

7.

Pernod Ricard SA

Financial Statements

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7.1 Pernod Ricard SA income statement

For the financial years ended 30 June 2018 and 30 June 2019

| <i>c/ thousand</i> | 30.06.2018 | 30.06.2019 |
|---|------------------|------------------|
| Royalties | 29,475 | 25,070 |
| Other income | 155,459 | 180,117 |
| Reversals of financial provisions and expense transfers | 25,692 | 16,302 |
| OPERATING INCOME | 210,626 | 221,489 |
| Purchases of goods and supplies not for stock and external services | (155,048) | (176,266) |
| Duties and taxes | (5,838) | (5,675) |
| Payroll expenses | (94,069) | (101,142) |
| Depreciation, amortisation and provisions | (25,006) | (19,764) |
| Other expenses | (4,699) | (5,854) |
| OPERATING EXPENSES | (284,660) | (308,701) |
| Operating profit (loss) | (74,034) | (87,212) |
| Income from investments | 603,281 | 413,445 |
| Interest and related income | 244,413 | 210,089 |
| Reversals of financial provisions and expense transfers | 307,906 | 331,068 |
| Foreign exchange gains | 9,127 | 9,506 |
| FINANCIAL INCOME | 1,164,727 | 964,108 |
| Provision charges | (331,718) | (325,514) |
| Interest and related expenses | (343,525) | (320,595) |
| Foreign exchange losses | (7,765) | (12,550) |
| FINANCIAL EXPENSES | (683,008) | (658,659) |
| Financial results | 481,719 | 305,449 |
| Profit (loss) from continuing operations | 407,685 | 218,236 |
| Exceptional items | (21,330) | (44,499) |
| Net profit/ (loss) before tax | 386,355 | 173,737 |
| Corporate income tax | 179,468 | 151,988 |
| PROFIT FOR THE FINANCIAL YEAR | 565,823 | 325,726 |

7.2 Pernod Ricard SA balance sheet

For the financial years ended 30 June 2018 and 30 June 2019

Assets

| <i>c/ thousand</i> | Net value 30.06.2018 | Gross value 30.06.2019 | Depreciation, amortisation and provisions | Net value 30.06.2019 | Notes |
|---|-------------------------|---------------------------|---|-------------------------|----------------|
| Concessions, patents and licences | 28,048 | 33,348 | (5,341) | 28,007 | |
| Other intangible assets | 5,350 | 49,165 | (39,268) | 9,897 | |
| Advances and down payments | 13,356 | 20,563 | - | 20,563 | |
| Intangible assets | 46,754 | 103,076 | (44,609) | 58,467 | 2 |
| Land | 485 | 485 | - | 485 | |
| Buildings | 26,434 | 27,426 | (1,651) | 25,775 | |
| Machinery and equipment | 287 | 800 | (430) | 370 | |
| Other property, plant and equipment | 18,866 | 31,817 | (15,907) | 15,910 | |
| Advances and down payments | 1,078 | 2,336 | - | 2,336 | |
| Property, plant and equipment | 47,150 | 62,864 | (17,988) | 44,876 | 2 |
| Investments | 12,760,874 | 12,872,897 | (108,498) | 12,764,400 | 3 |
| Loans and advances to affiliates and associates | 63,618 | 62,144 | - | 62,144 | 3 and 4 |
| Other financial assets | 8,222 | 18,260 | - | 18,260 | 3 and 4 |
| Financial assets | 12,832,713 | 12,953,301 | (108,497) | 12,844,804 | 3 |
| TOTAL FIXED ASSETS | 12,926,618 | 13,119,241 | (171,095) | 12,948,146 | |
| Advances and supplier prepayments | 347 | 629 | - | 629 | 4 |
| Trade receivables | 232,103 | 282,270 | (4,303) | 277,967 | |
| Other receivables | 1,605,672 | 1,339,992 | (3,122) | 1,336,870 | |
| Receivables | 1,837,775 | 1,622,262 | (7,425) | 1,614,837 | 4 |
| Marketable securities | 110,690 | 188,949 | - | 188,949 | 5 |
| Cash | 438,614 | 515,613 | - | 515,613 | |
| Prepaid expenses | 4,065 | 7,229 | - | 7,229 | 4 and 6 |
| TOTAL CURRENT ASSETS | 2,391,491 | 2,334,682 | (7,425) | 2,327,257 | |
| Bond redemption premiums | 17,362 | 14,543 | - | 14,543 | 6 |
| Unrealised foreign exchange losses | 561,596 | 608,760 | - | 608,760 | 6 |
| TOTAL ASSETS | 15,897,066 | 16,077,227 | (178,520) | 15,898,707 | |

PERNOD RICARD SA FINANCIAL STATEMENTS
Pernod Ricard SA balance sheet

Liabilities and shareholders' equity

| <i>€ thousand</i> | 30.06.2018 | 30.06.2019 | Notes |
|--|-------------------|-------------------|----------|
| Capital | 411,403 | 411,403 | 7 |
| Share premiums | 3,039,030 | 3,039,030 | |
| Statutory reserves | 41,140 | 41,140 | |
| Regulated reserves | 179,559 | 179,559 | |
| Other reserves | 195,013 | 195,013 | |
| Reserves | 415,712 | 415,712 | |
| Retained earnings | 2,324,713 | 2,266,946 | |
| Profit for the financial year | 565,823 | 325,726 | |
| Interim dividends pending allocation | (266,870) | (311,314) | |
| TOTAL SHAREHOLDERS' EQUITY | 6,489,811 | 6,147,503 | 8 |
| Provisions for risks and charges | 494,666 | 531,227 | 9 |
| Bonds | 6,939,443 | 7,045,635 | 4 and 12 |
| Bank debt | - | - | 4 and 13 |
| Other debt | 327 | 1,322 | 4 |
| Debt | 6,939,769 | 7,046,958 | |
| Trade payables | 67,623 | 85,116 | |
| Taxes and social charges | 42,824 | 53,764 | |
| Amounts due on non-current assets and related accounts | - | - | |
| Other payables | 1,420,037 | 1,539,725 | |
| Trade and other accounts payable | 1,530,484 | 1,678,605 | 4 |
| Deferred income | 144 | 100 | 4 and 10 |
| TOTAL LIABILITIES | 8,470,397 | 8,725,663 | |
| Unrealised foreign exchange gains | 442,192 | 494,315 | 10 |
| TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY | 15,897,066 | 15,898,708 | |

7.3 Pernod Ricard SA cash flow statement

For the financial years ended 30 June 2018 and 30 June 2019

| <i>€ thousand</i> | 30.06.2018 | 30.06.2019 |
|---|------------------|------------------|
| Operating activities | | |
| Net profit | 565,823 | 325,726 |
| Net depreciation, amortisation and provision charges | 27,131 | 8,351 |
| Changes in provisions | 15,353 | 36,628 |
| Net (gain)/loss on disposal of assets and other items | 241 | - |
| Self-financing capacity | 608,548 | 370,705 |
| Decrease/(increase) in Working Capital Requirements | 8,756 | 276,490 |
| Change in Net debt from operating activities | 617,304 | 647,195 |
| Investing activities | | |
| Capital expenditure | (16,095) | (17,284) |
| Purchases of financial assets (net of disposals) | (43,364) | (12,596) |
| Change in Net debt from investing activities | (59,459) | (29,880) |
| Financing activities | | |
| Long and medium-term bond issue | (91,547) | 103,746 |
| Loans and medium and long-term debt | 2,819 | 2,819 |
| Other changes in shareholders' equity | - | - |
| Dividends paid | (550,781) | (668,034) |
| Change in Net debt from financing activities | (639,509) | 561,469 |
| Change in short-term Net debt | (81,664) | 55,846 |
| SHORT-TERM NET DEBT AT BEGINNING OF PERIOD | (549,792) | (631,456) |
| SHORT-TERM NET DEBT AT END OF PERIOD | (631,456) | (575,610) |

Note: Presentation of cash flow statement

Changes in Net debt comprise changes in both debt and "cash and cash equivalents".

