5

Management Report

5.1 Key figures from the consolidated financial statements for the year ended 30 June 2023

5.1.1 Income statement

€ millions	30.06.2022	30.06.2023
Net sales	10,701	12,137
Gross margin after logistics expenses	**6,473**	**7,246**
Advertising and promotion expenses	(1,698)	(1,939)
Contribution after advertising and promotion	4,775	5,307
Profit from recurring operations	3,024	3,348
Operating profit	**2,963**	**3,265**
Financial income/(expense)	(260)	(327)
Corporate income tax	(676)	(651)
Share of net profit/(loss) of associates and net profit of held for sale activities	5	(4)
NET PROFIT	**2,031**	**2,283**
Of which:		
Non-controlling interests	35	21
Attributable to Group shareholders	1,996	2,262
EARNINGS PER SHARE – BASIC (in €)	**7.71**	**8.84**
EARNINGS PER SHARE – DILUTED (in €)	**7.69**	**8.81**

5.1.2 Balance sheet

€ millions	30.06.2022	30.06.2023
ASSETS		
Non-current assets	24,100	25,667
Of which intangible assets and goodwill	*17,657*	*19,000*
Current assets	11,896	12,008
Assets held for sale	15	1
TOTAL ASSETS	**36,012**	**37,676**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Consolidated shareholders' equity	16,253	16,715
Non-current liabilities	13,653	14,026
Current liabilities	6,107	6,935
Liabilities held for sale	—	—
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**36,012**	**37,676**

5.1.3 Net financial debt

€ millions	30.06.2022	30.06.2023
Gross non-current financial debt	9,417	9,851
Gross current financial debt	1,248	1,536
Non-current derivative instruments – assets	—	(3)
Current derivative instruments – assets	(5)	—
Non-current derivative instruments – liabilities	18	14
Current derivative instruments – liabilities	—	—
Cash and cash equivalents	(2,527)	(1,609)
NET FINANCIAL DEBT EXCLUDING LEASE LIABILITIES	**8,150**	**9,789**
Lease liabilities	507	484
NET FINANCIAL DEBT	**8,657**	**10,273**
Free cash flow(1)	1,813	1,431

(1) The calculation of free cash flow is set out in Note 5.3 – Net Debt to the management report.

5.1.4 Cash flow statement

€ millions	30.06.2022	30.06.2023
Self-financing capacity before financing interest and taxes	3,392	3,543
Net interest paid	(228)	(288)
Net income tax paid	(619)	(654)
Decrease/(increase) in working capital requirement	(252)	(568)
Net change in cash flow from operating activities	**2,294**	**2,033**
Net change in cash flow from investing activities	**(1,203)**	**(1,731)**
Net change in cash flow from financing activities	**(683)**	**(1,117)**
Cash flows from discontinued operations	—	—
Foreign currency translation adjustments	42	(103)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**2,078**	**2,527**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**2,527**	**1,609**

5.2 Analysis of business activity and results

Pernod Ricard generated Net Sales of €12.1 billion, a very strong performance in a normalising environment, with share gains in most markets, strong pricing execution and resilient volumes.

Growth was broad-based across regions. By categories, growth was also diversified across the portfolio with Strategic International Brands up +11%; Specialty Brands up +8% and Strategic Local Brands up +10%.

Pernod Ricard delivered a Profit from Recurring Operations of €3.3 billion, sustaining organic Gross Margin and expanding organic Operating Margin thanks to leading premium portfolio, excellent Revenue Growth Management and operational efficiencies.

Pernod Ricard continued to invest in its brands' sustainable growth and desirability with record level of investments in A&P, Capex, strategic Inventories and with active portfolio management focused on priority premium+ brands, including Sovereign Brands, Código, Skrewball and ACE Beverages.

Pernod Ricard continues to progress toward its 2030 Sustainability and Responsibility targets and to deploy The Conviviality Platform.

With a Free Cash Flow of €1.4 billion, cash generation was strong, enabling to accelerate investments in future organic growth.

Shareholder returns are accelerating, with strong dividend growth of +14% compared to FY 2022 and a new share buyback programme of €500 million to €800 million in FY 2024 (subject to the approval of the Shareholder's General Meeting).

