	2.2
Deferred tax assets	21	44.4	47.3	59.4
Non-current liabilities		**525.7**	**603.6**	**543.9**
Short-term financial debt and accrued interest charge	13	67.2	63.3	268.3
Trade and other payables	15	498.7	474.7	534.4
Dividend payable		9.6	-	-
Income tax payables	21	37.9	39.0	18.7
Short-term provisions for liabilities and charges	14	9.8	1.0	11.5
Derivative financial instruments	16	1.8	16.2	8.7
Current liabilities		**625.0**	**594.2**	**841.5**
TOTAL EQUITY AND LIABILITIES		**2,616.3**	**2,581.2**	**2,788.7**

2.4 Change in consolidated shareholders' equity

(in € millions)	Share capital and premiums	Treasury shares	Reserves and net profit/(loss)	Translation reserve	Profit/(loss) recorded in equity	Attributable to: owners of the parent	Attributable to: non-controlling interests	Total equity
At 31 March 2019	**875.4**	**(34.4)**	**581.2**	**26.2**	**(23.2)**	**1,425.1**	**1.0**	**1,426.1**
Net profit/(loss) for the period	-	-	90.5	-	-	90.5	(0.0)	90.5
Gains/(losses) recorded in equity	-	-	-	(3.1)	0.7	(2.4)	0.0	(2.4)
Share-based payments	-	-	1.7	-	-	1.7	-	1.7
Transactions treasury shares	-	(0.6)	-	-	-	(0.6)	-	(0.6)
Dividends	-	-	(132.0)	-	-	(132.0)	-	(132.0)
Other movements	-	-	0.1	-	-	0.1	-	0.1
At 30 September 2019	**875.4**	**(35.0)**	**541.5**	**23.0**	**(22.5)**	**1,382.4**	**1.0**	**1,383.4**
At 31 March 2020	**875.4**	**(30.0)**	**559.3**	**22.7**	**(24.9)**	**1,402.5**	**0.9**	**1,403.4**
Net profit/(loss) for the period	-	-	65.0	-	-	65.0	(0.1)	64.9
Gains/(losses) recorded in equity	-	-	-	(4.8)	8.7	3.8	(0.1)	3.7
Share-based payments	-	-	0.7	-	-	0.7	-	0.7
Transactions treasury shares	-	2.5	-	-	-	2.5	-	2.5
Dividends	40.3	-	(49.9)	-	-	(9.6)	-	(9.6)
AT 30 SEPTEMBER 2020	**915.6**	**(27.5)**	**575.2**	**17.8**	**(16.3)**	**1,464.9**	**0.8**	**1,465.7**

2.5 Consolidated statement of cash flows

(in € millions)	Notes	September 2020	September 2019	March 2020
Current operating profit/(loss)		106.2	138.3	215.1
Depreciation, amortisation and impairment		17.0	15.8	33.4
Share-based payments		0.7	1.7	3.6
Dividends received from associates	7	-	-	0.3
EBITDA		**123.8**	**155.8**	**252.4**
Change in inventories		(9.6)	(32.6)	(128.7)
Change in trade receivables		(31.3)	5.1	74.0
Change in trade payables		13.3	(18.0)	(4.5)
Change in other receivables and payables		(13.6)	(29.0)	(13.1)
Change in working capital requirement		**(41.1)**	**(74.6)**	**(72.3)**
Net cash flow from operations		**82.8**	**81.2**	**180.2**
Other operating income/(expense)		(0.0)	(0.0)	(0.7)
Financial result		(7.3)	(8.5)	(13.1)
Income tax		(22.4)	(41.6)	(85.8)
Other operating cash flows		**(29.7)**	**(50.1)**	**(99.7)**
Net cash flow from operating activities		**53.1**	**31.1**	**80.5**
Purchase of intangible assets and property, plant and equipment	4/6	(20.5)	(26.1)	(64.8)
Purchase of shares		(9.5)	-	-
Disposal of intangible assets and property, plant and equipment		0.2	0.7	1.0
Disposal of shares in associates and non-consolidated investments	8	-	-	9.1
Net cash flow from other investments		(2.0)	0.7	2.3
Net cash flow from investment activities		**(31.8)**	**(24.6)**	**(52.5)**
Treasury shares	12	2.5	(0.6)	(1.9)
Payment of lease liabilities – IFRS 16		(3.2)	(3.4)	(6.8)
Increase in financial debt		-	111.9	220.9
Repayment of financial debt		(201.9)	(42.8)	(18.1)
Dividends paid		-	(132.0)	(132.0)
Net cash flow from financing activities – continuing operations		**(202.7)**	**(66.8)**	**62.1**
Impact of discontinued operations		-	9.1	-
Net cash flow from financing activities		**(202.7)**	**(57.8)**	**62.1**
Translation differences on cash and cash equivalents		1.7	(1.3)	0.6
Change in cash and cash equivalents		**(179.7)**	**(52.6)**	**90.8**
Cash and cash equivalents at start of year	11	**269.4**	**178.6**	**178.6**
Cash and cash equivalents at end of year	11	**89.6**	**126.0**	**269.4**

2.6 Notes to the consolidated financial statements

Introduction

Rémy Cointreau is a *société anonyme* (joint stock company) with a Board of Directors subject to French legislation and in particular the French Commercial Code. Rémy Cointreau shares are listed on Euronext Paris.

The condensed consolidated financial statements presented below were approved by the Board of Directors on 24 November 2020 pursuant to a recommendation from the Audit Committee following its meeting of 23 November 2020.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Rémy Cointreau's financial year runs from 1 April to 31 March. The consolidated financial statements are presented in millions of euros.

In accordance with European regulation (EC) No. 1606/2002 of 19 July 2002, Rémy Cointreau's interim consolidated financial statements are prepared in accordance with international accounting standards applicable within the European Union as of 30 September 2020. The notes to these financial statements do not include all the disclosures required for the full annual financial statements and must be read in conjunction with the Group's consolidated financial statements for the financial year ended 31 March 2020.

