part 5.

Management report

5.1 Key figures from the consolidated financial statements for the year ended 30 June 2022

5.1.1 Income statement

€ million	30.06.2021	30.06.2022
Net sales	8,824	10,701
Gross margin after logistics expenses	**5,293**	**6,473**
Advertising and promotion expenses	(1,393)	(1,698)
Contribution after advertising and promotion	3,900	4,775
Profit from recurring operations	2,423	3,024
Operating profit	**2,361**	**2,963**
Financial income/(expense)	(371)	(260)
Corporate income tax	(667)	(676)
Share of net profit/(loss) of associates and net profit from assets held for sale	(4)	5
Net profit	**1,318**	**2,031**
Of which:		
• Non-controlling interests	13	35
• Attributable to owners of the parent	1,305	1,996
Earnings per share – basic (€)	**5.00**	**7.71**
Earnings per share – diluted (€)	**4.99**	**7.69**

5.1.2 Balance sheet

€ million	30.06.2021	30.06.2022
Assets		
Non-current assets	21,816	24,100
Of which intangible assets and goodwill	*16,230*	*17,657*
Current assets	10,321	11,896
Assets held for sale	11	15
Total assets	**32,147**	**36,012**
Liabilities		
Consolidated shareholders’ equity	15,075	16,253
Non-current liabilities	12,854	13,653
Current liabilities	4,218	6,107
Liabilities held for sale	0	0
Total liabilities and shareholder’s equity	**32,147**	**36,012**

5.1.3 Net financial debt

€ million	30.06.2021	30.06.2022
Gross non-current financial debt	8,894	9,417
Gross financial debt from recurring operations	192	1,248
Non-current derivative instruments – assets	(65)	-
Current derivative instruments – assets	-	(5)
Non-current derivative instruments – liabilities	-	18
Current derivative instruments – liabilities	-	-
Cash and cash equivalents	(2,078)	(2,527)
Net financial debt excluding lease liability	**6,944**	**8,150**
Lease liabilities	508	507
Net financial debt	**7,452**	**8,657**
Free Cash Flow[1]	1,628	1,813

(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	30.06.2021	30.06.2022
Self-financing capacity before financing interest and taxes	2,738	3,392
Net interest paid	(315)	(228)
Net income tax paid	(371)	(619)
Decrease/(increase) in working capital requirements	(54)	(252)
Net change in cash flow from operating activities	**1,999**	**2,294**
Net change in cash flow from investment activities	**(486)**	**(1,203)**
Net change in cash flow from financing activities	**(1,412)**	**(683)**
Cash flow from discontinued operations	0	-
Effect of exchange rate changes	43	42
Cash and cash equivalents at start of period	**1,935**	**2,078**
Cash and cash equivalents at end of period	**2,078**	**2,527**

5.2 Analysis of business activity and results

Pernod Ricard generated record net sales of €10.7 billion, with:

- market share gains in most markets, leveraging a vast brand portfolio and very broad geographic exposure;
- price increases in all markets, amounting to mid-single digit figures on average;
- the strong recovery of On-Trade, the resilience of Off-Trade and the rapid rebound of Travel Retail.

The performance was driven by very strong, balanced and diversified growth:

- the dynamism of Must Win markets was strong, with notably India at +26%, GTR at +48%, the United States at +8% and China at +5%;
- exceptional performance in Europe, Africa and Latin America;
- excellent overall growth across the portfolio, with Strategic International Brands at +18%, Specialty Brands at +24% and Strategic Local Brands at +18%.

Pernod Ricard generated a record profit from recurring operations of €3 billion with:

- Revenue Growth Management and operational efficiency initiatives offsetting the impact of inflation on costs and enabling an improvement in the gross margin;
- agile resource management, with targeted investments, including brand activations and impactful innovations;
- a record operating margin, with an expansion of +80 basis points as reported and +52 basis points in organic growth.

Pernod Ricard rolls out its Conviviality Platform with:

- the pursuit of a consumer-centric strategy, at scale, leveraging data and digital, our brand portfolio and our distribution network to further boost our growth;
- strengthening of our brand portfolio through investment, innovation and acquisitions, including The Whisky Exchange, Château Sainte Marguerite and a minority stake in Sovereign Brands;
- Specialty Brands now generate 6% of sales;
- good progress for our Good Times from a Good Place roadmap.