5.2.1 Presentation of results

5.2.1.1 Net profit from recurring operations, Group share and per share – diluted

€ millions	30.06.2022	30.06.2023
Profit from recurring operations	3,024	3,348
Financial income/(expense) from recurring operations	(215)	(291)
Corporate income tax on recurring operations	(651)	(691)
Non-controlling interests, net profit of discontinued and held for sale activities and share of net profit of associates	(34)	(25)
GROUP SHARE OF NET PROFIT FROM RECURRING OPERATIONS[(1)]	**2,124**	**2,340**
GROUP SHARE OF NET PROFIT FROM RECURRING OPERATIONS PER SHARE – DILUTED *(in €)*	**8.18**	**9.11**

(1) Profit from recurring operations after taking into account financial income and expenses from recurring operations, corporate income tax on recurring operations, the share of net profit or loss of associates, and net profit of discontinued and held for sale activities.

5.2.1.2 Profit from recurring operations

Group *€ millions*	30.06.2022	30.06.2023	Reported growth		Organic growth[(1)]	
Net sales	10,701	12,137	1,436	13 %	1,068	10 %
Gross margin after logistics expenses	6,473	7,246	773	12 %	646	10 %
Advertising and promotion expenses	(1,698)	(1,939)	(242)	14 %	(180)	11 %
Contribution after advertising and promotion	4,775	5,307	531	11 %	466	10 %
PROFIT FROM RECURRING OPERATIONS	**3,024**	**3,348**	**324**	**11 %**	**334**	**11 %**

(1) Organic growth: growth at constant exchange rates and scope of consolidation.

Americas **€ millions**	30.06.2022	30.06.2023	Reported growth		Organic growth[(1)]	
Net sales	3,133	3,481	348	11 %	62	2 %
Gross margin after logistics expenses	2,059	2,220	161	8 %	10	1 %
Advertising and promotion expenses	(568)	(686)	(117)	21 %	(57)	10 %
Contribution after advertising and promotion	1,491	1,534	43	3 %	(47)	-3 %
PROFIT FROM RECURRING OPERATIONS	**1,014**	**965**	**(49)**	**(5)%**	**(87)**	**-9 %**

(1) Organic growth: growth at constant exchange rates and scope of consolidation.

Asia/Rest of the World **€ millions**	30.06.2022	30.06.2023	Reported growth		Organic growth[(1)]	
Net sales	4,438	5,191	753	17 %	755	17 %
Gross margin after logistics expenses	2,496	2,969	473	19 %	501	20 %
Advertising and promotion expenses	(633)	(740)	(107)	17 %	(111)	18 %
Contribution after advertising and promotion	1,862	2,229	366	20 %	390	21 %
PROFIT FROM RECURRING OPERATIONS	**1,220**	**1,516**	**296**	**24 %**	**325**	**27 %**

(1) Organic growth: growth at constant exchange rates and scope of consolidation.

Europe **€ millions**	30.06.2022	30.06.2023	Reported growth		Organic growth[(1)]	
Net sales	3,130	3,465	335	11 %	251	8 %
Gross margin after logistics expenses	1,918	2,057	139	7 %	135	7 %
Advertising and promotion expenses	(496)	(513)	(17)	4 %	(13)	3 %
Contribution after advertising and promotion	1,422	1,544	122	9 %	122	9 %
PROFIT FROM RECURRING OPERATIONS	**790**	**867**	**77**	**10 %**	**96**	**12 %**

(1) Organic growth: growth at constant exchange rates and scope of consolidation.

5.2.2 Organic net sales growth of Strategic International Brands

In millions of 9-litre cases	Volumes FY 2022	Volumes FY 2023	Organic growth[1] in net sales	Of which volume growth	Of which price/ mix effect
Absolut	12.4	12.7	+10 %	+2 %	+8%
Chivas Regal	4.6	5.1	+25 %	+10 %	+15%
Ballantine's	9.1	8.8	+13 %	(4)%	+17%
Ricard	4.5	4.4	+1 %	(1)%	+2%
Jameson	10.4	10.7	+10 %	+2 %	+8%
Havana Club	4.6	4.3	+6 %	(6)%	+12%
Malibu	4.9	4.7	+4 %	(5)%	+9%
Beefeater	3.7	3.7	+10 %	+2 %	+7%
Martell	2.5	2.4	+10 %	(3)%	+12%
The Glenlivet	1.6	1.6	+9 %	(3)%	+12%
Royal Salute	0.2	0.3	+32 %	+17 %	+15%
Mumm	0.7	0.6	(5)%	(16)%	+11%
Perrier-Jouët	0.3	0.3	+6 %	(7)%	+12%
STRATEGIC INTERNATIONAL BRANDS	**59.6**	**59.5**	**+11 %**	**0 %**	**+11%**