The accounting principles applied in the preparation of the consolidated financial statements for the period ended 30 September 2020 comply with IFRS, as adopted by the European Union. These standards can be consulted on the European Commission website at:

www.eur-lex.europa.eu

The accounting policies applied in the preparation of the interim financial statements for the period ended 30 September 2020 are the same as those applied in the consolidated financial statements for the financial year ended 31 March 2020.

The texts for which application became mandatory on 1 January 2020 did not have a significant impact on the Group's consolidated financial statements.

1.1 Changes to accounting principles compared with the previous financial year

- Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors": new definition of "material".
- Amendments to IFRS 3 "Definition of a Business" aimed at clarifying the application guidance to help stakeholders differentiate between a business and a group of assets.
- Revision of the conceptual framework that defines the concepts underpinning the preparation and presentation of financial statements for external users.
- Amendments to IFRS 9, IAS 39 and IFRS 7 within the framework of the interest rate benchmark reform.

1.2 Seasonality

Historically, Group sales are not evenly split between the first half-year and the second half-year. As a result, the interim results at 30 September 2020 are not necessarily indicative of those expected for the full year ending 31 March 2021.

1.3 Specific characteristics of the interim financial statements

In respect of the interim financial statements, the tax charge for the period is an estimate of the effective annual rate which is applied to the profit before tax of the period excluding significant exceptional items. Possible exceptional items in the period, such as the disposal of securities or the effect of a tax dispute, are recorded with their actual tax effect.

NOTE 2 COVID-RELATED IMPACTS

The major impact of the COVID-19 pandemic, which started at the beginning of the 2020 calendar year, continued to be felt throughout the first half-year. The extension of health-related measures in numerous countries resulted in the ongoing closure of a large number of venues where the Group's products are sold, particularly in the On-Trade sector and Travel Retail.

Fully assuming its social and societal responsibilities, the Group continued to implement the measures rolled out during the last quarter of the previous financial year. While cost reduction measures were introduced, the Group has been actively adapting to the new situation. Its brands have shown resilience and dynamism, and the Group's strategy has not been called into question. The Group's balance sheet structure is solid, and the Group is confident that it can emerge from this crisis even stronger.

During the first half year, which was still significantly impacted by the global COVID-19 pandemic, the Group's current operating profit amounted to €106.2 million, representing an organic change of -22.5% (-23.2% on a reported basis). The current operating margin stood at 24.7%.

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NOTE 3 CHANGES IN SCOPE OF CONSOLIDATION

On 30 April 2020, the Rémy Cointreau Group announced its acquisition of the Cognac house J.R. Brillet. With this acquisition, the House of Rémy Martin has enhanced its portfolio with the J.R. Brillet cognac brand, along with some 50 hectares of vineyards in Grande Champagne and Petite Champagne (France). In addition, Belle de Brillet has joined the Group's Liqueurs & Spirits division, providing good development potential in the high-end liqueurs segment.

The preliminary impacts of this acquisition on the period's consolidated financial statements are the following:

(in € millions)	
Goodwill	1.0
Brands	2.5
Property, plant and equipment	5.7
Inventories	1.6
Other current assets (net)	(0.2)
Deferred tax (net)	(0.9)
Cash	0.5
Gross financial debt	(0.6)
BALANCE SHEET TOTAL	**9.7**
Acquisition price	9.7
Acquisition-related costs	0.2
Earn-outs to be paid	(0.4)
TOTAL DISBURSEMENTS	**9.5**
Net sales	0.6
Current operating profit/(loss)	(0.0)
Operating profit/(loss)	(0.2)
Tax	0.1
NET PROFIT/(LOSS)	**(0.2)**

NOTE 4 GOODWILL AND OTHER INTANGIBLE ASSETS

(in € millions)	Goodwill	Brands	Distribution rights	Other	Total
Gross value at 30 September 2019	**50.4**	**512.3**	**3.9**	**43.0**	**609.7**
Gross value at 31 March 2020	**50.3**	**512.2**	**3.9**	**46.8**	**613.1**
Acquisitions	-	-	-	3.1	3.1
Other movements	-	-	(0.5)	1.0	0.5
Changes in scope of consolidation	1.0	2.5	-	0.0	3.5
Translation reserve	(2.4)	(1.7)	(0.2)	(0.8)	(5.2)
Gross value at 30 September 2020	**48.8**	**512.9**	**3.2**	**50.1**	**615.0**
Accumulated amortisation and impairment at 30 September 2018	**2.1**	**61.3**	**3.9**	**26.3**	**93.7**
Accumulated amortisation and impairment at 1 March 2020	**21.1**	**61.3**	**3.9**	**28.6**	**114.9**
Increase	-	0.0	-	2.8	2.8
Other movements	-	-	(0.5)	0.6	0.1
Translation difference	(1.4)	(0.7)	(0.2)	(0.6)	(2.9)
Accumulated amortisation and impairment at 30 September 2020	**19.8**	**60.6**	**3.2**	**31.4**	**114.9**
Net carrying amount at 30 September 2019	**48.3**	**451.0**	**-**	**16.7**	**515.9**
Net carrying amount at 31 March 2020	**29.1**	**450.9**	**-**	**18.2**	**498.2**
Net carrying amount at 30 September 2020	**29.0**	**452.4**	**-**	**18.7**	**500.1**

“Goodwill” comprises the amounts stemming from the acquisitions of Bruichladdich Distillery Ltd. (September 2012), Rum Refinery of Mount Gay (May 2014), Domaine des Hautes Glaces and The Westland Distillery Company (January 2017) and Brillet (April 2020). Westland’s relative goodwill was partially impaired for €18.8 million for the financial year ended 31 March 2020 (€17.8 million at closing rate).

