SECTION —— 05

MANAGEMENT REPORT

5.1 Key figures from the consolidated financial statements for the year ended 30 June 2021

5.1.1 Income statement

(€ million)	30.06.2020	30.06.2021
Net sales	8,448	8,824
Gross margin after logistics expenses	**5,086**	**5,293**
Advertising and promotion expenses	(1,327)	(1,393)
Contribution after advertising and promotion	3,759	3,900
Profit from recurring operations	2,260	2,423
Operating profit	**978**	**2,361**
Financial income/(expense)	(366)	(371)
Corporate income tax	(258)	(667)
Share of net profit/(loss) of associates and net profit from assets held for sale	(3)	(4)
NET PROFIT	**350**	**1,318**
Of which: • Non-controlling interests • Attributable to owners of the parent	 21 329	 13 1,305
EARNINGS PER SHARE – BASIC *(€)*	**1.25**	**5.00**
EARNINGS PER SHARE – DILUTED *(€)*	**1.24**	**4.99**

5.1.2 Balance sheet

(€ million)	30.06.2020	30.06.2021
Assets		
Non-current assets	21,953	21,816
Of which intangible assets and goodwill	*16,576*	*16,230*
Current assets	9,485	10,321
Assets held for sale	87	11
TOTAL ASSETS	**31,525**	**32,147**
Liabilities		
Consolidated shareholders' equity	14,211	15,075
Non-current liabilities	12,735	12,854
Current liabilities	4,563	4,218
Liabilities held for sale	16	0
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	**31,525**	**32,147**

5.1.3 Net financial debt

(€ million)	30.06.2020	30.06.2021
Gross non-current financial debt	8,791	8,894
Gross financial debt from recurring operations	1,103	192
Non-current derivative instruments – assets	(53)	(65)
Current derivative instruments – assets	(3)	-
Non-current derivative instruments – liabilities	-	-
Current derivative instruments – liabilities	-	-
Cash and cash equivalents	(1,935)	(2,078)
NET FINANCIAL DEBT EXCLUDING LEASE LIABILITY	**7,902**	**6,944**
Lease liabilities	522	508
NET FINANCIAL DEBT	**8,424**	**7,452**
Free Cash Flow (1)	830	1,628

(1) The calculation of Free Cash Flow is set out in Note 5.3 – Net debt of the management report.

5.1.4 Cash Flow statement

(€ million)	30.06.2020	30.06.2021
Self-financing capacity before financing interest and taxes	2,423	2,738
Net interest paid	(335)	(315)
Net income tax paid	(474)	(371)
Decrease/(increase) in working capital requirements	(433)	(54)
Net change in cash flow from operating activities	**1,181**	**1,999**
Net change in cash flow from investment activities	**(936)**	**(486)**
Net change in cash flow from financing activities	**795**	**(1,412)**
Cash flow from discontinued operations	(3)	-
Effect of exchange rate changes	(26)	43
CASH AND CASH EQUIVALENTS AT START OF PERIOD	**923**	**1,935**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**1,935**	**2,078**

5.2 Analysis of business activity and results

FY21 saw very robust and diversified growth, driven by Must-Win markets, with United States and China achieving record sales of over $2 billion and €1 billion respectively. Premiumisation was strong, thanks to the growth of Strategic International Brands and Specialty Brands. Pernod Ricard gained market share in most key markets.

The transformation momentum is powerful, with significant investments in priority brands and markets, good progress in digital transformation, fast growth in e-commerce (+63%) and the acceleration of the Sustainability & Responsibility 2030 roadmap.

Performance was excellent and resource management dynamic: the +213 bps improvement in the operating margin was significant. Cash performance was exceptional: the Net debt/EBITDA ratio decreased to 2.6x.

The Transform & Accelerate strategy launched in 2018 produced significant results. The consumer trends that underpinned this strategy are now more relevant than ever. As a result, Pernod Ricard is continuing its transformation to become The Conviviality Platform. This strategy aims to maximise long-term value creation, with the following medium-term ambition (in a normalised context):

- Embed dynamic growth and deliver operating leverage:
  - net sales growth of between +4% and +7%, leveraging competitive advantages and continuous investment behind key priorities,
  - special attention to the price effect and operational excellence initiatives,
  - maintaining a high level of advertising and promotional spend of around 16% of net sales, with strong decisions to support priority brands and markets, while stimulating innovation,
  - structural cost discipline, making it possible to invest in priorities while maintaining an agile organisation, with growth below that of net sales,
  - improvement in the operating margin of around 50-60 bps per year, as soon as net sales are in the +4% to +7% range;
- Financial policy priorities, while maintaining an investment grade rating, are:
  - investment in future organic growth, in particular through strategic stocks and capex,
  - continued active portfolio management, including value-creating M&A transactions,
  - dividend pay-out ratio of around 50% of Net profit from recurring operations,
  - share buyback programme (which will resume in FY22).