(1) Organic growth is defined on page 196

FY 2023 Sales grew by 10% organically, totalling €12,137 million.

Reported Sales growth was 13% with favourable foreign exchange impact mostly from USD versus EUR.

Broad-based growth across all regions with strong pricing execution:

- **Americas: up 2%**, dynamic growth in LATAM led by Mexico and low-single digit growth in North America with stable Net Sales in USA and underlying value depletions up 2%. Declining Sales expected in Q1 in USA, on high comparison basis, with positive outlook for the full year;
- **Asia-RoW: up 17%**, excellent broad-based growth led by India, Travel Retail recovery, China and Turkey. Solid performance in Japan, South Korea and dynamic rebound in Southeast Asia. Challenging macroeconomic environment in China leading to declining Net Sales in Q1 FY24, with high comparison basis expected to ease from Q2;
- **Europe: up 8%**, strong resilience and pricing with growth led by Spain, Germany and rebound in Travel Retail.

All spirits categories delivered strong growth:

- **Strategic International Brands: up 11%**, strong momentum led by Scotch, Martell, Jameson and Absolut;
- **Strategic Local Brands: up 10%**, very dynamic growth notably led by Seagram's Indian whiskies and Olmeca;
- **Specialty Brands: up 8%**, continued development led by Lillet, Aberlour, Malfy and the Spot Range;
- **Strategic Wines: down 2%**, overall soft performance mainly driven by Jacob's Creek and Campo Viejo in the UK and North America.

Strong Price/mix at positive 9%, mostly from strong pricing actions (+8%). Resilient volumes growing 1%.

Q4 Net Sales were €2,630 million, with 19% organic growth.

5.2.3 Contribution after advertising and promotion expenses

Gross margin protected at +3bps as price and mix offset COGS inflation.

A&P consistent at c.16% of Net Sales, with dynamic allocation between brands, markets and activities.

5.2.4 Profit from recurring operations

FY 2023 PRO grew 11%, to €3,348 million (+11% reported), sustaining organic Gross Margin and expanding organic Operating Margin thanks to leading premium portfolio, excellent Revenue Growth Management and operational efficiencies:

Discipline on Structure costs: up 37bps and growing 8% organically.

Unfavourable FX impact on PRO of €70 million with favourable impact from USD more than offset by Turkish Lira and other emerging market currencies.

5.2.5 Financial income/(expense) from recurring operations

Financial expenses from recurring operations reached €291 million, with average cost of debt of 2.6% (vs 2.3% in FY 2022).

5.2.6 Group share of net profit from recurring operations

The tax rate for profit from recurring operations in FY 2023 was 22.6%.
Group share of Net PRO was €2,340 million, up 10% reported versus FY 2022.

5.2.7 Group share of net profit

Group share of Net Profit was €2,262 million, up 13% reported, a very strong increase thanks to Profit from Recurring Operations growth.

5.3 Net debt

Reconciliation of net financial debt – Net financial debt is a metric used by the Group to manage its cash and net debt capacity. A reconciliation of net financial debt to the main balance sheet items is provided in Note 4.9 – Financial instruments to the consolidated financial statements. The following table shows the change in net debt over the year:

€ millions	30.06.2022	30.06.2023
Profit from recurring operations	**3,024**	**3,348**
Other operating income/(expenses)	**(62)**	**(83)**
• Depreciation of fixed assets	381	417
• Net change in impairment of goodwill, property, plant and equipment and intangible assets	10	52
• Net change in provisions	7	(74)
• Changes in fair value of commercial derivatives and biological assets	(2)	(87)
• Net (gain)/loss on disposal of assets	(5)	(74)
• Share-based payment	40	44
Sub-total of depreciation and amortisation, changes in provisions and other	**430**	**278**
SELF-FINANCING CAPACITY BEFORE FINANCING INTEREST AND TAXES	**3,392**	**3,543**
Decrease/(increase) in working capital requirement	(252)	(568)
Net interest and tax paid	(846)	(942)
Net purchases of non-financial assets and other	(481)	(602)
FREE CASH FLOW	**1,813**	**1,431**
of which recurring free cash flow	*1,926*	*1,653*
Net purchases of financial assets and activities and other	(723)	(1,129)
Changes in scope of consolidation	—	—
• Share capital increases and other changes in shareholders' equity	—	—
• Dividends and interim dividends paid	(826)	(1,072)
• (Acquisition)/disposal of treasury shares	(813)	(786)
Sub-total of dividends, acquisition of treasury shares and other	**(1,639)**	**(1,858)**
DECREASE/(INCREASE) IN DEBT BEFORE FOREIGN EXCHANGE IMPACT	**(549)**	**(1,556)**
Foreign currency translation adjustments	(562)	53
Non-cash effect on lease liabilities	(95)	(112)
DECREASE/(INCREASE) IN DEBT AFTER FOREIGN EXCHANGE IMPACT	**(1,205)**	**(1,615)**
Net debt at beginning of period	(7,452)	(8,657)
Net debt at end of period	(8,657)	(10,273)

5.4 Outlook

Building on our very strong FY 2023 performance, we confidently reiterate our mid-term financial framework[1] of aiming for the upper end of 4% to 7% Net Sales growth and a 50/60bps operating margin expansion.

In a challenging environment, we anticipate for FY 2024:

- Broad-based and diversified Net Sales growth for the full year, with a soft start in Q1 amplified by a high comparison basis;
- Adapting to easing inflationary pressures;
- Continued focus on Revenue Growth Management and operational efficiencies;
- Consistent A&P ratio at c. 16% of Net Sales, dynamically optimized through Key Digital Programmes (KDPs);
- Disciplined investments in structure;
- All leading to organic Operating Margin expansion;
- Significant investments in Capex c.€800 million-€1 billion range and strategic inventories with a similar level to FY 2023 to sustainably support future growth;
- Share buyback of €500 million to €800 million;
- Negative FX impact.

(1) *From FY 2023 to FY 2025.*

5.5 Definition of alternative performance measures and reconciliation to IFRS measures

Pernod Ricard's management process is based on the following alternative performance measures (APMs), which have been chosen for planning and reporting purposes. The Group's management believes that these measures provide valuable additional information for users of the financial statements in understanding the Group's performance. These APMs should be considered as complementary to IFRS measures and reported movements therein.

5.5.1 Organic growth

Organic growth is calculated after excluding the impacts of exchange rate movements, acquisitions and disposals, changes in applicable accounting principles and hyperinflation.

Exchange rates impact is calculated by translating the current year results at the prior year's exchange rates.

For acquisitions in the current year, the post-acquisition results are excluded from the organic movement calculations. For acquisitions in the prior year, post-acquisition results are included in the prior year but are included in the organic movement calculations of the current year only from the anniversary date of the acquisition.

The impact of hyperinflation on net sales in Turkey is excluded from organic growth calculations by capping local unit price/cost increases to a maximum of 26% per year, equivalent to 100% over three years.

Where a business, brand, brand distribution right or agency agreement was disposed of or terminated in the prior year, the Group excludes the results for that business from the prior year in the organic movement calculations. For disposals or terminations in the current year, the Group excludes the results for that business from the prior year from the date of the disposal or termination.

This measure enables users to compare the Group's performance on a like-for-like basis, focusing on areas that local management is most directly able to influence.

5.5.2 Free cash flow

Free cash flow comprises net cash from operating activities, aggregated with the proceeds from disposals of property, plant and equipment and intangible assets and after deduction of capital expenditure.

5.5.3 "Recurring" measures

The following three measures represent key indicators for the measurement of the recurring performance of the business, excluding significant items that, because of their nature and their infrequent occurrence, cannot be considered as inherent to the recurring performance of the Group:

- **Recurring free cash flow**

Recurring free cash flow is calculated by restating free cash flow for non-recurring items.