Net debt breaks down as follows:

| <i>€ thousand</i> | 30.06.2019 |
|---|--------------------|
| Loans and long-term debts | 0 |
| Bonds | (95,020) |
| Net balance on current account with Pernod Ricard Finance | (1,183,830) |
| Marketable securities | 188,949 |
| Cash | 514,291 |
| SHORT-TERM NET DEBT AT END OF PERIOD | (575,610) |
| Bonds | (6,950,615) |
| Loans and long-term debts | 14,543 |
| Pernod Ricard Finance loan | - |
| MEDIUM- AND LONG-TERM NET DEBT AT END OF PERIOD | (6,936,072) |
| TOTAL NET DEBT AT END OF PERIOD | (7,511,682) |

7.4 Analysis of Pernod Ricard SA results

7.4.1 Relations between the Parent Company and its affiliates

The main role of Pernod Ricard SA, the Group's Parent Company, is to carry out general interest and coordination activities in strategy, financial control of affiliates, external growth, marketing, development, research, human resources and communication. Pernod Ricard SA's financial relations with its affiliates mainly involve the billing of royalties for the operation of brands owned by Pernod Ricard SA, various billings and the receipt of dividends.

7.4.2 Income statement and balance sheet as at 30 June 2019

Analysis of FY19 income statement

Operating income represented a total of €221 million in the year ended 30 June 2019, an increase of €11 million compared with the year ended 30 June 2018, reflecting a €9 million reduction in provision reversals, a €4 million decline in royalties and a €24 million increase in net sales.

The amount of operating expenses as at 30 June 2019 was €(309) million compared with €(285) million in the previous year, *i.e.* a rise in expenses of €24 million. The main changes are explained by:

- an increase in personnel expenses of €7 million;
- an increase in purchases of goods and supplies not for stock and external services of €21 million;
- an increase in other expenses of €1 million;
- a reduction in provisions and provision reversals of €5 million.

The operating result was a loss of €(87) million in the year ended 30 June 2019, a reduction of €13 million compared with the year ended 30 June 2018.

The amount of financial income was €305 million at 30 June 2019, compared to €482 million at 30 June 2018. This decrease of €177 million was mainly attributable to:

- a decrease in dividends received of €190 million;
- an increase in net financial expense of €11 million;
- a substantial variation in foreign exchange gains and losses of €5 million;
- a net reversal of financial provisions of €29 million.

Profit from continuing operations before tax amounted to €218 million.

At 30 June 2019, exceptional items amounted to an expense of €44 million, relating to €21 million in net provisions for risks and charges over FY19 and €23 million in non-current income and expenses.

Lastly, income tax comprised tax income of €152 million related to the effects of the tax consolidation in FY19.

As a result, net profit for FY19 was €326 million.

Analysis of the FY19 balance sheet

Assets

Total net fixed assets stood at €12,948 million at 30 June 2019 compared with €12,927 million for the previous year, *i.e.* an increase of €21 million. The main changes observed are as follows:

- an increase of €9 million in property, plant and equipment and intangible assets;
- an increase of €12 million in financial assets due primarily to:
 - the Lina 20 capital increase of €4 million,
 - the decline in dividends due and receivables from associates of €2 million,
 - an increase in own shares of €10 million.

Current assets amounted to €2,327 million during the financial year, *i.e.* a decrease of €64 million compared to 30 June 2018. The main movements include:

- an increase of €46 million in trade receivables;
- a reduction of €269 million in other receivables, consisting of:
 - an increase in government receivables of €4 million,
 - a decline in miscellaneous receivables of €265 million attributable to the repayment of €341 million in Group financial receivables, the positive revaluation of €27 million of USD-denominated receivables, a €51 million increase in tax current accounts and a €2 million decline in share-based bonuses;
- an increase in cash and cash equivalents of €77 million, attributable chiefly to positive changes of €59 million on cash instruments and €18 million on cash;
- an increase in marketable securities of €78 million.

Prepaid expenses and deferred charges amounting to €631 million consist of Unrealized foreign exchange losses, Bond redemption premiums and Prepaid expenses, which changed respectively by €47 million, €(3) million and €3 million between 30 June 2018 and 30 June 2019.

Liabilities

Shareholders' equity amounted to €6,148 million at 30 June 2019, compared with €6,490 million at 30 June 2018. The main movements for the period were:

- profit for the financial year of €326 million;
- the payment of the balance of the dividend for FY18 of €357 million;
- the payment of an interim dividend of €1.18 per share in respect of FY19, amounting to €311 million. This interim dividend was paid on 10 July 2019.

Provisions for risks and charges increased by €37 million. This change was attributable to:

- an increase in the provision for post-employment benefits of €6 million;

- a decline in the provision for foreign exchange losses of €8 million;
- an increase in provisions relating to the coverage of performance-based share and employee share ownership plans of €22 million;
- a €17 million increase in other provisions for risks.

During the period, borrowings increased by €107 million, due mainly to the revaluation of €(106) million in US dollar-denominated bonds.

The €148 million increase in operating debts is explained primarily by:

- the increase in other debts amounting to €120 million, of which €100 million stem from an increase in the Pernod Ricard Finance current account, €24 million from reduced intra-group creditors' liabilities and tax current accounts and €44 million from dividends to pay;
- the €17 million increase in trade payables;
- the €11 million increase in tax and social security payables.

The deferred income and adjustment accounts of €494 million at 30 June 2019 comprise the €52 million increase in the value of unrealised foreign exchange gains compared with 30 June 2018.

7.5 Notes to the Pernod Ricard SA financial statements

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Pernod Ricard SA is a French public limited company (*société anonyme*), subject to all laws governing commercial companies in France, and particularly to the provisions of the French Commercial Code. The Company is headquartered at 12, place des États-Unis, 75016 Paris and is listed on Euronext.

The balance sheet total for the financial year which ended 30 June 2019 was €15,899 million. The income statement for the year recorded a profit of €326 million. The financial year covered the 12-month period from 1 July 2018 to 30 June 2019.