A detailed presentation of the strategy will take place during a Capital Market Day in FY22.

5.2.1 Presentation of results

5.2.1.1 Group net profit per share from recurring operations – diluted

(€ million)	30.06.2020	30.06.2021
Profit from recurring operations	2,260	2,423
Financial income/(expense) from recurring operations	(328)	(262)
Corporate income tax on recurring operations	(468)	(526)
Net profit from discontinued operations, non-controlling interests and share of net profit from equity associates	(25)	(24)
GROUP NET PROFIT FROM RECURRING OPERATIONS [(1)]	**1,439**	**1,612**
GROUP NET PROFIT PER SHARE FROM RECURRING OPERATIONS – DILUTED *(€)*	**5.45**	**6.16**

(1) *Recurring operating income after taking into account current financial expenses, current income tax, income from equity associates, and income from discontinued operations or operations held for sale.*

5.2.1.2 Profit from recurring operations

Group *(€ million)*	30.06.2020	30.06.2021	Reported growth		Organic growth [(1)]	
Net sales	8,448	8,824	376	4%	810	10%
Gross margin after logistics expenses	5,086	5,293	206	4%	550	11%
Advertising and promotion expenses	(1,327)	(1,393)	(66)	5%	(116)	9%
Contribution after advertising and promotion	3,759	3,900	141	4%	434	12%
PROFIT FROM RECURRING OPERATIONS	**2,260**	**2,423**	**163**	**7%**	**415**	**18%**

(1) *Organic growth, defined in note 5.5.1 Organic growth.*

Americas *(€ million)*	**30.06.2020**	**30.06.2021**	**Reported growth**		**Organic growth (1)**	
Net sales	2,449	2,627	178	7%	336	14%
Gross margin after logistics expenses	1,599	1,699	100	6%	260	16%
Advertising and promotion expenses	(461)	(470)	(9)	2%	(39)	9%
Contribution after advertising and promotion	1,138	1,229	91	8%	221	19%
PROFIT FROM RECURRING OPERATIONS	**718**	**803**	**85**	**12%**	**194**	**27%**

(1) Organic growth, defined in note 5.5.1 Organic growth.

Asia/Rest of World *(€ million)*	**30.06.2020**	**30.06.2021**	**Reported growth**		**Organic growth (1)**	
Net sales	3,467	3,640	173	5%	372	11%
Gross margin after logistics expenses	1,969	2,060	91	5%	219	11%
Advertising and promotion expenses	(517)	(542)	(25)	5%	(44)	9%
Contribution after advertising and promotion	1,452	1,518	66	5%	175	12%
PROFIT FROM RECURRING OPERATIONS	**938**	**996**	**58**	**6%**	**148**	**16%**

(1) Organic growth, defined in note 5.5.1 Organic growth.

Europe *(€ million)*	**30.06.2020**	**30.06.2021**	**Reported growth**		**Organic growth (1)**	
Net sales	2,532	2,557	26	1%	101	4%
Gross margin after logistics expenses	1,519	1,534	15	1%	71	5%
Advertising and promotion expenses	(349)	(381)	(32)	9%	(33)	9%
Contribution after advertising and promotion	1,169	1,153	(17)	-1%	38	3%
PROFIT FROM RECURRING OPERATIONS	**605**	**624**	**19**	**3%**	**73**	**12%**

(1) Organic growth, defined in note 5.5.1 Organic growth.

5.2.2 Organic net sales growth of Strategic International Brands

In millions of 9-litre cases	**Volumes 30.06.2020**	**Volumes 30.06.2021**	**Organic growth (1) in net sales**	**Volume growth**	**Price/mix**
Absolut	10.3	10.5	5%	2%	3%
Chivas Regal	3.7	3.6	3%	-1%	4%
Ballantine's	7.2	7.6	1%	6%	-5%
Ricard	4.2	4.2	-1%	1%	-3%
Jameson	7.6	8.6	15%	14%	1%
Havana Club	4.2	4.3	-4%	3%	-7%
Malibu	3.9	4.8	24%	22%	2%
Beefeater	3.1	2.9	-5%	-6%	2%
Martell	2.0	2.4	24%	20%	3%
The Glenlivet	1.2	1.4	19%	16%	3%
Royal Salute	0.2	0.2	-6%	-12%	6%
Mumm	0.6	0.7	12%	12%	0%
Perrier-Jouët	0.3	0.3	5%	6%	0%
STRATEGIC INTERNATIONAL BRANDS	**48.3**	**51.5**	**11%**	**7%**	**4%**

(1) Organic growth, defined in note 5.5.1 Organic growth.