- **Profit from recurring operations**

Profit from recurring operations corresponds to operating profit excluding other non-current operating income and expenses.

- **Group share of net profit from recurring operations**

Group share of net profit from recurring operations corresponds to net profit attributable to Group shareholders before other non-recurring operating income and expenses, non-recurring financial income and expenses and non-recurring income taxes.

5.5.4 Net debt

Net financial debt, as defined and used by the Group, corresponds to total gross financial debt (translated at the closing rate), including lease liabilities and derivatives designated as fair value hedges and net foreign currency asset hedges (hedging of net investments and similar), less cash and cash equivalents.

5.5.5 EBITDA

EBITDA stands for "earnings before interest, taxes, depreciation and amortisation". EBITDA is an accounting measure calculated using the Group's profit from recurring operations excluding depreciation and amortisation on operating fixed assets.

5.6 Significant contracts

5.6.1 Significant contracts not related to financing

5.6.1.1 Suntory

In 1988, Allied Domecq entered into a series of agreements with Suntory Ltd, one of Japan's leading producers and distributors of spirits. One of the provisions of these agreements concerned the creation of a joint venture in Japan called Suntory Allied Ltd, in which 49.99% of the share capital and voting rights are owned by Allied Domecq and 50.01% by Suntory Ltd. Suntory Allied Ltd has been granted the exclusive distribution rights for certain Allied Domecq brands in Japan until 31 March 2029.

The management of Suntory Allied Ltd is jointly controlled by Pernod Ricard, as successor-in-interest to Allied Domecq, and Suntory Ltd.

5.6.1.2 Sale and repurchase agreements

Pernod Ricard did not enter into any sale and repurchase agreements during the period 2022/2023.

5.6.2 Financing contracts

5.6.2.1 Credit agreements

2023 Credit Agreement

On 27 April 2023, Pernod Ricard and certain of its affiliates signed a new sustainability-linked loan totalling €2.1 billion (the "**Credit Agreement**") in order to refinance ahead of term its existing €2.5 billion credit facility maturing in June 2024. The initial maturity date of the Credit Agreement is five years, expiring on 27 April 2028, with an option to extend for one year at the end of the fifth year and an additional year at the end of the sixth year. The facility is linked to two environmental commitments: a reduction in the Group's absolute greenhouse gas emissions (Scopes 1 and 2) and a reduction in its water consumption per unit of alcohol produced.

The obligations of each of the borrowers under the Credit Agreement are guaranteed by Pernod Ricard. No security interest (*sûreté réelle*) was granted under the terms of the Credit Agreement.

The Credit Agreement includes an "Accordion" feature which allows for borrowing of up to an additional €400 million beyond the initial €2.1 billion allocation.

2022 Credit Agreement (Bilateral Credit)

On 22 March 2022, Pernod Ricard and Pernod Ricard Finance entered into a bilateral revolving credit agreement (the "**Bilateral Credit Agreement**", referred to jointly with the Credit Agreement as the "**credit agreements**") with a principal amount of €500 million, for an initial period of three years, with the option of an extension of one year at the end of the third year and one additional year at the end of the fourth year.

The obligations of Pernod Ricard Finance under the Bilateral Credit Agreement are guaranteed by Pernod Ricard. No security interest *(sûreté réelle)* was granted under the terms of the Bilateral Credit Agreement.

Provisions of the credit agreements

The credit agreements contain customary representations and warranties, as well as the usual restrictive covenants contained in such contracts.

5.6.2.2 Bond issues

The Group has issued bonds (the "**Bonds**") through (i) Pernod Ricard, and (ii) Pernod Ricard International Finance LLC, a wholly owned affiliate of Pernod Ricard, whose issues are guaranteed by Pernod Ricard.