Note 1 Accounting policies

The annual financial statements for the financial year were prepared in accordance with the provisions of ANC Regulation 2016-07 of 4 November 2016 and ANC Regulation 2015-05 of 2 July 2015 relating to the new French general accounting standards. General accounting principles were applied, in accordance with the prudence principle, using certain assumptions whose objective is to provide a true and fair view of the Company. These principles are:

- going concern;
- consistency of accounting policies from one financial year to the next;
- accruals basis of accounting;
- relative importance;
- no compensation;
- good information;
- and in accordance with the general rules of drawing up and presenting the annual financial statements.

Balance sheet assets and liabilities are measured, depending on the specific items, at their historical cost, contribution cost or market value.

1. Intangible assets

The brands acquired from the merger of Pernod and Ricard in 1975 and from subsequent mergers are the Company's main intangible assets.

Intangible assets are initially measured at cost; depreciation has been calculated on a straight-line basis over an expected useful life of three years since the previous financial year, compared with one year previously.

2. Property, plant and equipment

Property, plant and equipment is initially measured at cost (purchase price plus ancillary costs but not including fees incurred in connection with asset purchases). Depreciation is calculated using the straight-line or declining-balance methods, on the basis of the estimated useful lives of the assets:

- buildings: between 20 and 50 years (straight line);
- fixtures and fittings: 10 years (straight line);
- machinery and equipment: five years (straight line);
- office furniture and equipment: 10 years (straight line) or four years (reducing balance).

3. Financial assets

The gross value of investments is composed of their acquisition cost, excluding ancillary costs, increased by the impact of legal revaluations where applicable.

If the value in use of the investments is less than their net carrying amount, a provision for impairment is recognised for the difference.

Value in use is determined based on a multi-criteria analysis, taking into account the share of the affiliate shareholders' equity that the investment represents, the value based on dividend yield and the financial and economic potential of the affiliate, with particular reference also being made to the market value of its net assets.

The Treasury shares item includes own shares held by Pernod Ricard SA, which can be awarded to employees.

4. Receivables

Receivables are recognised at their nominal value. A provision is recognised in the event that their value falls below the net carrying amount at the balance sheet date.

5. Marketable securities

This item includes the treasury shares acquired for the allocation of stock option and performance-based share plans from the time of acquisition.

A liability is recognised when it becomes probable that the rights to receive the marketable securities concerned under the plans will be exercised. For other marketable securities, an impairment provision is recognised when the cost price is higher than the market price.

6. Bonds

Redemption premiums are amortised over the life of the loans.

7. Provisions for risks and charges

Provisions for risks and charges are recognised in accordance with French accounting regulation 2000-06 on liabilities, issued on 7 December 2000 by the French Accounting Regulatory Committee (CRC).

This accounting regulation provides that a liability be recognised when an entity has an obligation towards a third party and that it is probable or certain that this obligation will cause an outflow of resources to the third party without equivalent consideration being received. A present obligation must exist at the balance sheet date for a provision to be recognised.

8. Pensions and other long-term employee benefits

Since the year ended on 30 June 2014, the Company has opted to recognise the full liability for pensions and other long-term employee benefits in the balance sheet, as provided by recommendation 2013-02. At 30 June 2019, the provision for pensions and other long-term employee benefits was €56 million.

9. Translation of foreign currency-denominated items

Payables, receivables and cash balances denominated in foreign currencies are translated into euros as follows:

- translation of all payables, receivables and cash balances denominated in foreign currencies at year-end rates;
- recognition of differences compared to the amounts at which these items were initially recognised under Prepaid expenses and deferred charges or Deferred income and adjustment accounts (translation differences);
- recognition of a provision for currency risk for any unrealised currency losses, after taking into account the effect of any offsetting foreign exchange hedging transactions.

Pernod Ricard has several hedging relationships and generates an overall foreign currency position for the hedging instruments and the covered items that are not part of a hedging relationship in order to calculate the currency risk provision.

10. Forward financial instruments

Differences arising from changes in the value of financial instruments used as hedges are recognised in profit and loss in a manner symmetrical to that in which income and expenses relating to the hedged item are recognised.

11. Corporate income tax

Pernod Ricard SA is subject to the French tax consolidation system defined by the law of 31 December 1987. Under certain conditions, this system allows income taxes payable by profitable companies to be offset against tax losses of other companies. The scheme is governed by articles 223 A *et seq.* of the French General Tax Code.

Each company in the tax group calculates and accounts for its tax expenses as if it were taxed as a stand-alone entity.

The effects of tax consolidation are recognised in the Pernod Ricard SA financial statements.

Note 2 Intangible assets and property, plant and equipment

1. Gross value

| <i>€ thousand</i> | At 30.06.2018 | Acquisitions | Disposals | At 30.06.2019 |
|---|---------------|---------------|----------------|----------------|
| Brands | 32,560 | - | - | 32,560 |
| Brand costs | 767 | 21 | - | 788 |
| Software | 40,941 | 8,224 | - | 49,165 |
| Advances and down payments on intangible assets | 13,356 | 15,463 | (8,256) | 20,563 |
| TOTAL INTANGIBLE ASSETS | 87,624 | 23,708 | (8,256) | 103,076 |
| Land | 485 | - | - | 485 |
| Buildings | 27,299 | 127 | - | 27,426 |
| Machinery and equipment | 621 | 179 | - | 800 |
| Other property, plant and equipment | 31,549 | 355 | (87) | 31,817 |
| Advances and down payments on property, plant and equipment | 1,078 | 1,906 | (648) | 2,336 |
| TOTAL PROPERTY, PLANT AND EQUIPMENT | 61,032 | 2,567 | (735) | 62,864 |

2. Depreciation, amortisation and provisions

| <i>€ thousand</i> | At 30.06.2018 | Allowances | Reversals | At 30.06.2019 |
|--|-----------------|----------------|-----------|-----------------|
| Brands | (5,088) | - | - | (5,088) |
| Brand costs | (191) | (62) | - | (254) |
| Software | (35,591) | (3,677) | - | (39,267) |
| TOTAL AMORTISATION OF INTANGIBLE ASSETS | (40,870) | (3,739) | - | (44,609) |
| Land | - | - | - | - |
| Buildings | (865) | (786) | - | (1,651) |
| Machinery and equipment | (334) | (96) | - | (430) |
| Other property, plant and equipment | (12,683) | (3,224) | - | (15,907) |
| TOTAL DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT | (13,882) | (4,106) | - | (17,988) |

Note 3 Financial assets

1. Gross value

| <i>€ thousand</i> | At 30.06.2018 | Acquisitions/ Inflows | Capital transaction | Disposals | At 30.06.2019 |
|---|-------------------|-----------------------|---------------------|-----------------|-------------------|
| Investments in consolidated entities | 12,857,521 | - | 4,071 | - | 12,861,592 |
| Investments in non-consolidated entities | 10,705 | - | (40) | - | 10,665 |
| Other investments | 640 | - | - | - | 640 |
| Advance on investment | - | - | - | - | - |
| Investments | 12,868,865 | - | 4,031 | - | 12,872,897 |
| Loans and advances to affiliates and associates | 63,618 | 15,980 | - | (17,454) | 62,144 |
| Loans | - | - | - | - | - |
| Guarantee deposits | 3,025 | 514 | - | (560) | 2,979 |
| Liquidity agreement | 5,197 | 35 | - | - | 5,232 |
| Own shares | - | 10,049 | - | - | 10,049 |
| TOTAL | 12,940,705 | 26,578 | 4,031 | (18,014) | 12,953,301 |

The change in Investments in consolidated entities stems chiefly from the capital increase of Lina 20 of €4 million.