FY21 net sales increased in all regions:

- America: +14%, excellent diversified growth with the United States, Canada and South America offsetting the decline in Travel Retail;
- Asia/Rest of the World: +11%, very strong growth driven mainly by China, Korea and Turkey, and to a lesser extent India;
- Europe: +4%, dynamic recovery thanks to the United Kingdom, Germany and Eastern Europe, but decline in Spain, Ireland and Travel Retail.

By category:

- Strategic International Brands: +11%, very strong recovery in activity, mainly driven by Martell in China and Jameson in the United States;
- Strategic Local Brands: +7%, driven by the upturn in Seagram's Indian Whiskies, Kalhua, Passport and Ramazzotti;
- Specialty Brands: +28%, growth still very buoyant for Lillet, Aberlour, Malfy, American whiskeys, Avion and Redbreast;
- Strategic Wines: stable, with Campo Viejo growing but a decline for Jacob's Creek and Kenwood.

5.2.3 Contribution after advertising and promotion

Gross margin improved by +64 bps:

- the price effect was stable, due to a more limited number of price increases in the context of Covid;
- the absorption of fixed costs improved, due to volume growth and savings linked to operational excellence initiatives.

The ratio of advertising and promotional expenses to net sales was around 16%, thanks to targeted investments, with a rapid response to changes in the dynamics between distribution channels and reinvestment in markets and categories that are returning to growth.

5.2.4 Profit from recurring operations

Profit from recurring operations amounted to €2,423 million in FY21, with organic growth of +18.3% (+7.2% as reported) and a very strong improvement in the operating margin of +213 bps.

Structure costs improved by +136 bps, reflecting strict resource management and the impact of the reorganisations in FY20. A significant increase is expected in FY22 to support future growth.

Profit from recurring operations includes +€28 million related to the US Drawback.

Exchange rates had a negative impact on Profit from recurring operations: -€255 million, due to the depreciation of the US dollar and emerging currencies against the Euro.

5.2.5 Financial income/(expense) from recurring operations

Financial expenses from recurring operations reached €262 million, a fall of €66 million compared to the previous year, mainly due to the success of bond refinancing at more favourable rates and, to a lesser extent, a positive FX effect.

5.2.6 Group share of net profit from recurring operations

The tax rate for profits from recurring operations in FY21 was 24.3%, in line with the rate for FY20, with the geographical mix effect offsetting the positive effect of the reduction in the tax rate in France.

Group net profit from recurring operations amounted to €1,612 million, with growth of +12% as reported, compared to FY20.

5.2.7 Group share of net profit

Group net profit amounted to €1,305 million, up by +297% as reported, a very sharp increase, due to a favourable basis of comparison on non-recurring operating expenses, in particular asset impairment of €1 billion in FY20.

5.3 Net debt

Reconciliation of net financial debt – the Group uses net financial debt in the management of its cash and its Net debt capacity. A reconciliation of the net financial debt and the main balance sheet items is provided in Note 4.9 – *Financial instruments* in the Notes to the annual consolidated financial statement. The following table shows the change in Net debt over the year:

(€ million)	30.06.2020	30.06.2021
Profit from recurring operations	**2,260**	**2,423**
Other operating income/(expenses)	**(1,283)**	**(62)**
• Depreciation of fixed assets	350	367
• Net change in impairment of goodwill, property, plant and equipment and intangible assets	1,007	78
• Net change in provisions	97	(80)
• Fair value adjustments on commercial derivatives and biological assets	(3)	1
• Net (gain)/loss on disposal of assets	(27)	(16)
• Expenses related to share-based payments	23	28
SUB-TOTAL OF DEPRECIATION AND AMORTISATION, CHANGE IN PROVISIONS AND OTHER	**1,446**	**377**
SELF-FINANCING CAPACITY BEFORE FINANCING INTEREST AND TAX	**2,423**	**2,738**
Decrease/(increase) in working capital requirements	(433)	(54)
Net interests and tax payments	(809)	(686)
Net acquisitions of non-financial assets and others	(352)	(370)
FREE CASH FLOW	**830**	**1,628**
Of which recurring Free Cash Flow	*1,003*	*1,745*
Net acquisitions of financial assets and activities and other	(587)	(116)
Change in scope of consolidation	-	-
• Capital increase and other changes in shareholders' equity	-	-
• Dividends and interim dividends paid	(849)	(704)
• (Acquisition)/disposal of treasury shares	(526)	(20)
SUB-TOTAL DIVIDENDS, PURCHASE OF TREASURY SHARES AND OTHER	**(1,374)**	**(724)**
DECREASE/(INCREASE) IN DEBT (BEFORE FOREIGN EXCHANGE IMPACT)	**(1,132)**	**788**
Effect of exchange rate changes	(69)	265
Non-cash effect on lease debt	(603)	(81)
DECREASE/(INCREASE) IN DEBT (AFTER FOREIGN EXCHANGE IMPACT)	**(1,804)**	**972**
Net debt at beginning of period	(6,620)	(8,424)
Net debt at end of period	(8,424)	(7,452)