The nominal amount of the Bonds and the interest thereon constitute direct, unsubordinated and unsecured obligations of the issuer in question, ranking equally amongst themselves and *pari passu* with all other unsecured and unsubordinated debt, present and future, of said issuer. In addition, Pernod Ricard and Pernod Ricard International Finance LLC have undertaken not to grant any security interests in respect of bonds or other debt securities admitted, or liable to be admitted, to trading on a regulated market, an over-the-counter market or other stock exchange unless the bonds benefit from similar collateral or other collateral approved, as the case may be, by the mass of bondholders (Pernod Ricard) or by the meeting of bondholders (Pernod Ricard International Finance LLC).

These bond issues include a clause regarding change of control, which could trigger the compulsory early repayment of Bonds upon request of each bondholder in the event of a change of control of Pernod Ricard (benefiting a person or a group of persons acting in concert) and leading to a deterioration in Pernod Ricard's credit rating.

In addition, bondholders may request early redemption of these Bonds if certain customary events of default arise.

	Amount *(US$ thousands)*	Amount *(€ thousands)*	Place of issue	Nominal value	Maturity date	Redemption dates	Allocation of net proceeds of the issue	Rate
USD bond of 12/01/2012	850,000.00		Private placement for institutional investors, and subject to New York State (United States) law	US$150,000 (with multiples of US$1,000 in excess of this amount)	15/01/2042	Payable annually in arrears on 15 January and 15 July	Repayment of part of the 2008 syndicated loan denominated in US dollars	Fixed annual rate of 5.50%
EUR bond of 29/09/2014		650,000.00	Regulated market of Euronext Paris	100,000	27/09/2024	Payable annually in arrears on 27 September	Repayment of bond debt to extend the maturity of the Group's debt	Fixed annual rate of 2.125%
EUR bond of 17/05/2016		600,000.00	Regulated market of Euronext Paris	100,000	18/05/2026	Payable annually in arrears on 18 May	Repayment of bond debt to extend the maturity of the Group's debt	Fixed annual rate of 1.50%
USD bond of 08/06/2016	600,000		Private placement for institutional investors, and subject to New York State (United States) law	US$150,000 (with multiples of US$1,000 in excess of this amount)	08/06/2026	Payable annually in arrears on 8 June and 8 December from 8 December 2016	Repayment of short-term debt and bond debt to extend the maturity of the Group's debt	Fixed annual rate of 3.25%
EUR bond of 24/10/2019		500,000	Regulated market of Euronext Paris	100,000	24/10/2023	Payable annually in arrears on 24 October	General corporate purposes	Fixed annual rate of 0%
EUR bond of 24/10/2019		500,000	Regulated market of Euronext Paris	100,000	24/10/2027	Payable annually in arrears on 24 October	General corporate purposes	Fixed annual rate of 0.50%
EUR bond of 24/10/2019		500,000	Regulated market of Euronext Paris	100,000	24/10/2031	Payable annually in arrears on 24 October	General corporate purposes	Fixed annual rate of 0.875%
EUR bond of 06/04/2020		750,000	Regulated market of Euronext Paris	100,000	07/04/2025	Payable annually in arrears on 7 April	General corporate purposes	Fixed annual rate of 1.125%
EUR bond of 06/04/2020		750,000	Regulated market of Euronext Paris	100,000	08/04/2030	Payable annually in arrears on 8 April	General corporate purposes	Fixed annual rate of 1.75%
EUR bond of 30/04/2020		250,000	Regulated market of Euronext Paris	100,000	07/04/2025	Payable annually in arrears on 7 April	General corporate purposes	Fixed annual rate of 1.125%
EUR bond of 30/04/2020		250,000	Regulated market of Euronext Paris	100,000	08/04/2030	Payable annually in arrears on 8 April	General corporate purposes	Fixed annual rate of 1.75%
USD bond of 01/10/2020	600,000		Private placement for institutional investors, and subject to New York State (United States) law	US$150,000 (with multiples of US$1,000 in excess of this amount)	01/04/2028	Payable annually in arrears on 1 April and 1 October	General corporate purposes	Fixed annual rate of 1.25%