The carrying amount for the Rémy Martin and Cointreau brands, which totals €281.8 million, is essentially derived from the recognition of non-controlling interests and so does not represent a comprehensive valuation of these brands.

For other brands – mainly consisting of Metaxa, Bruichladdich, Westland and Brillet – the total is €170.6 million, and €199.7 million including the goodwill of the Cash Generating Units (CGUs) to which these brands belong.

“Other” mainly includes software licenses acquired and developed internally.

Impairment of brands and other intangible assets

Since the amounts recorded under “Goodwill” and “Brands” are considered to have an indefinite useful life, the brands recorded on the balance sheet are not amortised. Impairment tests are carried out annually in the second half-year or as soon as there is an indication of impairment. The methodology used to determine the current value of goodwill and brands is described in note **3** to the annual consolidated financial statements.

The assumptions made at 31 March 2020 already included the expected impacts of the COVID crisis. The current forecasts are in line with these assumptions. In the absence of a clear indication of impairment, the annual impairment tests are conducted during the second half-year.

At 30 September 2020, the total provision for the impairment of intangible assets totalled €83.5 million (September 2019: €67.3 million; March 2020: €86.3 million) including €45.0 million for Greek brandy brand Metaxa acquired in 2000 (partial impairment), €11.2 million for the Mount Gay brand (total impairment), €17.8 million for Westland (partial impairment) and €9.5 million for secondary brands.

NOTE 5 IFRS 16 RIGHT OF USE

(in € millions)	Gross amount	Depreciation & amortisation	Total
At 30 September 2019	**32.4**	**(10.2)**	**22.2**
At 31 March 2020	**34.3**	**(13.5)**	**20.8**
Expired leases	(1.4)	1.4	-
Depreciation & amortisation	-	(3.3)	(3.3)
Translation reserve	(1.2)	0.5	(0.8)
At 30 September 2020	**31.6**	**(14.9)**	**16.7**

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NOTE 6 PROPERTY, PLANT AND EQUIPMENT

(in € millions)	Land	Buildings	Other	In progress	Total
Gross value at 30 September 2019	**18.8**	**151.9**	**307.7**	**22.3**	**500.7**
Gross value at 31 March 2020	**21.7**	**165.9**	**316.4**	**37.0**	**541.1**
Acquisitions	-	1.2	4.2	4.5	9.8
Disposals, items scrapped	-	(0.5)	(0.6)	(0.0)	(1.1)
Changes in scope of consolidation	5.1	0.1	1.5	0.0	6.7
Other movements	0.1	5.9	1.7	(8.1)	(0.4)
Translation reserve	(0.6)	(2.3)	(4.0)	(0.5)	(7.5)
Gross value at 30 September 2020	**26.3**	**170.3**	**319.1**	**32.9**	**548.6**
Accumulated depreciation and impairment at 30 September 2019	**3.2**	**57.1**	**163.7**	**-**	**223.9**
Accumulated depreciation and impairment at 31 March 2020	**3.0**	**59.2**	**168.8**	**-**	**231.0**
Increase	0.1	2.6	8.1	-	10.8
Disposals, items scrapped	-	(0.5)	(0.5)	-	(1.0)
Changes in scope of consolidation	0.0	0.1	0.9	-	1.0
Other movements	0.0	0.2	(0.0)	-	0.2
Translation reserve	-	(0.5)	(2.2)	-	(2.7)
Accumulated depreciation and impairment at 30 September 2020	**3.1**	**61.2**	**175.0**	**-**	**239.4**
Net carrying amount at 30 September 2019	**15.6**	**94.8**	**144.1**	**22.3**	**276.7**
Net carrying amount at 31 March 2020	**18.7**	**106.7**	**147.7**	**37.0**	**310.1**
Net carrying amount at 30 September 2020	**23.1**	**109.1**	**144.2**	**32.9**	**309.3**

NOTE 7 INVESTMENTS IN ASSOCIATES

(in € millions)	Spirits Platform	Total
At 31 March 2020	**0.9**	**0.9**
Profit/(loss) of the period	0.0	0.0
Translation difference	0.1	0.1
At 30 September 2020	**1.1**	**1.1**

NOTE 8 OTHER FINANCIAL ASSETS

(in € millions)	September 2020	September 2019	March 2020
Non-consolidated equity investments (note **8.1**)	9.7	17.1	10.4
Other equity investment financial assets (note **8.2**)	-	71.3	71.3
Sub-leasing assets – IFRS 16	1.8	2.5	2.2
Loans to non-consolidated equity investments	0.3	0.5	0.3
Liquidity account excluding Rémy Cointreau shares	5.4	3.5	1.5
Other	1.2	1.3	1.5
TOTAL	**18.4**	**96.0**	**87.3**

NOTE 8.1 NON-CONSOLIDATED EQUITY INVESTMENTS

(in € millions)	% held	September 2020	% held	September 2019	% held	March 2020
Dynasty Fine Wines Group Ltd. (China)	27.0%	9.1	27.0%	16.5	27.0%	9.9
Bacalhôa-Vinhos de Portugal (Portugal)	0.8%	0.5	0.8%	0.5	0.8%	0.5
TOTAL		**9.7**		**17.1**		**10.4**

This item mainly includes the valuation of the investment in the Chinese Dynasty Fine Wines Group, a major wine player in China, listed on the Hong Kong stock exchange. Said equity investment is recognised in accordance with IFRS 9. With a closing share price of HKD0.246, the valuation of the investment was €9.1 million at 30 September 2020, representing a decrease of €0.8 million (€(0.2) million before the currency effect) compared to the financial year ended 31 March 2020 for which the counter entry was recorded under equity.