5.4 Outlook

For FY22, Pernod Ricard expects:

- continued strong sales momentum in FY22, supported by the recovery of On-trade, the resilience of Off-trade, the momentum in e-commerce, and a very gradual return to travel, despite the health restrictions;
- a very dynamic first quarter, on a low comparison basis;
- significant advertising and promotional investments and structure costs, to seize reinvestment opportunities and support future growth;
- continued implementation of a clear strategy and digital transformation;
- resumption of the share buyback programme (circa €0.5 billion).

5.5 Recent developments

On 31 August 2021, the Group entered into an agreement to acquire a minority stake in Sovereign Brands, owner of a rapidly growing portfolio of super-premium wine and spirits brands. The latter comprises mainly the brands Luc Belaire (French sparkling wines), Bumbu (a range of rum-based products from the Caribbean), the Brazilian gin McQueen and the Violet Fog, and the French liqueur Villon. This equity investment is the first step in a long-term partnership aimed at generating commercial opportunities between Sovereign Brands and Pernod Ricard, such as the study of possible joint industrial and commercial projects.

5.6 Definitions and reconciliation of non-IFRS measures to IFRS measures

Pernod Ricard's management process is based on the following non-IFRS measures which are chosen for planning and reporting. The Group's management believes these measures provide valuable additional information for users of the financial statements in understanding the Group's performance. These non-IFRS measures should be considered as complementary to the comparable IFRS measures and reported movements therein.

5.6.1 Organic growth

Organic growth is calculated after excluding the impacts of exchange rate movements and acquisitions and disposals.

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 calculation from the anniversary of the acquisition date in the current year.

Where a business, brand, brand distribution right or agency agreement was disposed of or terminated in the prior year, the Group excludes in the organic movement calculations the results for that business from the prior year. 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 the Group to focus on the performance of the business which is common to both years and which represents those measures that Local Managers are most directly able to influence.

5.6.2 Free Cash Flow

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

5.6.3 "Recurring" indicators

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 unusual 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 from non-recurring items.
- **Profit from recurring operations**
  - Profit from recurring operations corresponds to the operating profit excluding other non-current operating income and expenses.
- **Group share of net profit from recurring operations**
  - Group net profit from recurring operations corresponds to net profit attributable to equity holders of the parent before other non-recurring operating income and expenses, non-recurring financial income and expenses and non-recurring income taxes.

5.6.4 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.

5.6.5 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.

5.7 Material contracts

5.7.1 Significant contracts not related to financing

5.7.1.1 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 company in Japan called Suntory Allied Ltd, in which 49.99% of the capital and voting rights are owned by Allied Domecq and 50.01% by Suntory Ltd. Suntory Allied Ltd was 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.

5.7.2 Financing contracts

5.7.2.1 Credit Agreements

2017 Credit Agreement (syndicated credit)

As part of the refinancing of the bank debt taken out in 2012 to cover the Group's short-term financing requirements, Pernod Ricard and certain of its affiliates signed a new five-year €2.5 billion revolving credit facility (the "**Credit Agreement**") on 14 June 2017. As the extension options to six or seven years have been activated, this agreement now expires in 2024.

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.

2020 Credit Agreement (bilateral credit)

On 23 March 2020, Pernod Ricard and Pernod Ricard Finance signed a bilateral revolving credit facility (as amended by an amendment dated 9 April 2020, the "**Bilateral Credit Agreement**", together with the Credit Agreement, the "**Credit Agreements**") in a principal amount of €600 million, for an initial period of 12 months, with the option for a 12-month extension to be activated during the financial 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, notably restricting the ability of some Group companies (subject to certain exceptions) to pledge their assets as security interest, alter the general nature of the Group's activities or carry out certain acquisition transactions.

The Credit Agreements also set out obligations, including a commitment to provide lenders with adequate information, compliance with a solvency ratio at each half-year end as mentioned hereunder (the "**Solvency Ratio**"), and compliance with certain commitments customary in this type of credit agreement (including the maintenance of the credit's *pari passu* ranking).