	Amount *(US$ thousands)*	Amount *(€ thousands)*	Place of issue	Nominal value	Maturity date	Redemption dates	Allocation of net proceeds of the issue	Rate
USD bond of 01/10/2020	900,000		Private placement for institutional investors, and subject to New York State (United States) law	US$150,000 (with multiples of US$1,000 in excess of this amount)	01/04/2031	Payable annually in arrears on 1 April and 1 October	General corporate purposes	Fixed annual rate of 1.625%
USD bond of 01/10/2020	500,000		Private placement for institutional investors, and subject to New York State (United States) law	US$150,000 (with multiples of US$1,000 in excess of this amount)	01/10/2050	Payable annually in arrears on 1 April and 1 October	General corporate purposes	Fixed annual rate of 2.75%
EUR bond of 04/10/2021		500,000	Regulated market of Euronext Paris	100,000	04/10/2029	Payable annually in arrears on 4 October	General corporate purposes	Fixed annual rate of 0.125%
EUR bond of 07/04/2022		750,000	Regulated market of Euronext Paris	100,000	07/04/2029	Payable annually in arrears on 7 April	General corporate purposes	Fixed annual rate of 1.375%
EUR bond of 02/11/2022		600,000	Regulated market of Euronext Paris	100,000	02/11/2028	Payable annually in arrears on 2 November	General corporate purposes	Fixed annual rate of 3.25%
EUR bond of 02/11/2022		500,000	Regulated market of Euronext Paris	10,000	02/11/2032	Payable annually in arrears on 2 November	General corporate purposes	Fixed annual rate of 3.75%

5.6.2.3 Euro Medium Term Notes (EMTN) Programme

After obtaining the approval of the French Financial Markets Authority (*Autorité des Marchés Financiers* – AMF) on the base prospectus, on 26 May 2020, Pernod Ricard set up a Euro Medium Term Notes (EMTN) programme, updated on 11 October 2021 and 24 October 2022 (the “Programme”). Under the terms of the Programme, Pernod Ricard and Pernod Ricard International Finance LLC may issue Bonds by means of private placements in various currencies. The issues of Pernod Ricard International Finance LLC under the programme will be guaranteed by Pernod Ricard SA. The securities may be admitted to trading on Euronext Paris. The maximum nominal amount of securities outstanding under the Programme is set at €7 billion (or the equivalent in any other currency). During the meeting on 31 August 2022, the Board of Directors authorised Pernod Ricard to issue Bonds under the Programme up to a total maximum nominal amount of €2 billion (or the equivalent in any other currency) for a period of one year from 31 August 2022.

5.6.2.4 Sustainability-linked bond

On 7 April 2022, Pernod Ricard conducted its first issuance of bonds incorporating environmental commitments, totalling €750 million with a maturity of seven years.

On 2 November 2022, Pernod Ricard conducted two new bond issuances incorporating the same environmental commitments. The first issuance was for €600 million with a six-year maturity, and the second issuance was for €500 million with a ten-year maturity.

Pernod Ricard has chosen two key performance indicators (KPIs) that are relevant, core and material to its overall business and of strategic significance to the Group’s current and/or future operations. The KPIs are aligned with the S&R roadmap and the United Nations 2030 SDGs. For these two KPIs, Pernod Ricard has set ambitious Sustainability Performance Targets (SPTs) to highlight its commitment and leadership across the sector, with both short-term and long-term trajectories.

The two criteria chosen are related to environmental topics as follows:

- Absolute reduction of greenhouse gas emissions (Scopes 1 & 2).
- Reduction in water consumption per unit of alcohol produced at distilleries.

In regard to the key performance indicators to which the bond is linked, Pernod Ricard monitored its performance during the financial year, and progress towards the targets:

KPI	SPT	FY 2018 baseline[1]	FY 2023 performance[1]	Change
Absolute Scope 1 and 2 GHG emissions ($ktCO_2e$) – Market-based	26% reduction by FY 2025 (emissions below 220 $ktCO_2e$) 54% reduction by FY 2030 (emissions below 138 $ktCO_2e$)	298	263	-12%
Water consumption per unit of alcohol produced in distilleries (m^3/kLAA)	12.5% reduction by FY 2025 (consumption below 16.7 m3/kLAA) 20.9% reduction by FY 2030 (consumption below 15.1 m^3/kLAA)	19.0[2]	18.3	-4%

(1) For the period from 1 July Y-1 to 30 June Y.

(2) Total water consumption for the FY 2018 baseline has been revised this year to reflect an update in calculation at one of the production sites.