Pernod Ricard continues to reduce its debt, with record cash generation:

- record free cash flow of €1.8 billion;
- an increase in strategic inventories to support future growth.

Shareholder returns are accelerating, with:

- strong dividend growth of +32% compared to FY21;
- a share buyback programme of between €500 million and €750 million will be implemented during FY23, in line with the financial priorities defined in our financial policy (subject to the approval of the Shareholders' General Meeting).

5.2.1 Presentation of results

5.2.1.1 Group net profit per share from recurring operations – diluted

€ million	30.06.2021	30.06.2022
Profit from recurring operations	2,423	3,024
Financial income/(expense) from recurring operations	(262)	(215)
Corporate income tax on recurring operations	(526)	(651)
Net profit from discontinued operations, non-controlling interests and share of net profit from equity associates	(24)	(34)
Group net profit from recurring operations[(1)]	**1,612**	**2,124**
Group net profit per share from recurring operations – diluted (€)	**6.16**	**8.18**

(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	30.06.2021	30.06.2022	Reported growth		Organic growth[(1)]	
Net sales	8,824	10,701	1,877	21%	1,476	17%
Gross margin after logistics expenses	5,293	6,473	1,180	22%	904	17%
Advertising and promotion expenses	(1,393)	(1,698)	(305)	22%	(239)	17%
Contribution after advertising and promotion	3,900	4,775	876	22%	665	17%
Profit from recurring operations	**2,423**	**3,024**	**601**	**25%**	**463**	**19%**

(1) Organic growth, defined in Note 5.5.1 – Organic growth.

Americas **€ million**	**30.06.2021**	**30.06.2022**	**Reported growth**		**Organic growth(1)**	
Net sales	2,627	3,133	506	19%	319	12%
Gross margin after logistics expenses	1,699	2,059	360	21%	179	11%
Advertising and promotion expenses	(470)	(568)	(98)	21%	(65)	14%
Contribution after advertising and promotion	1,229	1,491	262	21%	114	9%
Profit from recurring operations	**803**	**1,014**	**211**	**26%**	**95**	**12%**

(1) Organic growth, defined in Note 5.5.1 – Organic growth.

Asia/Rest of World **€ million**	**30.06.2021**	**30.06.2022**	**Reported growth**		**Organic growth(1)**	
Net sales	3,640	4,438	799	22%	674	19%
Gross margin after logistics expenses	2,060	2,496	436	21%	383	19%
Advertising and promotion expenses	(542)	(633)	(91)	17%	(67)	12%
Contribution after advertising and promotion	1,518	1,862	344	23%	316	21%
Profit from recurring operations	**996**	**1,220**	**225**	**23%**	**213**	**21%**

(1) Organic growth, defined in Note 5.5.1 – Organic growth.

Europe **€ million**	**30.06.2021**	**30.06.2022**	**Reported growth**		**Organic growth(1)**	
Net sales	2,557	3,130	573	22%	483	19%
Gross margin after logistics expenses	1,534	1,918	384	25%	342	22%
Advertising and promotion expenses	(381)	(496)	(115)	30%	(107)	28%
Contribution after advertising and promotion	1,153	1,422	269	23%	235	20%
Profit from recurring operations	**624**	**790**	**166**	**27%**	**156**	**25%**

(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 30.06.2021**	**Volumes 30.06.2022**	**Organic growth(1) in net sales**	**Volume growth**	**Price/mix**
Absolut	10.5	12.4	+19%	+18%	+1%
Chivas Regal	3.6	4.6	+29%	+27%	+1%
Ballantine's	7.6	9.1	+27%	+20%	+7%
Ricard	4.2	4.5	+4%	+5%	-1%
Jameson	8.6	10.4	+24%	+22%	+2%
Havana Club	4.3	4.6	+20%	+5%	+15%
Malibu	4.8	4.9	+7%	+3%	+4%
Beefeater	2.9	3.7	+35%	+27%	+8%
Martell	2.4	2.5	+7%	+4%	+3%
The Glenlivet	1.4	1.6	+21%	+19%	+2%
Royal Salute	0.2	0.2	+38%	+32%	+6%
Mumm	0.7	0.7	+9%	+3%	+6%
Perrier-Jouët	0.3	0.3	+32%	+16%	+16%
Strategic International Brands	**51.5**	**59.6**	**+18%**	**+16%**	**+3%**

(1) Organic growth, defined on page 194.