The change in Other investments is attributable to the transfer of the Lina 20 securities to Investments in consolidated entities.

In accordance with article L. 225-210 of the French Commercial Code, Pernod Ricard SA holds reserves under liabilities on its balance sheet, in addition to the statutory reserve, of an amount at least equal to the value of all the shares it owns.

2. Provisions

| <i>€ thousand</i> | At 01.07.2018 | Allowances | Reversals | At 30.06.2019 |
|---|------------------|--------------|-----------|------------------|
| Investments in consolidated entities ⁽¹⁾ | (102,455) | - | - | (102,455) |
| Investments in non-consolidated entities | (4,897) | (505) | - | (5,402) |
| Other investments | (640) | - | - | (640) |
| Advance on investment | - | - | - | - |
| Investments | (107,992) | (505) | - | (108,497) |
| Own shares | - | - | - | - |
| TOTAL | (107,992) | (505) | - | (108,497) |

(1) Change in the provision for Geo Sandeman securities.

Note 4 Maturity of receivables and payables

1. Receivables

| <i>€ thousand</i> | Gross amount | Due in one year or less | Due in more than one year |
|--|------------------|-------------------------|---------------------------|
| Loans and advances to affiliates and associates | 62,144 | 3,425 | 58,719 |
| Loans | - | - | - |
| Other financial assets | 18,260 | 15,281 | 2,979 |
| Receivables and other financial assets | 80,404 | 18,706 | 61,698 |
| Current assets other than marketable securities and cash | 1,622,890 | 403,015 | 1,219,875 |
| Prepaid expenses | 7,229 | 7,229 | - |
| TOTAL | 1,710,523 | 428,950 | 1,281,573 |

2. Payables

| <i>€ thousand</i> | Gross amount | Due in one year or less | Due in 1 to 5 years | Due in more than 5 years |
|--|------------------|-------------------------|---------------------|--------------------------|
| Bonds | 7,045,635 | 95,020 | 4,426,450 | 2,524,165 |
| Bank debt | - | - | - | - |
| Other debt | 1,322 | 1,322 | - | - |
| Trade payables | 85,116 | 85,116 | - | - |
| Taxes and social charges | 53,764 | 53,764 | - | - |
| Amounts due on non-current assets and related accounts | - | - | - | - |
| Other payables | 1,539,725 | 1,539,725 | - | - |
| Deferred income | 100 | 100 | - | - |
| TOTAL | 8,725,662 | 1,775,047 | 4,426,450 | 2,524,165 |

Note 5 Marketable securities

| | At 30.06.2018 | | Acquisitions ⁽¹⁾ | | Capital transaction | | Reclassification | | Exercises/disposals ⁽²⁾ | | At 30.06.2019 | |
|------------------------------------|---------------|---------|-----------------------------|---------|---------------------|-------|------------------|-------|------------------------------------|--------|---------------|---------|
| <i>€ thousand or in quantities</i> | Quantity | Value | Quantity | Value | Quantity | Value | Quantity | Value | Quantity | Value | Quantity | Value |
| Pernod Ricard shares | - | - | - | - | - | - | - | - | - | - | - | - |
| • Gross value | 1,195,168 | 110,690 | 1,029,833 | 134,753 | | | | | 691,298 | 56,494 | 1,533,703 | 188,949 |
| • Impairment | - | - | - | - | - | - | - | - | - | - | - | - |
| NET VALUE | 1,195,168 | 110,690 | 1,029,833 | 134,753 | - | - | - | - | 691,298 | 56,494 | 1,533,703 | 188,949 |

(1) Including €24 million relating to the free share plan (2015 plans), €28 million to the free share plan (2018 plans) and €66 million to the employee share ownership plan.

(2) Including €(19) million for the exercise of stock options (2011 plan) and €(33) million for the vesting of free shares (2014 plans).

Note 6 Prepaid expenses and deferred charges

| <i>€ thousand</i> | At 30.06.2018 | Increases | Decreases | At 30.06.2019 |
|---|----------------|----------------|------------------|----------------|
| Prepaid expenses ⁽¹⁾ | 4,065 | 4,236 | (1,072) | 7,229 |
| Bond redemption premiums | 17,362 | - | (2,819) | 14,543 |
| Unrealised foreign exchange losses ⁽²⁾ | 561,596 | 608,760 | (561,596) | 608,760 |
| TOTAL | 583,023 | 612,996 | (565,487) | 630,532 |

(1) The reduction in prepaid expenses is attributable mainly to the completion of buybacks for the 2011 plan.

(2) The €609 million asset arising from currency translation adjustments at 30 June 2019 is attributable mainly to the revaluation of assets and liabilities at the closing euro/US dollar exchange rate on 30 June 2019.

Note 7 Composition of share capital

At 30 June 2019, the share capital comprised 265,421,592 shares with a par value of €1.55 per share. The total share capital thus amounted to €411,403,467.60.

Note 8 Shareholders' equity

| <i>€ thousand</i> | At 30.06.2018 | Allocation of income | Changes in accounting policies | Payment of dividends | Result 2019 | At 30.06.2019 |
|---|------------------|----------------------|--------------------------------|----------------------|----------------|------------------|
| Capital | 411,403 | - | - | - | - | 411,403 |
| Share premiums | 3,039,030 | - | - | - | - | 3,039,030 |
| Statutory reserves | 41,140 | - | - | - | - | 41,140 |
| Regulated reserves | 179,559 | - | - | - | - | 179,559 |
| Other reserves | 195,013 | - | - | - | - | 195,013 |
| Retained earnings | 2,324,713 | 565,823 | - | (623,590) | - | 2,266,946 |
| Profit for the financial year | 565,823 | (565,823) | - | - | 325,726 | 325,726 |
| Interim dividends to be paid ⁽¹⁾ | (266,870) | - | - | (44,444) | - | (311,314) |
| TOTAL | 6,489,811 | - | - | (668,034) | 325,726 | 6,147,503 |

(1) At its meeting of 17 April 2019, the Board of Directors decided to pay an interim dividend of €1.18 per share in respect of FY19, i.e. a total of €311 million. This interim dividend was paid on 10 July 2019.