NOTE 8.2 OTHER EQUITY INVESTMENT FINANCIAL ASSETS

Following an agreement entered into on 14 October 2016, Rémy Cointreau and Lucas Bols NV created a joint venture, Passoa SAS, to oversee the operation and continued development of the Passoa brand. The parties issued put and call options on their respective securities in Passoa SAS which may not be exercised before 1 December 2020.

On 28 May 2020, Lucas Bols NV explicitly expressed its intention to exercise the call option enabling it to purchase all Passoa SAS shares held by the Rémy Cointreau Group. Consequently, this asset whose fair value amounts to €71.3 million was reclassified as a current asset under "Receivables related to asset disposals" at 30 September 2020 (note **10**).

NOTE 9 INVENTORIES

(in € millions)	September 2020	September 2019	March 2020
Raw materials	46.5	29.6	38.7
Ageing wines and *eaux-de-vie*[1]	1,197.7	1,094.8	1,222.2
Goods for resale and finished goods	137.8	148.3	106.0
Gross amount	**1,382.0**	**1,272.7**	**1,366.9**
Provision for impairment	(3.4)	(3.6)	(2.9)
Carrying amount	**1,378.6**	**1,269.0**	**1,363.9**

(1) *Of which Alliance Fine Champagne inventories (September 2020: €257.9 million; September 2019: €232.6 million; March 2020: €316.5 million).*

As of 30 September 2020, some inventories were subject to agricultural warrants for €52.0 million (September 2019: €48.0 million; March 2020: €62.0 million).

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NOTE 10 TRADE AND OTHER RECEIVABLES

(in € millions)	September 2020	September 2019	March 2020
Trade receivables	131.1	173.2	103.8
Receivables related to taxes and social charges (excl. income tax)	16.3	13.5	20.4
Sundry prepaid expenses	11.7	11.2	8.7
Advances paid	33.2	40.1	47.9
Receivables related to asset disposals (note **8.2**)	71.3	0.1	0.0
Other receivables	6.9	11.7	18.5
TOTAL	**270.5**	**249.6**	**199.4**
of which provision for doubtful debts	(1.8)	(2.0)	(1.7)

The Group is engaged in factoring programmes in Europe, the United States and Asia-Pacific (excluding China) with specialised companies, top-tier bank subsidiaries.

Through these programmes, the Group is able to transfer to the factor all credit and carrying risks related to the accounts receivable of certain customers, up to a certain credit limit. These programmes meet the conditions set forth by IFRS 9 enabling the Group to deconsolidate its receivables once they are transferred to the factor.

The Group made use of factoring programmes during the period, thereby speeding up the payment of trade receivables totalling €75.3 million at 30 September 2020 (September 2019: €85.5 million; 31 March 2020: €97.9 million).

NOTE 11 CASH AND CASH EQUIVALENTS

(in € millions)	September 2020	September 2019	March 2020
Short-term deposits	0.5	0.1	(0.0)
Cash at bank	89.1	125.9	269.4
TOTAL	**89.6**	**126.0**	**269.4**

NOTE 12 SHAREHOLDERS' EQUITY

NOTE 12.1 SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

	Number of shares	Treasury shares	Total number of shares	Share capital	Share premiums	Treasury shares
At 31 March 2020	**50,149,787**	**(300,066)**	**49,849,721**	**80.2**	**795.1**	**(30.0)**
Partial payment of dividend in shares	353,319	-	353,319	0.6	39.7	-
Liquidity account	-	29,681	29,681	-	-	2.5
At 30 September 2020	**50,503,106**	**(270,385)**	**50,232,721**	**80.8**	**834.8**	**(27.5)**

Share capital and premiums

At 30 September 2020, the share capital comprised 50,503,106 shares with a par value of €1.60.

Treasury shares

At 30 September 2020, Rémy Cointreau held 269,485 treasury shares intended to cover current or future bonus share plans and 900 treasury shares under the liquidity contract.

NOTE 12.2 NUMBER OF SHARES USED TO CALCULATE EARNINGS PER SHARE

	September 2020	September 2019	March 2020
Average number of shares (basic):			
Average number of shares	50,165,233	50,149,787	50,149,787
Average number of treasury shares	(270,385)	(346,585)	(343,075)
TOTAL USED TO CALCULATE BASIC EARNINGS PER SHARE	**49,894,848**	**49,803,202**	**49,806,712**
Average number of shares (diluted):			
Average number of shares (basic)	49,894,848	49,803,202	49,806,712
Dilution effect of bonus share plans	86,725	163,100	87,725
Dilution effect on OCEANE	2,506,549	2,506,549	2,506,549
TOTAL USED TO CALCULATE DILUTED EARNINGS PER SHARE	**52,488,122**	**52,472,851**	**52,400,986**

NOTE 12.3 DIVIDENDS

The Shareholders' Meeting of 23 July 2020 approved the payment of an ordinary dividend of €1.00 per share in respect of the financial year ended 31 March 2020, representing an overall amount of €49.9 million. The option allowing for full payment of the dividend in shares gave rise to a capital increase (including share premiums) of €40.3 million at 30 September. The balance, *i.e.* €9.6 million, was paid out on 1 October 2020.