5.7.2.2 Solvency ratio (total consolidated Net debt/consolidated EBITDA)

The Solvency Ratio must be 5.25 or less. At 30 June 2021, the Group was compliant with this solvency ratio (see "Liquidity risks" in this management report).

The Credit Agreements incorporate the main terms of the 2012 syndicated Credit Agreement and, in addition, provide for certain cases of voluntary or compulsory early repayment obligations, depending on circumstances, which are standard practice for credit agreements of this kind (including non-compliance with commitments, change of control and cross default). The Credit Agreements also contain a clause under which the taking of control of Pernod Ricard by any other person or group of persons acting in concert (other than Société Paul Ricard or any group of persons acting in concert with Société Paul Ricard) is likely to constitute grounds for compulsory early repayment.

5.7.2.3 Bond issuance

The Group has issued Bonds (the "Bonds") through (i) Pernod Ricard, and (ii) Pernod Ricard Finance LLC, a wholly-owned affiliate of Pernod Ricard, whose issues are secured 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 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 Finance LLC).

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

In addition, these Bonds may be redeemed early if certain customary events of default arise.

	Amount *(US$ thousands)*	Amount *(€ thousands)*	Place of issue	Nominal value	Maturity date	Repayment dates	Allocation of net proceeds of the issue	Rate
USD bond of 12.01.2012	850,000		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)	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	Annual fixed rate of 5.50%
USD bond of 12.01.2012	800,000		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)	15.07.2022	Payable annually in arrears on 15 January and 15 July	Repayment of part of the 2008 syndicated loan denominated in US dollars	Annual fixed rate of 4.25%
EUR bond of 29.09.2014		650,000	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	Annual fixed rate of 2.125%
EUR bond of 28.09.2015		500,000	Regulated market of Euronext Paris	100,000	28.09.2023	Payable annually in arrears on 28 September	Repayment of bond debt to extend the maturity of the Group's debt	Annual fixed rate of 1.875%
EUR bond of 17.05.2016		600,000	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	Annual fixed 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	Annual fixed 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 financing requirements of the Group	Annual fixed 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 financing requirements of the Group	Annual fixed 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 financing requirements of the Group	Annual fixed 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 financing requirements of the Group	Annual fixed rate of 1.125%

	Amount *(US$ thousands)*	**Amount** *(€ thousands)*	**Place of issue**	**Nominal value**	**Maturity date**	**Repayment dates**	**Allocation of net proceeds of the issue**	**Rate**
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 financing requirements of the Group	Annual fixed 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 financing requirements of the Group	Annual fixed 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 financing requirements of the Group	Annual fixed 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$1,000 in excess of this amount)	01.04.2028	Payable annually in arrears on 1 April and 1 October	General financing requirements of the Group	Annual fixed rate of 1.25%
USD bond of 01.10.2020	900,000		Private placement for institutional investors, and subject to New York State (United States) law	US$ 150,000 (with multiples of US$1,000 in excess of this amount)	01.04.2031	Payable annually in arrears on 1 April and 1 October	General financing requirements of the Group	Annual fixed rate of 1.625%
USD bond of 01.10.2020	500,000		Private placement for institutional investors, and subject to New York State (United States) law	US$ 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 financing requirements of the Group	Annual fixed rate of 2.75%

5.7.2.4 Euro Medium Term Notes (EMTN) Programme

After obtaining the approval of the French Financial Markets Authority on the base prospectus, on 26 May 2020, Pernod Ricard set up a Euro Medium Term Notes (EMTN) programme, updated on 6 October 2020 (the "**Programme**"). According to 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 secured 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 its equivalent in any other currency). At its meeting on 1 September 2020, the Board of Directors authorised Pernod Ricard to issue Bonds under the Programme up to a maximum nominal amount of €1.5 billion (or its equivalent in any other currency) for a period of one year from 1 September 2020.

5.7.2.5 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 was most recently renewed on 3 December 2018, for a period of five years from 1 January 2019. This programme was agreed in the amount of €500 million. 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.

5.7.2.6 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 commercial 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 17 June 2019 under the terms of an addendum to the framework agreement. The programme amounts to €65 million, US$230 million, £145 million and 400 million Swedish kronor.

This three-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 (i) Pernod Ricard 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.

5.7.2.7 Factoring agreement Pacific

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 [1]), 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 AUD128.5 million and NZD45 million. The receivables sale 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 – *Breakdown of net financial debt by nature and maturity* and 4.8.7 – *Bonds* to the consolidated financial statements.

(1) *Renamed Pernod Ricard Winemakers Pty.*