Net sales for FY22 amounted to €10,701 million, representing organic growth of 17%. Growth was 21% as reported, with a favourable foreign exchange impact due to the appreciation of the US dollar and Chinese yuan against the Euro.

Net sales for FY22 was up double digit in all regions:

- America: +12%, very strong growth in North America and very dynamic growth in Latin America, supported by a strong rebound in Travel Retail;
- Asia/Rest of the World: +19%, excellent growth driven by India, Turkey, China and Sub-Saharan Africa. Very good performance in Korea and Japan;
- Europe: +19%, excellent growth in Europe, driven by Spain, Germany, Poland and the United Kingdom, and with a very strong rebound in Travel Retail.

All categories of spirits posted double-digit growth:

- Strategic International Brands: +18%, excellent growth in all regions, driven by Jameson, Chivas Regal, Ballantine's, Absolut and Martell;
- Strategic Local Brands: +18%, very strong growth notably driven by Seagram's Indian whiskies, Kahlua, Olmeca and Seagram's Gin;
- Specialty Brands: +24%, very sustained growth driven by American whiskies and the gin and agave portfolio. Specialty Brands doubled their weight in sales compared to FY19;
- Strategic Wines: -4%, mixed performance, notably due to a small harvest in New Zealand;

the price/mix effect is +5% for Strategic Brands.

5.2.3 Contribution after advertising and promotion expenses

The gross margin improved by +12 basis points, with a favourable price/mix effect and the absorption of fixed costs.

The ratio of advertising and promotion expenses to net sales is around 16%, marked by dynamic allocation between brands, markets and distribution channels.

5.2.4 Profit from recurring operations

Profit from recurring operations amounted to €3,024 million in FY22, with organic growth of +19% (+25% as reported) and an improvement in the operating margin of +52 basis points (organic growth):

- the structural costs reflect targeted investments, in particular recruitment to support the digital transformation;
- the foreign exchange impact on profit from recurring operations was favourable, at around +€160 million, due to the appreciation of the US dollar and Chinese yuan against the Euro.

5.2.5 Financial income/(expense) from recurring operations

Ongoing financial expenses amounted to €215 million, down compared to the previous financial year, with an average cost of debt of 2.3% (vs. 2.8% in FY21).

5.2.6 Group share of net profit from recurring operations

The FY22 tax rate on current profits was 23.2%.

Group share of net profit from recurring operations amounted to €2,124 million, with growth of +32% as reported, compared to FY21.

5.2.7 Group share of net profit

Group share of net profit amounted to €1,996 million, up by +53% as reported, a very strong increase due to the growth in profit from recurring operations, the decline in financial expenses and a positive foreign exchange impact.

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	30.06.2021	30.06.2022
Profit from recurring operations	**2,423**	**3,024**
Other operating income/(expenses)	**(62)**	**(62)**
• Depreciation of fixed assets	367	381
• Net change in impairment of goodwill, property, plant and equipment and intangible assets	78	10
• Net change in provisions	(80)	7
• Fair value adjustments on commercial derivatives and biological assets	1	(2)
• Net (gain)/loss on disposal of assets	(16)	(5)
• Expenses related to share-based payments	28	40
Sub-total of depreciation and amortisation, change in provisions and other	**377**	**430**
Self-financing capacity before financing interest and tax	**2,738**	**3,392**
Decrease/(increase) in working capital requirements	(54)	(252)
Net interests and tax payments	(686)	(846)
Net acquisitions of non-financial assets and others	(370)	(481)
Free Cash Flow	**1,628**	**1,813**
Of which recurring Free Cash Flow	*1,745*	*1,926*
Net acquisitions of financial assets and activities and other	(116)	(723)
Change in scope of consolidation	0	(0)
• Capital increase and other changes in shareholders' equity	(0)	(0)
• Dividends and interim dividends paid	(704)	(826)
• (Acquisition)/disposal of treasury shares	(20)	(813)
Sub-total dividends, purchase of treasury shares and other	**(724)**	**(1,639)**
Decrease/(increase) in debt (before foreign exchange impact)	**788**	**(549)**
Effect of exchange rate changes	265	(562)
Non-cash effect on lease debt	(81)	(95)
Decrease/(increase) in debt (after foreign exchange impact)	**972**	**(1,205)**
Net debt at beginning of period	(8,424)	(7,452)
Net debt at end of period	(7,452)	(8,657)