NOTE 12.4 NON-CONTROLLING INTERESTS

(in € millions)	September 2020	September 2019	March 2020
Minority interests in Mount Gay Distilleries	0.8	1.0	0.9
TOTAL	**0.8**	**1.0**	**0.9**

NOTE 13 FINANCIAL DEBT

NOTE 13.1 NET FINANCIAL DEBT

	September 2020			September 2019			March 2020		
(in € millions)	Long term	Short term	Total	Long term	Short term	Total	Long term	Short term	Total
Gross financial debt	449.7	67.2	516.9	521.6	63.3	584.9	452.0	268.3	720.3
Cash and cash equivalents (note **11**)	-	(89.6)	(89.6)	-	(126.0)	(126.0)	-	(269.4)	(269.4)
NET FINANCIAL DEBT	**449.7**	**(22.4)**	**427.3**	**521.6**	**(62.7)**	**458.9**	**452.0**	**(1.1)**	**450.9**

NOTE 13.2 GROSS FINANCIAL DEBT BY TYPE

	September 2020			September 2019			March 2020		
(in € millions)	Long term	Short term	Total	Long term	Short term	Total	Long term	Short term	Total
Private bond placement	79.9	-	79.9	79.8	-	79.8	79.9	-	79.9
Convertible bonds (OCEANE)	263.3	-	263.3	259.4	-	259.4	261.3	-	261.3
Drawdown on syndicated loan	30.0	-	30.0	100.0	-	100.0	30.0	-	30.0
Upfront fees on syndicated loan	(0.4)	-	(0.4)	(0.4)	-	(0.4)	(0.3)	-	(0.3)
Partner current account	-	20.0	20.0	-	40.0	40.0	-	20.0	20.0
Accrued interest	-	0.3	0.3	-	0.4	0.4	-	0.7	0.7
Total Rémy Cointreau SA	**372.8**	**20.3**	**393.1**	**438.8**	**40.4**	**479.2**	**370.8**	**20.7**	**391.5**
Bonds	64.5	-	64.5	64.3	-	64.3	64.4	-	64.4
Other financial debt and overdrafts	0.0	31.5	31.6	0.2	12.4	12.6	0.2	185.9	186.0
Accrued interest	-	0.4	0.4	-	0.4	0.4	-	1.7	1.7
Borrowings by special purpose entities	-	8.0	8.0	-	3.1	3.1	-	52.9	52.9
Lease liabilities – IFRS 16	12.4	6.9	19.4	18.3	7.0	25.3	16.7	7.1	23.8
Total subsidiaries	**76.9**	**46.9**	**123.8**	**82.7**	**22.9**	**105.7**	**81.2**	**247.6**	**328.8**
GROSS FINANCIAL DEBT	**449.7**	**67.2**	**516.9**	**521.6**	**63.3**	**584.9**	**452.0**	**268.3**	**720.3**

NOTE 13.3 BONDS

Private bond placement

On 27 February 2015, Rémy Cointreau issued an €80.0 million bond in the form of a private placement with a leading European insurer. The bonds have a coupon of 2.945% with a ten-year maturity. The issue amounted to €79.9 million at 30 September 2020, after taking into account the issue costs of €0.1 million.

This contract is unsecured. Availability of the funds is subject to the A ratio (see Syndicated loan) remaining below 3.5 at each half-year end for the duration of the contract.

Convertible bonds (OCEANE)

On 7 September 2016, as part of a private placement with institutional investors, Rémy Cointreau issued bonds with an option to convert to and/or exchange for new and/or existing shares (OCEANE), with a maturity date of 7 September 2026 and a nominal amount of €275 million, or 2,484,191 OCEANEs with a par value of €110.70 each.

The par value of the OCEANE bonds incorporates an issue premium of 40% based on the reference price of the Company's shares on the Euronext Paris regulated market. OCEANE bondholders are entitled to new and/or existing Rémy Cointreau shares, at the conversion rate of one share per OCEANE, subject to potential subsequent adjustments exercisable on 7 September 2023. This conversion rate was increased to 1.009 shares per OCEANE following the payment of the dividend of €1.00 per share on 16 September 2019.

The OCEANE bonds bear interest at a nominal annual rate of 0.125%, payable in arrears on 7 September each year.

The €24.9 million difference between the par value of the issue and its fair value on the issue date is recognised in equity.

Bonds with a par value of €65 million

On 13 August 2013, Financière Rémy Cointreau SA/NV issued a ten-year bond for the amount of €65 million, guaranteed by Rémy Cointreau SA. The issue amounted to €64.5 million at 30 September 2020, after taking into account €(0.5) million in issue premium and expenses.

The bonds have a par value of €250,000 each and were issued at 97.977% of par (issue premium of 2.023%), bearing interest of 4% payable annually on 13 August. They will be redeemed at par at maturity on 13 August 2023.

This bond is not secured.

After taking the issue premium and expenses into account, the net proceeds from the bond were €63.2 million, putting the effective interest rate at 4.35%.

NOTE 13.4 SYNDICATED LOAN

On 2 July 2018, Rémy Cointreau took out a new syndicated loan of €100 million with a pool of six banking groups. This new syndicated loan has a maturity of five years (with an optional two-year extension) and replaces the syndicated loan of €255 million maturing on 11 April 2019. In May 2019, it was extended for an initial one-year period.

Amounts drawn down bear interest at EURIBOR plus a margin of 35 bps to 125 bps, depending on the Group's debt rating.

This facility is unsecured.

The availability of the facility is contingent on "Average net debt/EBITDA" (the A ratio) being less than or equal to 4.0 at 30 September and 31 March of each year until maturity. At 30 September 2020, the A ratio was 2.04 (March 2020: 1.86; September 2019: 1.39).

NOTE 14 PROVISIONS FOR LIABILITIES AND CHARGES

NOTE 14.1 ANALYSIS OF CHANGE

(in € millions)	Total
At 31 March 2020	**13.6**
Increase	0.3
Reversals – Used	(1.4)
Reversals – Unused	(0.5)
Translation reserve	(0.5)
At 30 September 2020	**11.6**

"Provisions for liabilities and charges" mainly consist of provisions recognised to cover trade and employee-related disputes.