Greenhouse gas emissions in absolute values (Scopes 1 and 2) fell by around 12% between the FY 2018 and FY 2023. This progress reflects the efforts made by the Group in recent years to achieve its 2030 target, in particular the numerous investments made in energy efficiency (such as the replacement of boilers with high energy efficiency units and the recycling of steam using mechanical vapour recompression technology), the increased use of biofuels and biomass in distilleries, the installation of on-site solar panels as well as the purchase of renewable electricity through PPAs and green certificates in recent years. In addition, Pernod Ricard India has made a significant contribution to reducing the Group's greenhouse gas emissions (Scopes 1 and 2) by switching from coal to biomass, resulting in a reduction of 31,108 tonnes of CO_2e between FY 2022 and FY 2023.

In FY 2023, water consumption at distilleries fell by around 4% in intensity versus FY 2018. This improvement is the result of programmes undertaken at all of the Group's distilleries, particularly in Scotland, Canada and Armenia, which involve optimising industrial processes, investing in distribution networks and implementing water recycling measures. Over the next financial year, the Group will continue to roll out these programmes and reduce its water consumption per unit of alcohol produced in distilleries.

These key performance indicators have been subject to verification by an independent third party, which provided a limited assurance conclusion. The report is available on the Group's website. For more information on the Group's environmental, social and governance (ESG) performance, see Chapter 3 "Sustainability & Responsibility".

5.6.2.5 Europe factoring agreement

On 15 December 2008, certain affiliates of Pernod Ricard and Pernod Ricard Finance signed a factoring framework agreement with BNP Paribas Factor, to set up a pan-European factoring programme in the gross amount of €350 million, which was increased to €400 million by an addendum dated 23 June 2009. The programme had been renewed for a duration of five years starting from 1 January 2019. On 23 December 2022, an amendment to the programme was signed, effective on 1 January 2023, extending the programme's maturity by two years until 31 December 2024. The receivables are sold under the contractual subrogation regime under French law, except where certain local legal restrictions are in force. As substantially all of the risks and rewards related to the receivables are transferred to the purchaser in accordance with this factoring programme, transferred receivables are deconsolidated.

5.6.2.6 Securitisation (Master Receivables Assignment Agreement)

On 24 June 2009, certain affiliates of Pernod Ricard entered into an international securitisation programme arranged by Crédit Agricole CIB. The purpose of the programme was the transfer of eligible trade receivables to €STR, in accordance with the provisions of a framework agreement dated 24 June 2009 and country-specific agreements entered into at the time that each relevant affiliate joined the programme. This programme was renewed on 13 June 2022 under the terms of an addendum to the framework agreement. The programme amounts to €65 million, USD 230 million, GBP 145 million and SEK 400 million.

This two-year programme includes a change of control clause that applies to each affiliate participating in the programme as a seller, which could lead to the early repayment of the programme by the affiliate concerned by such change of control. "Change of control" is defined as Pernod Ricard ceasing to hold, directly or indirectly, at least 80% of the share capital or voting rights of an affiliate participating in the programme as a seller, unless Pernod Ricard (i) continues to hold, directly or indirectly, 50% of the share capital or voting rights of such affiliate and (ii) issues, at the request of Crédit Agricole CIB, a guarantee in terms that Crédit Agricole CIB deems satisfactory (acting reasonably) for the purpose of securing the obligations of such affiliate under the securitisation transaction documents.

5.6.2.7 Pacific factoring agreement

On 18 March 2013, a new agreement for the sale of receivables was signed between Pernod Ricard Winemakers Pty Ltd (formerly Premium Wine Brands Pty), Pernod Ricard Winemakers New Zealand Limited (formerly Pernod Ricard New Zealand Limited) and The Royal Bank of Scotland plc. This factoring agreement covers Australia and New Zealand and amounts to AUD 128.5 million and NZD 45 million. The factoring agreement was taken over in full by BNP Paribas on 4 December 2015, replacing The Royal Bank of Scotland plc.

Additional information on the impact of these financing contracts on the Group's financial statements is provided in Notes 4.8.1 – *Analysis of net financial debt by type and maturity* and 4.8.6 – *Bonds* to the consolidated financial statements.