Note 9 Provisions

| € thousand | At 30.06.2018 | Increases in the year | Changes in accounting policies | Reversals used | Reversals not used | At 30.06.2019 |
|---|----------------|-----------------------|--------------------------------|------------------|--------------------|----------------|
| Provisions for risks and charges | | | | | | |
| Provision for currency losses | 161,441 | 153,541 | - | (161,441) | - | 153,541 |
| Other provisions for risks ⁽¹⁾ | 283,161 | 202,086 | - | (75,608) | (88,191) | 321,449 |
| Provisions for pensions and other long-term employee benefits | 50,063 | 11,057 | - | (4,883) | - | 56,237 |
| TOTAL 1 | 494,666 | 366,684 | - | (241,930) | (88,191) | 531,227 |
| Provisions for depreciation and amortization | | | | | | |
| On financial assets ⁽²⁾ | 107,992 | 503 | - | - | - | 108,497 |
| On trade receivables | 4,303 | - | - | - | - | 4,303 |
| On other receivables | 3,055 | 67 | - | - | - | 3,122 |
| On marketable securities | - | - | - | - | - | - |
| TOTAL 2 | 115,350 | 572 | - | - | - | 115,922 |
| OVERALL TOTAL | 610,015 | 367,256 | - | (241,930) | (88,191) | 735,341 |

(1) Change attributable to the €(33) million in free share plan provisions, €(7) million in provisions for compensation risk and the €31 million reversal of provisions for risk.
(2) Changes resulting from reversals of impairment of investments in consolidated entities and new provisions covering investments in non-consolidated entities

Provisions for risks and charges

Provision for currency losses

The €153 million provision for currency losses as at 30 June 2019 consists of the unrealised currency loss for unhedged US dollar receivables and payables.

Other provisions for risks

Other provisions for risks correspond to:

- provisions for risks and charges relating to tax consolidation for €121 million;
- various provisions amounting to €194 million.

Provisions for pensions and other long-term employee benefits

Description and recognition of employee benefit obligations

Pernod Ricard SA's employee benefit obligations are composed of:

- long-term post-employment benefits (retirement bonuses, medical expenses, etc.);
- long-term benefits payable during the period of employment.

The liability arising as a result of the Company's net employee benefit obligation is recognised in provisions for risks and charges on the balance sheet.

Calculation of the provision with respect to the net benefit obligation

The provision recognised by Pernod Ricard SA is equal to the difference, for each benefit plan, between the present value of the employee benefit obligation and the value of plan assets paid to specialised entities in order to fund the obligation.

The present value of employee benefit obligations is calculated using the prospective method involving the calculation of a projected salary at the retirement date (projected unit credit method). The measurement is made at each balance sheet date and the personal data concerning

employees is revised at least every three years. The calculation requires the use of economic assumptions (inflation rate and discount rate) and assumptions concerning employees (mainly average salary increase, rate of employee turnover and life expectancy).

At 30 June 2019, the total amount of benefit obligations was €56 million. These obligations are fully provisioned.

For information, the inflation rate used for the valuation at 30 June 2019 was 1.75% and the discount rate was 1.5%.

Plan assets are measured at their market value at each balance sheet date.

Accounting for actuarial gains and losses

Actuarial gains and losses arise primarily when estimates differ from actual outcomes, or when there are changes in long-term actuarial assumptions (e.g. discount rate, rate of increase of salaries, etc.).

After applying the corridor method up to 30 June 2013, the Company chose to apply, from the year ending 30 June 2014, the option set out in recommendation 2013-02 and to recognise the full pension liability.

Components of the expense recognised for the financial year

The expense recognised in respect of the benefit obligations described above incorporates:

- expenses corresponding to the acquisition of an additional year's rights;
- interest expense arising on the unwinding of the discount applied to vested rights at the start of the year (as a result of the passage of time);
- income corresponding to the expected return on plan assets measured using the discount rate which is used to measure plan liabilities;
- income or expense corresponding to actuarial gains or losses;
- income or expense related to changes to existing plans or the creation of new plans;
- the income or expense related to any plan curtailments or settlements.

Note 10 Deferred income and adjustment accounts

| € thousand | At 30.06.2018 | Increases | Decreases | At 30.06.2019 |
|--|----------------|----------------|------------------|----------------|
| Deferred income | 144 | - | (44) | 100 |
| Unrealised foreign exchange gains ⁽¹⁾ | 442,192 | 494,315 | (442,192) | 494,315 |
| TOTAL | 442,336 | 494,315 | (442,236) | 494,415 |

(1) The €49.4 million liability arising from currency translation adjustments at 30 June 2019 is attributable mainly to the revaluation of assets and liabilities at the closing euro/US dollar exchange rate on 30 June 2019.

Note 11 Accrued income and expenses

Accrued income

| € thousand | Amount |
|--|------------------|
| Amount of accrued income in the following balance sheet items | |
| Loans and advances to affiliates and associates | 62,144 |
| Trade receivables | 277,967 |
| Other receivables | 1,336,870 |
| Cash | 515,613 |
| TOTAL | 2,192,594 |

Accrued expenses

| € thousand | Amount |
|--|------------------|
| Amount of accrued expenses in the following balance sheet items | |
| Bank debt | - |
| Trade payables | 85,116 |
| Taxes and social charges | 53,764 |
| Other payables | 1,539,725 |
| TOTAL | 1,678,605 |

Note 12 Bonds

| | Amount (US\$ thousand) | Amount (€ thousand) | Maturity date | Accrued interest (€ thousand) | Rate | Total (€ thousand) |
|--------------------------------|---------------------------|------------------------|---------------|----------------------------------|---------------|-----------------------|
| Bond of 29.09.2014 | | 650,000 | 27.09.2024 | 10,482 | Fixed rate | 660,482 |
| Bond of 20.03.2014 | | 850,000 | 22.06.2020 | 418 | Fixed rate | 850,418 |
| USD bond of 07.04.2011 | 1,000,000 | 878,735 | 07.04.2021 | 11,734 | Fixed rate | 890,469 |
| USD bond of 25.10.2011 | 1,500,000 | 1,318,102 | 15.01.2022 | 27,059 | Fixed rate | 1,345,161 |
| USD bond of 12.01.2012 | 850,000 | 746,924 | 15.01.2042 | 18,952 | Fixed rate | 765,876 |
| USD bond of 12.01.2012 | 800,000 | 702,988 | 15.07.2022 | 13,784 | Fixed rate | 716,772 |
| Bond of 28.09.2015 | | 500,000 | 28.09.2023 | 7,089 | Fixed rate | 507,089 |
| USD PANDIOS bond of 26.01.2016 | 201,000 | 176,626 | 26.01.2021 | 3,343 | Floating rate | 179,969 |
| Bond of 17.05.2016 | | 600,000 | 18.05.2026 | 1,082 | Fixed rate | 601,082 |
| USD bond of 08.06.2016 | 600,000 | 527,241 | 08.06.2026 | 1,077 | Fixed rate | 528,318 |
| TOTAL | | 6,950,616 | | 95,020 | | 7,045,636 |

Note 13 Bank debt

Syndicated loan

On 14 June 2017, Pernod Ricard SA finalised a new 5-year multi-currency Revolving Credit Agreement for €2.5 billion. The new agreement meant that the syndicated loan from April 2012 could be refinanced in full.

On 26 April 2019, in accordance with clause 6.1.6 of the agreement, the term was extended by one year to 14 June 2024.

At 30 June 2019, no drawdowns had been made by Pernod Ricard SA.