NOTE 14.2 MATURITY

These provisions are intended to cover probable items of expenditure payable as follows:

(in € millions)	September 2020	September 2019	March 2020
Long-term provisions (or unknown maturity)	1.9	2.0	2.2
Short-term provisions	9.8	1.0	11.5
TOTAL	**11.6**	**3.1**	**13.6**

NOTE 15 TRADE AND OTHER PAYABLES

(in € millions)	September 2020	September 2019	March 2020
Trade payables – *eaux-de-vie*	234.1	229.1	239.9
Other trade payables	72.9	70.2	88.8
Advances from customers	3.6	2.2	1.8
Payables related to tax and social charges (excl. income tax)	48.9	56.7	72.3
Excise duties	1.5	1.4	0.4
Advertising expenses payable	93.4	66.9	69.2
Miscellaneous deferred income	2.3	2.9	2.2
Other liabilities	42.1	45.3	59.7
TOTAL	**498.7**	**474.7**	**534.4**

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NOTE 16 FINANCIAL INSTRUMENTS AND MARKET RISKS

The Group commonly uses financial instruments to manage its currency risk exposure. The policy for managing market risks complies with the prudential rules approved by the Board of Directors. More specifically, the sale of options is limited to tunnel strategies and the resale of previously purchased instruments that are subject to approval on an individual basis.

All hedging transactions are entered into with top-tier international banks.

With regard to currency risk, the Group endeavours to hedge its budgeted net commercial exposure over a rolling period of approximately 12 to 24 months. This is achieved by entering into firm or optional currency hedging agreements in accordance with the guidelines set by the Board of Directors.

The Group does not hedge the currency risk arising from the translation of the financial statements of companies outside the euro zone into euros.

The Group's hedging policy only allows for the hedging of short-term currency risk. It is not intended to protect the Group against the economic effects of long-term money market trends on the Group's net sales and margins.

NOTE 16.1 BREAKDOWN OF FINANCIAL INSTRUMENTS (INTEREST AND FOREIGN EXCHANGE RATES)

(in € millions)	September 2020	September 2019	March 2020
Assets			
Interest rate derivatives	-	-	-
Exchange rate derivatives	9.5	2.7	5.1
TOTAL	**9.5**	**2.7**	**5.1**
Liabilities			
Interest rate derivatives	-	-	-
Exchange rate derivatives	1.8	16.2	8.7
TOTAL	**1.8**	**16.2**	**8.7**

NOTE 16.2 INTEREST RATE DERIVATIVES

At 30 September 2020, the Group had no interest rate derivatives in its portfolio.

NOTE 16.3 EXCHANGE RATE DERIVATIVES

The Group uses options and forward contracts to hedge its cash flows from commercial transactions. Commercial transactions for the year for which payment has not been received as of the balance sheet date are hedged by short-term currency swaps.

Furthermore, Rémy Cointreau SA, which centralises the Group's financing needs, and its subsidiary Financière Rémy Cointreau make intra-Group loans and borrowings denominated in the counterparty's currency. The Group uses back-to-back currency swaps to match these loans and borrowings. The maturity of such transactions ranges from one month to one year.

BREAKDOWN OF ALL CURRENCY HEDGING INSTRUMENTS IN THE PORTFOLIO AT 30 SEPTEMBER 2020

(in € millions)	Nominal amount[1]	Initial value	Market value	Of which CFH[2]	Of which Trading[2]
Put options and tunnel options					
Seller USD (*vs*. EUR)	119.6	2.5	3.4	3.4	-
Other currencies (*vs*. EUR)	39.7	0.3	0.7	0.7	-
	159.2	**2.8**	**4.0**	**4.0**	**-**
Forward sales					
Seller USD (*vs*. EUR)	111.0	-	3.4	3.4	-
Other currencies (*vs*. EUR)	34.9	-	0.6	0.6	-
	145.9	**-**	**4.0**	**4.0**	**-**
Purchase/(sale) of currency swaps (operating activities[3])					
Seller USD (*vs*. EUR)	(112.8)	-	0.5	-	0.5
Other currencies (*vs*. EUR)	(41.4)	-	(0.0)	-	(0.0)
	(154.3)	**-**	**0.5**	**-**	**0.5**
Purchase/(sale) of currency swaps (financing activities[3])					
Seller USD (*vs*. EUR)	44.4	-	(1.1)	-	(1.1)
Other currencies (*vs*. EUR)	(71.1)	-	0.2	-	0.2
	(26.7)	**-**	**(0.8)**	**-**	**(0.8)**
TOTAL	**124.1**	**2.8**	**7.7**	**8.0**	**(0.4)**

(1) Nominal amount in foreign currency translated at the closing rate.
(2) Fair Value Hedge; Cash Flow Hedge; Trading: held for trading.
(3) Difference between closing rate and forward rate.

NOTE 17 SEGMENT REPORTING

As required by IFRS 8, the Rémy Cointreau Group provides an analysis by business segment and geographic area of certain items of its consolidated financial statements. Under this standard, the operating segments to be presented are those for which separate financial information is available internally and which are used by the "main operational decision-maker" to make operational decisions. Rémy Cointreau's main operational decision-maker is the Executive Committee. This committee reviews operational performances and allocates resources based on the financial data analysed for the Rémy Martin, Liqueurs & Spirits and Partner Brands businesses. Consequently, the Group has identified these three businesses as the operating segments to be presented. In addition, a holding segment includes the central expenses that are not allocated to the various divisions.

Information given by business segment is identical to that presented to the Executive Committee.

NOTE 17.1 BUSINESSES

Breakdown of net sales and current operating profit/(loss)

	Net sales			Current operating profit/(loss)		
(in € millions)	September 2020	September 2019	March 2020	September 2020	September 2019	March 2020
Cognac	305.4	379.6	735.5	93.6	126.9	199.5
Liqueurs & Spirits	112.1	131.2	261.9	18.6	21.0	37.5
Group brands subtotal	**417.5**	**510.8**	**997.3**	**112.2**	**147.9**	**237.0**
Partner Brands	13.3	13.1	27.5	0.5	(0.6)	(1.7)
Holding	-	-	-	(6.5)	(9.0)	(20.1)
TOTAL	**430.8**	**523.9**	**1,024.8**	**106.2**	**138.3**	**215.1**

There are no intra-segment sales.