5.4 Outlook

In a context that remains volatile, we start the new tax year with very healthy inventory levels in all regions and, in FY23, we expect:

- dynamic and diversified net sales growth, on a basis of comparison that is stabilising, and with a good start in the first quarter;
- strong prioritisation of revenue growth management initiatives and operational efficiencies in a highly inflationary environment;
- a ratio of advertising and promotion expenses to net sales of around 16%, with an optimised return on investment;
- the continuation of our investments in structure costs, in particular to support the rollout of the Conviviality Platform;
- an increase in CAPEX, with a ratio of approximately 7% of net sales, and an increase in strategic inventories to support future growth;
- a share buyback programme for FY23 of between €500 million and €750 million will be carried out, in line with the priorities defined in our financial policy;
- a significant favourable foreign exchange impact expected for FY23, based on a USD/EUR rate of 1.00 (spot rate as of 22 August 2022).

5.5 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.

5.5.1 Organic growth

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

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.

5.5.2 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.

5.5.3 "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.

5.5.4 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 Material 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 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.

5.6.1.2 Sale and repurchase agreements

Pernod Ricard did not conclude any sale and repurchase agreements during FY22.

5.6.2 Financing contracts

5.6.2.1 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.

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", together with the Credit Agreement, the "**credit agreements**", with a principal amount of €500 million, for an initial period of three years, with the possibility 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 cLontain 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).

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

The Solvency Ratio must be 5.25 or less. At 30 June 2022, 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.

5.6.2.3 Bond issuance

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 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 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 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 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%
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%

	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 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%
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 financing requirements of the Group	Annual fixed 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 financing requirements of the Group	Annual fixed rate of 1.375%

5.6.2.4 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 11 October 2021 (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 21 July 2021, 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 21 July 2021.

5.6.2.5. Sustainability-Linked Bond

On 7 April 2022, Pernod Ricard successfully completed its inaugural sustainability-linked bond issuance for an aggregate amount of €750 million for seven years. This transaction illustrates Pernod Ricard's ongoing integration of sustainability actions into its daily operations and financing strategy, in line with the Group's Sustainability & Responsibility (S&R) Roadmap. This first sustainability-linked bond illustrates the Group's ambition to become an active player in sustainable finance.

Pernod Ricard has chosen two Key Performance Indicators (KPIs) that are relevant, core and material to its overall business and of high 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 as part of the 2030 Agenda. 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- and long-term trajectories.

Those two commitments are related to environmental topics and aim to:

- reduce the Group's absolute greenhouse gas emissions (scopes 1 and 2); and
- to decrease the water consumption at distilleries per unit of alcohol produced.

The Sustainability-Linked Bond Framework is aligned with ICMA's 2020 Sustainability-Linked Bond Principles (SLBP) and LMA's 2021 Sustainability-Linked Loan Principles (SLLP) and received a Second Party Opinion from Sustainalytics.

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

KPI	SPT	Reference year 2018	Performance FY22*	Change
Absolute GHG Scopes 1 and 2 emissions ($ktCO_2e$) - Market-based	-26% by FY25 *(emissions below 220kT)*	298	302	+1%
	-54% by FY30 *(emissions below 138kT)*			
Water consumption per unit in the distilleries (m^3/kL)	-12.5% by FY25 *(consumption below 17.34m^3/kL)*	19.8	17.8	-10%
	-20.9% by FY30 *(consumption below 15.67m^3/kL)*			

* *For the period from 1 July 2021 to 30 June 2022.*

Carbon emissions in absolute value (Scopes 1 and 2) remained stable (+1%) between FY18 and FY22, while the volume of distilled alcohol increased by 24% in the same period. This translates into an 18% reduction in carbon emissions intensity for Scopes 1 and 2 (per kL of distilled alcohol). This result reflects the numerous investments made in terms of 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 over the last four years.

The reduction in the intensity of water consumption by distilleries is on track, with the FY25 target almost achieved in FY22. The Group consolidated the water consumption reduction roadmaps of the main contributing affiliates, and identified associated investment plans to achieve the 2030 targets.

These KPIs were audited by an external independent third party, with moderate assurance. The audit report is available on the Group's official website.

5.6.2.6 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.

5.6.2.7 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 13 June 2022 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 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 (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.

5.6.2.8 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.*