Note 14 Breakdown of corporate income tax

| <i>€ thousand</i> | Total | Profit (loss) from continuing operations | Exceptional items |
|-----------------------------------|----------------|---|------------------------------|
| Net profit/loss before tax | 173,738 | 218,237 | (44,499) |
| Additional contribution | (406) | | |
| Income tax prior to consolidation | 152,394 | | |
| PROFIT AFTER TAX | 325,726 | 218,237 | (44,499) |

Within the framework of the tax consolidation, the tax loss carryforwards (tax basis) of the Pernod Ricard tax group amount to €(340) million.

Note 15 Increases and decreases in future tax liabilities

Type of temporary differences

| <i>€ thousand</i> | Amount of tax |
|--|----------------------|
| INCREASES | NONE |
| "Organic" local tax and other | 208 |
| Other provisions for risk | - |
| Provision for pensions and other long-term employee benefits | 56,105 |
| DECREASES IN FUTURE TAX LIABILITIES | 56,313 |

The tax rate used is the rate in force in 2019, i.e. 34.43%.

Note 16 Compensation

Compensation paid to Executive Directors and members of the Board of Directors amounted to €3,687,530.

Note 17 Operating income

Operating income reached €221 million for FY19, compared to €211 million for FY18. It principally comprised €180 million in rebilling of overheads to Group affiliates, €25 million in royalties, and €16 million in provision reversals.

The net sales of €180 million comprised €54 million in net sales in France and €126 million in net sales abroad.

Note 18 Financial income and expenses

| <i>€ thousand</i> | Amount at 30.06.2019 |
|--|----------------------|
| Income from investments | 413,445 |
| Income from other fixed asset securities and receivables | - |
| Interest and related income | 210,089 |
| Reversals of financial provisions and expense transfers | 331,068 |
| Foreign exchange gains | 9,506 |
| Net gains on disposals of marketable securities | - |
| TOTAL FINANCIAL INCOME | 964,108 |

| <i>€ thousand</i> | Amount at 30.06.2019 |
|--|----------------------|
| Depreciation, amortisation and provision charges | (325,514) |
| Interest and related expenses | (320,595) |
| Foreign exchange losses | (12,550) |
| Net expenses on disposals of marketable securities | - |
| TOTAL FINANCIAL EXPENSES | (658,659) |

Note 19 Exceptional items

| <i>€ thousand</i> | Amount at 30.06.2019 |
|---|----------------------|
| Net profit on management operations | (22,959) |
| Net profit on capital operations | 86 |
| Charges and reversals of financial provisions and expense transfers | (21,626) |
| EXCEPTIONAL ITEMS | (44,499) |

In the year ended 30 June 2019, exceptional items represented an expense of €44 million, mainly reflecting net provisions for risks and charges of €21 million and other non-current income and expenses of €23 million.

Note 20 Off-balance sheet commitments

Guarantees granted

Commitments made

| <i>€ thousand</i> | Amount |
|------------------------------------|----------------|
| Guarantees on behalf of affiliates | 54 |
| Other leases | 863 |
| Rent | 143,058 |
| TOTAL | 143,975 |

Commitments granted include guarantees, in particular those related to bonds, commercial paper and the syndicated loan.

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Derivative instruments

| | Nominal value (US\$ thousand) | Fair value at 30.06.2019 (€ thousand) |
|------------------------------|----------------------------------|--|
| Hedging for Pernod Ricard SA | | |
| Interest rate swaps | 800,000 | 9,809 |
| Currency swaps | 3,498,000 | 506,069 |
| TOTAL | 4,298,000 | 515,878 |

Interest rate swaps provide hedging for Pernod Ricard SA's external or internal debts that bear fixed-rate interest. At 30 June 2019 these broke down as follows:

| SD interest rate hedge | Maturity | Net base (US\$ thousand) |
|------------------------|-----------|-----------------------------|
| Interest rate swaps | July 2022 | 600,000 |
| Interest rate swaps | June 2026 | 100,000 |
| Interest rate swaps | June 2026 | 100,000 |

| Currency hedge | Maturity | Basis (US\$ thousand) |
|-----------------------|---------------|--------------------------|
| Currency swaps | April 2021 | 1,000,000 |
| Currency swaps | January 2022 | 1,500,000 |
| Currency swaps | December 2022 | 800,000 |
| Currency swaps | December 2022 | 400,000 |
| Currency swaps | July 2022 | (202,000) |
| CURRENCY SWAPS | | 3,498,000 |
| Financial assets | | 1,467,515 |
| Financial liabilities | | (5,037,430) |
| TOTAL | | (71,915) |

Payables and receivables denominated in foreign currencies are hedged by currency swaps. The Company had a residual US dollar position of US\$72 million at 30 June 2019.

Other items

Pernod Ricard SA guaranteed the contributions owed by Allied Domecq Holdings Ltd and its subsidiaries to the Allied Domecq pension funds.

Pernod Ricard SA, pursuant to section 357 of the 2014 Companies Act (Republic of Ireland), has irrevocably guaranteed the liabilities of the following subsidiaries for FY19: Irish Distillers Group Unlimited, Irish Distillers Ltd, Watercourse Distillery Ltd, Smithfield Holdings Ltd, Ermine Ltd, Proudlen Liqueurs Ltd, Ind Coope Holding Ltd, The West Coast Cooler Co. Ltd, Comrie Ltd, Eight Degrees Brewing Company Ltd and PRN Spirits Ltd.

Pernod Ricard SA guaranteed Corby Distilleries Ltd the payment of liabilities which are due by the Group's affiliates involved in the representation agreement for Group brands in Canada, signed on 29 September 2006.

Pernod Ricard SA gave the Directors of Goal Acquisitions (Holding) Limited a comfort letter in which the Group undertook to provide financial support to enable Goal Acquisitions (Holding) Limited to honour its short-term intra-group liabilities.

Pernod Ricard SA has granted a first-demand guarantee of €26,283,122 as part of an internal project. This guarantee was given for a limited duration (from 26 October 2017 to 1 April 2020 or, at the latest, until 1 November 2021).

Note 21 Average headcount at 30 June 2019

| | Employees | Temporary employees (all types) |
|-----------------------------|------------|------------------------------------|
| Managers ⁽¹⁾ | 372 | - |
| Supervisors and technicians | 49 | 6.0 |
| Employees | 2 | - |
| AVERAGE HEADCOUNT | 423 | 6.0 |
| Work-study contracts | 16 | - |

(1) Including 110 expatriate employees.