NOTE 17.2 GEOGRAPHIC AREAS

Net sales

(in € millions)	September 2020	September 2019	March 2020
Europe-Middle/East-Africa[1]	83.5	122.2	241.3
Americas	229.9	234.8	460.8
Asia Pacific	117.4	166.9	322.7
TOTAL	**430.8**	**523.9**	**1,024.8**

(1) Net sales for France amounted to €4.3 million at 30 September 2020 (September 2019: €5.9 million; March 2020: €11.1 million).

NOTE 18 ANALYSIS OF OPERATING EXPENSES BY TYPE

(in € millions)	September 2020	September 2019	March 2020
Personnel costs	(100.3)	(97.5)	(193.0)
Advertising and promotion expenses	(61.9)	(78.7)	(184.2)
Depreciation, amortisation and impairment of non-current assets	(16.4)	(15.4)	(33.4)
Other expenses	(26.4)	(51.3)	(116.6)
Expenses allocated to inventories and production costs	32.6	32.9	65.4
TOTAL	**(172.4)**	**(210.0)**	**(461.7)**
of which:			
Distribution costs	(128.6)	(159.2)	(355.0)
Administrative expenses	(43.8)	(50.8)	(106.8)
TOTAL	**(172.4)**	**(210.0)**	**(461.7)**

Payroll expenses included in particular salaries and social charges, pension plan costs, bonus share plan expenses and benefits in kind.

Distribution costs comprise advertising and promotion expenses, commission income or expenses, ordinary write-downs of inventories and trade receivables and the overheads of the Group distribution companies.

Administrative expenses comprise all overheads of the holding companies and production companies.

NOTE 19 OTHER OPERATING INCOME AND EXPENSES

(in € millions)	September 2020	September 2019	March 2020
Costs relating to the acquisition of Brillet	(0.2)	-	
Impairment of Westland goodwill	-	-	(18.8)
Tax adjustments excluding income tax	-	(0.6)	-
Other	-	-	(0.9)
TOTAL	**(0.2)**	**(0.6)**	**(19.7)**

NOTE 20 FINANCIAL RESULT

NOTE 20.1 COST OF NET FINANCIAL DEBT BY TYPE

(in € millions)	September 2020	September 2019	March 2020
Bonds	(1.4)	(1.4)	(2.8)
OCEANE	(2.1)	(2.1)	(4.2)
Private bond placement	(1.2)	(1.2)	(2.4)
Syndicated loan and unconfirmed lines	(0.3)	(0.1)	(0.4)
Partner current account	(0.1)	(0.1)	(0.2)
Finance costs of special purpose entities	(0.8)	(1.0)	(2.0)
Accretion of lease liabilities – IFRS 16	(0.4)	(0.5)	(0.9)
Cost of gross financial debt	**(6.2)**	**(6.4)**	**(12.9)**
Interest income	0.1	0.1	0.2
Cost of net financial debt	**(6.1)**	**(6.3)**	**(12.7)**

Financial debt is described in note 13.

NOTE 20.2 OTHER FINANCIAL INCOME/(EXPENSE)

(in € millions)	September 2020	September 2019	March 2020
Currency losses	(0.6)	(2.4)	(4.7)
Other financial expenses of special purpose entities	(0.8)	(5.0)	(9.4)
Other	(0.5)	(0.7)	(1.2)
Other financial income/(expense)	**(1.9)**	**(8.0)**	**(15.3)**

Currency gains/(losses) from operations are recognised in gross profit.

NOTE 21 INCOME TAX

NOTE 21.1 NET INCOME TAX EXPENSE

(in € millions)	September 2020	September 2019	March 2020
Current tax (expense)/income	(48.1)	(56.2)	(71.0)
Deferred tax (expense)/income	15.0	17.1	10.2
Income tax	**(33.1)**	**(39.1)**	**(60.9)**
Effective published tax rate	-33.8%	-31.7%	-36.3%
Effective tax rate excl. non-recurring items	-33.8%	-31.7%	-33.9%

NOTE 21.2 INCOME TAX BALANCES

(in € millions)	September 2020	September 2019	March 2020
Income tax receivables	3.8	1.5	10.4
Income tax payables	(37.9)	(39.0)	(18.7)
Net liability	**(34.2)**	**(37.4)**	**(8.3)**

NOTE 22 NET PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS

(in € millions)	September 2020	September 2019	March 2020
Proceeds from the sale of shares in Rémy Czech Republic and Rémy Cointreau Slovakia	-	6.9	6.9
Selling costs	-	(0.2)	(0.2)
Tax	-	(0.4)	(0.4)
TOTAL	**-**	**6.3**	**6.4**

NOTE 23 NET PROFIT/(LOSS) EXCLUDING NON-RECURRING ITEMS

NOTE 23.1 RECONCILIATION WITH NET PROFIT/(LOSS)

Net profit/(loss) excluding non-recurring items attributable to owners of the parent is reconciled with net profit/(loss) attributable to owners of the parent as follows:

(in € millions)	September 2020	September 2019	March 2020
Net profit/(loss) – attributable to owners of the parent	**65.0**	**90.5**	**113.4**
Profit/(loss) recorded under “Other operating income and expenses” (note **19**)	0.2	0.6	19.7
Tax on “Other operating income and expenses”	(0.1)	(0.2)	(4.7)
Impact of tax rate changes on the deferred taxes in France and Greece	-	-	2.2
“Net profit/(loss) from deconsolidated and discontinued operations” (note **22**)	-	(6.3)	(6.4)
Net profit/(loss) excluding non-recurring items – attributable to owners of the parent	**65.2**	**84.6**	**124.2**