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Note 22 Affiliates and associates at 30 June 2019

| € thousand | Capital | Shareholders' equity before allocation of income | Interest in the entity's share capital (%) | Carrying amount of investment | | Loans | Guarantees and endorsements | Net sales (excluding taxes and duties) | Net profit | Dividends received |
|---|---------|--|--|-------------------------------|-------------------|-------|-----------------------------|--|----------------|--------------------|
| | | | | Gross | Net | | | | | |
| Investments whose carrying amount exceeds 1% of Pernod Ricard SA's share capital | | | | | | | | | | |
| AGROS⁽¹⁾ | | | | | | | | | | |
| Ul. Chalubinskiego 8 00-613 Warsaw (Poland) | - | 194,800 | 100% | 122,008 | 122,008 | - | - | - | - | - |
| House of Campbell Limited⁽²⁾ | | | | | | | | | | |
| 111/113 Renfrew Road Paisley, PA3 4DY (Scotland) | 8,329 | 77,655 | 100% | 40,538 | 40,538 | - | - | - | - | 13,920 |
| Geo G Sandeman Sons & Co Ltd⁽³⁾ | | | | | | | | | | |
| 400 Capability Green Luton, Bedfordshire, LU1 3AE (England) | - | 14,835 | 30% | 9,180 | 4,450 | - | - | 989 | - | 56 |
| Pernod SA | | | | | | | | | | |
| 120, avenue du Maréchal-Foch, 94015 Créteil (France) | 40,000 | 117,632 | 100% | 94,941 | 94,941 | 227 | - | 360,359 | 22,320 | 19,190 |
| Pernod Ricard Asia SAS | | | | | | | | | | |
| 12, place des États-Unis, 75116 Paris (France) | 4,512 | 214,822 | 100% | 42,457 | 42,457 | - | - | - | 131,793 | 139,000 |
| Pernod Ricard Central and South America | | | | | | | | | | |
| 12, place des États-Unis, 75116 Paris (France) | 52,198 | 17,761 | 100% | 172,208 | 72,448 | - | - | - | (2,574) | - |
| Pernod Ricard Europe Middle East Africa | | | | | | | | | | |
| 12, place des États-Unis, 75116 Paris (France) | 40,000 | 368,315 | 100% | 36,407 | 36,407 | 32 | - | 14,159 | 34,215 | - |
| Pernod Ricard North America SAS | | | | | | | | | | |
| 12, place des États-Unis, 75116 Paris (France) | 39,398 | 42,805 | 100% | 126,735 | 126,735 | - | - | - | 321 | - |
| Pernod Ricard Finance SA | | | | | | | | | | |
| 12, place des États-Unis, 75116 Paris (France) | 232,000 | 394,639 | 100% | 238,681 | 238,681 | - | - | 0 | 37,455 | 29,000 |
| Pernod Ricard Pacific Holdings⁽⁴⁾ | | | | | | | | | | |
| 167 Fullarton Road Dulwich SA 5065 (Australia) | 132,590 | 98,593 | 100% | 151,789 | 151,789 | - | - | 365,855 | 1,127 | - |
| Ricard SA | | | | | | | | | | |
| 4 and 6, rue Berthelot, 13014 Marseille (France) | 54,000 | 107,500 | 100% | 67,227 | 67,227 | - | - | 500,877 | 44,347 | 43,240 |
| Lina 3 | | | | | | | | | | |
| 12, place des États-Unis, 75116 Paris (France) | 819,730 | 16,396,063 | 100% | 11,690,953 | 11,690,953 | - | - | - | 683,377 | - |
| Lina 5 | | | | | | | | | | |
| 12, place des États-Unis, 75116 Paris (France) | 30,640 | 571,935 | 100% | 30,631 | 30,631 | - | - | - | (61) | - |
| Yerevan Brandy Company⁽⁵⁾ | | | | | | | | | | |
| 2, Admiral Isakov Avenue, Yerevan 375092, (Republic of Armenia) | 19,437 | 146,465 | 100% | 27,856 | 27,856 | - | - | - | 5,514 | 3,830 |
| Havana Club Holding | 7,842 | (5,436) | 50% | 5,592 | 5,592 | - | - | - | (6,033) | - |
| TOTAL 1 | | | | 12,857,203 | 12,752,713 | | | | 951,801 | 248,236 |

(1) Information from the AGROS financial statements at 30.06.2019.

(2) Information from the House of Campbell Limited financial statements at 30.06.2018.

(3) Information from the Geo G Sandeman Sons & Co Ltd financial statements at 31.12.2018.

(4) Information from the Pernod Ricard Pacific Holdings financial statements at 30.06.2018.

(5) Information from Yerevan Brandy Company's financial statements at 30.06.2018.

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| <i>€ thousand</i> | Capital | Shareholders' equity before allocation of income | Interest in the entity's share capital (%) | Carrying amount of investment | | Loans | Guarantees and endorsements | Net sales (excluding taxes and duties) | Net profit | Dividends received |
|--------------------|---------|--|--|-------------------------------|-------------------|-------|-----------------------------|--|------------|--------------------|
| | | | | Gross | Net | | | | | |
| Affiliates: | | | | | | | | | | |
| French | | | | 8,477 | 6,744 | | | | | |
| Foreign | | | | 5,091 | 4,129 | | | | | 165,174 |
| Associates: | | | | | | | | | | |
| French | | | | 1,466 | 813 | | | | | 34 |
| Foreign | | | | 660 | 1 | | | | | |
| TOTAL 2 | | | | 15,694 | 11,687 | | | | | 165,208 |
| TOTAL 1+2 | | | | 12,872,897 | 12,764,400 | | | | | 413,444 |

Note 23 Tax credit

1. CICE

The amount of tax credit for competitiveness and employment (CICE) recorded in the Company's financial statements at 30 June 2019 was €135,411.

CICE has also been recognised as a reduction of personnel expenses in accordance with the detailed information of the ANC of 28 February 2013.

This tax credit is being used to finance investment expenditure.

2. Other tax credits

Pernod Ricard SA also has a research tax credit in the amount of €819,081, a tax credit for sponsorship activities in the amount of €587,688 and a family tax credit in the amount of €200,765.

The Company financial statements detailed in the previous pages are those of Pernod Ricard SA and are the subject of the Statutory Auditor's report on the annual financial statements.

The elements relating to the Company financial statements in the management report of the Board of Directors are included in the following pages. The sections concerned are:

- other financial elements:
 - expenses and charges referred to in article 223 *quater* of the CGI (French General Tax Code),
 - the breakdown of supplier payables set out in articles L. 441-6-1 and D. 441-4 of the French Commercial Code,
 - the information on supplier payment terms set out in article D. 441-4 of the French Commercial Code in its wording under Decree no. 2015-1553 of 27 November 2015, implemented by the Order of 6 April 2016;
- financial results over the last five financial years;
- dividends distributed over the last five financial years;
- inventory of marketable securities.

7.6 Other items relating to the financial statements

Expenses and charges referred to in article 223 *quater* of the CGI (French Tax Code)

It is specified that the total amount of expenses and charges referred to in article 223 *quater* of the French General Tax Code and the amount of the applicable tax due to these expenses and charges amount to:

| € | 2019 |
|----------------------|---------|
| Expenses and charges | 306,793 |
| Corresponding tax | 105,629 |

Supplier payment deadlines

In accordance with the French law on the modernisation of the economy of 4 August 2008 and the ensuing articles L. 441-6-1 and D. 441-4 of the French Commercial Code, the year-end breakdown of Pernod Ricard SA's trade payables is as follows:

| € including tax | 2019 |
|--------------------------------|-------------------|
| Trade payables not due | 43,579,096 |
| at 30 days | 42,716,539 |
| between 30 and 45 days | 138,773 |
| beyond 45 days | 723,784 |
| Trade payables past due | 1,138,875 |
| Recognised and not paid (A) | 61,837 |
| Group invoices | 1,051,531 |
| Disputes recognised | 25,507 |

Pursuant to article D. 441-4 of the French Commercial Code in its wording under Decree no. 2015-1553 of 27 November 2015, implemented by the Order of 6 April 2016, information on supplier payment terms is as follows:

| € | 0 days (indicative) | 1 to 30 days | 31 to 60 days | 61 to 90 days | 91 days or more | Total (1 day and over) |
|---|------------------------|--------------|---------------|---------------|--------------------|---------------------------|
| (A) Late payment categories | | | | | | |
| Number of invoices concerned | - | 1 | 1 | - | - | 2 |
| Total amount of invoices concerned excluding taxes | - | 32,000 | 23,437 | - | - | 55,437 |
| Percentage of total purchase amount excluding tax for the financial year | - | - | - | - | - | - |
| (B) Invoices excluded from (A) relating to disputed or unrecognised payables and receivables | | | | | | |
| Number of excluded invoices | 40 | 53 | 6 | 17 | 45 | 161 |
| Total amount of excluded invoices excluding tax | 557,716 | 286,797 | 220,075 | 117,024 | 571,877 | 1,753,489 |
| (C) Reference payment terms used to calculate late payments (article L. 441-6 or article L. 443-1 of the French Commercial Code) | | | | | | |
| <input checked="" type="checkbox"/> Contractual payment terms (45 days end of month, 30 days end of month or 15 days end of month) | | | | | | |
| <input type="checkbox"/> Statutory time frame | | | | | | |

Trade receivable payment times

Since the company's receivables only comprise receivables from Group companies, some of the information required by article D. 441-1 of the French Commercial Code is not presented below as it is deemed irrelevant.

Information on receivables is set out below:

| <i>€ including tax</i> | 2019 |
|---------------------------------|--------------------|
| Trade receivables not due | 184,980,721 |
| Trade receivables past due | 34,498,621 |
| TOTAL | 219,479,342 |
| <i>O/w disputed receivables</i> | 4,303,145 |

7.7 Financial results over the last five financial years

| € | 30.06.2015 | 30.06.2016 | 30.06.2017 | 30.06.2018 | 30.06.2019 |
|--|---------------|-------------|-------------|-------------|-------------|
| Financial position at year-end | | | | | |
| Share capital | 411,403,468 | 411,403,468 | 411,403,468 | 411,403,469 | 411,403,468 |
| Number of shares outstanding | 265,421,592 | 265,421,592 | 265,421,592 | 265,421,593 | 265,421,592 |
| Number of convertible bonds in issue | - | - | - | - | - |
| Number of bonus shares granted on 16 January 2007 (dividend rights from 1 July 2006) | - | - | - | - | - |
| Number of shares created by the capital increase of 14 May 2009 | - | - | - | - | - |
| Number of bonus shares granted on 18 November 2009 (dividend rights from 1 July 2009) | - | - | - | - | - |
| Operating results | | | | | |
| Net sales (excluding taxes and duties) | 72,349,685 | 137,322,737 | 147,044,350 | 154,976,030 | 179,569,040 |
| Profit before taxes, amortisation, depreciation and allowances to provisions | 1,564,703,879 | 547,695,859 | 926,378,106 | 432,466,377 | 221,535,314 |
| Corporate income tax | 143,419,324 | 160,415,191 | 114,461,535 | 179,468,467 | 151,988,378 |
| Profit after taxes, amortisation, depreciation and allowances to provisions | 1,614,768,789 | 764,078,429 | 966,776,001 | 565,822,841 | 325,725,565 |
| Dividends distributed ⁽¹⁾ | 474,999,305 | 496,766,932 | 536,151,616 | 626,394,957 | - |
| Earnings per share | | | | | |
| Profit after taxes, but before amortisation, depreciation and allowances to provisions | 6.44 | 2.67 | 3.92 | 2.31 | 1.41 |
| Profit after taxes, amortisation, depreciation and allowances to provisions | 6.08 | 2.88 | 3.64 | 2.13 | 1.23 |
| Dividend paid per share ⁽¹⁾ | 1.80 | 1.88 | 2.02 | 2.36 | - |
| Personnel | | | | | |
| Number of employees | 362 | 373 | 372 | 401 | 422 |
| Total payroll | 51,445,974 | 49,175,332 | 52,442,536 | 64,087,417 | 70,178,937 |
| Employee-related benefits paid during the year | 29,223,152 | 25,196,150 | 22,389,498 | 29,981,592 | 30,963,383 |

(1) The amount of dividends for 2019 will be known with certainty after the Shareholders' Meeting of 8 November 2019 (dividends in respect of the financial year from 1 July 2018 to 30 June 2019).

7.8 Dividends paid over the last five financial years

| € Financial year | Date of payment | Net amount | Overall amount for the financial year |
|---------------------|---------------------------|------------|---------------------------------------|
| | 08.07.2015 | 0.82 | - |
| FY15 | 18.11.2015 | 0.98 | 1.80 |
| | 08.07.2016 | 0.90 | - |
| FY16 | 30.11.2016 | 0.98 | 1.88 |
| | 07.07.2017 | 0.94 | - |
| FY17 | 22.11.2017 | 1.08 | 2.02 |
| | 06.07.2018 | 1.01 | - |
| FY18 | 21.11.2018 | 1.35 | 2.36 |
| FY19 | 10.07.2019 ⁽¹⁾ | 1.18 | - |

(1) An interim dividend for 2018/19 was paid on 10 July 2019. The balance will be decided by the Shareholders' Meeting of 8 November 2019 called to approve the financial statements for the year ended 30 June 2019.

7.9 Inventory of marketable securities

| € French investments with a net carrying amount in excess of €100,000 | Number of shares held | Net carrying amount |
|--|-----------------------|-----------------------|
| Lina 3 | 61,209,716 | 11,690,953,301 |
| Lina 5 | 306,400 | 30,630,500 |
| Pernod SA | 2,580,000 | 94,941,256 |
| Pernod Ricard Asia SAS | 2,785,000 | 42,457,051 |
| Pernod Ricard Central and South America | 691,596 | 72,447,710 |
| Pernod Ricard Europe Middle East Africa | 1,000,000 | 36,407,284 |
| Pernod Ricard Finance SA | 29,000,000 | 238,680,987 |
| Pernod Ricard North America SAS | 4,377,500 | 126,734,557 |
| Ricard SA | 1,750,000 | 67,227,401 |
| Résidence de Cavalières | 205,950 | 1,392,350 |
| Lina 19 | 10,100 | 1,143,338 |
| Lina 20 | 600 | 4,071,400 |
| SUBTOTAL | 103,916,262 | 12,407,087,135 |
| Other shareholdings in French companies | 201,544 | 950,245 |
| Investments in unlisted foreign companies | 25,705,455 | 356,362,484 |
| TOTAL MARKETABLE SECURITIES AT 30.06.2019 | 129,823,661 | 12,764,399,864 |