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NOTE 23.2 NET EARNINGS EXCLUDING NON-RECURRING ITEMS PER SHARE – ATTRIBUTABLE TO OWNERS OF THE PARENT

(in € millions)	Notes	September 2020	September 2019	March 2020
Net profit/(loss) excluding non-recurring items				
— attributable to owners of the parent		65.2	84.6	124.2
Number of shares				
— basic	12.2	49,894,848	49,803,302	49,806,712
— diluted	12.2	52,488,122	52,472,851	52,400,986
Per share *(in €)*				
— basic		1.31	1.70	2.49
— diluted		1.24	1.61	2.37

NOTE 24 OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

NOTE 24.1 OPERATING ACTIVITY COMMITMENTS

(in € millions)	September 2020	September 2019	March 2020
Purchase commitments – non-current assets	17.2	45.8	19.7
Purchase commitments – *eaux-de-vie*	452.0	354.4	451.7
Purchase commitments – other spirits	10.6	10.2	14.0
Other purchase commitments	21.0	13.4	28.2

Purchase commitments – non-current assets mainly concern the acquisition of ageing casks at the Cognac site, and real estate projects for Rémy Martin, Bruichladdich and Westland.

Eaux-de-vie purchasing commitments mainly relate to multi-year contracts in place with distillers. These commitments are valued based on the prices known at the balance sheet date.

Other purchase commitments comprise purchase commitments for packaging items, advertising and promotion spending commitments and other miscellaneous purchase commitments.

NOTE 24.2 FINANCING COMMITMENTS, DEPOSITS AND SIMILAR GUARANTEES

(in € millions)	September 2020	September 2019	March 2020
Customs deposits	31.5	29.8	29.3
Environmental deposits	2.7	2.7	2.7
Agricultural warrants on AFC inventories	52.0	48.0	62.0
Other guarantees	1.7	0.9	2.0

NOTE 24.3 CONTINGENT ASSETS AND LIABILITIES RELATING TO DISPOSAL TRANSACTIONS

In connection with disposal transactions, guarantees in respect of liabilities are generally granted to the buyers for defined periods and amounts stipulated in the agreements. Liabilities for tax, excise duties and social security payments that may arise following audits covering periods prior to the sale are generally included until such liabilities lapse under the statute of limitations.

The guarantees granted and still outstanding at 30 September 2020 were as follows:

Disposal transaction	Transaction date	Nature of ongoing guarantees	Maturity	Maximum amount
Izarra – Distillerie de la Côte Basque	27 October 2015	Tax items	Legal period +30 days	€200 thousand

NOTE 24.4 OTHER CONTINGENT LIABILITIES

During the period ended 30 September 2020, Rémy Cointreau was involved in various other legal disputes. Following a review of each case within each subsidiary involved, and based on the advice of the legal counsels, the provisions deemed necessary were recognised to cover the estimated risks.

Rémy Cointreau certifies that it has not omitted to report any significant off-balance sheet items in its consolidated financial statements.

NOTE 25 RELATED PARTIES

During the period ended 30 September 2020, relationships with related parties remained similar to those for the year ended 31 March 2020.

NOTE 26 EVENTS AFTER THE REPORTING PERIOD

On 16 October 2020, the Rémy Cointreau Group announced its acquisition of a majority interest in “Champagne J. de Telmont” covering that company’s brands, inventories, production facilities, real estate assets and Champagne vineyards. De Telmont is a Champagne producer engaged in an organic/biodynamic agriculture certification process and which shares the same attachment to *terroir*, know-how and history as the other firms in the Rémy Cointreau Group.

NOTE 27 UPDATE ON THE CONSOLIDATION SCOPE

The French firms Maison J.R. Brillet and SCE Brillet des Aireaux were consolidated during the period. They are fully owned by the Rémy Cointreau Group and fully consolidated.

STATUTORY AUDITORS' REVIEW REPORT ON THE HALF-YEAR FINANCIAL INFORMATION

Period from 1 April 2020 to 30 September 2020

This is a free translation into English of the statutory auditors' review report issued in French language and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

Rémy Cointreau

21 boulevard Haussmann

75009 Paris

In compliance with the assignment entrusted to us by your Annual general meeting and in accordance with the requirements of article L. 451-1-2 III of the French monetary and financial code (*code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed half-year consolidated financial statements of **Rémy Cointreau**, for the six months ended 30 September 2020;
- the verification of the information contained in the half-year management report.

These condensed half-year consolidated financial statements were prepared under the responsibility of the Board of directors on 24 November 2020, based on information available at that date in the evolving context of the COVID-19 crisis and difficulties in understanding its impacts and future prospects. Our role is to express a conclusion on these financial statements based on our review.

I - CONCLUSION ON THE FINANCIAL STATEMENTS

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

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-year consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, the standard of IFRSs as adopted by the European union applicable to interim financial information.

II - SPECIFIC VERIFICATION

We have also verified the information given in the half-year management report on the condensed half-year consolidated financial statements prepared on 24 November 2020 subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-year consolidated financial statements.

French original signed by

Neuilly-sur-Seine and Courbevoie, 25 November 2020

The Statutory Auditors

PricewaterhouseCoopers Audit	Mazars
Olivier Auberty	Jérôme de Pastors

CERTIFICATE OF THE PERSON RESPONSIBLE FOR THE HALF-YEAR REPORT

I certify that, to the best of my knowledge, the interim financial statements for the first half-year 2020/2021 were prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, the financial position and the financial performance of the Company and all the companies included in the consolidation, and the half-year operating report presents a true and fair view of significant events which occurred in the first six months of the year, their impact on the half-year financial statements, significant transactions between related parties, as well as the principal risks and uncertainties for the remaining six months of the financial year.

Paris, 24 November 2020

Éric Vallat

Chief Executive Officer of Rémy Cointreau

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The French version of this document is available
on request or on the website remy-cointreau.com

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