

6

Annual consolidated financial statements

6.1	Consolidated income statement	230
6.2	Consolidated statement of comprehensive income	231
6.3	Consolidated balance sheet	232
6.4	Consolidated statement of changes in shareholders' equity	234
6.5	Consolidated cash flow statement	235
6.6	Notes to the consolidated financial statements	236
6.7	Statutory Auditors' report on the consolidated financial statements	285

6.1 Consolidated income statement

€ millions	30.06.2023	30.06.2024	Notes
Net sales	12,137	11,598	2
Cost of sales	(4,891)	(4,623)	2
Gross margin after logistics expenses	7,246	6,975	2
Advertising and promotion expenses	(1,939)	(1,872)	2
Contribution after advertising and promotion expenses	5,307	5,103	2
Structure costs	(1,959)	(1,987)	
Profit from recurring operations	3,348	3,116	
Other operating income/(expenses)	(83)	(392)	3.1
Operating profit	3,265	2,724	
Financial expenses	(380)	(505)	3.2
Financial income	53	68	3.2
Financial income/(expenses)	(327)	(437)	
Corporate income tax	(651)	(766)	3.3
Share of net profit/(loss) of associates	(4)	(7)	
Net profit of discontinued and held for sale activities	—	—	
Net profit	2,283	1,514	
of which:			
• non-controlling interests	21	38	
• attributable to Group shareholders	2,262	1,476	
Earnings per share – basic (€)	8.84	5.84	3.4
Earnings per share – diluted (€)	8.81	5.83	3.4

6.2 Consolidated statement of comprehensive income

€ millions	30.06.2023	30.06.2024
Net profit for the period	2,283	1,514
Non-recyclable items		
Actuarial gains/(losses) related to defined benefit plans	(34)	27
<i>Amounts recognised in shareholders' equity</i>	<i>(40)</i>	<i>32</i>
<i>Tax impact</i>	<i>6</i>	<i>(5)</i>
Equity instruments	(13)	9
<i>Unrealised gains and losses recognised in shareholders' equity</i>	<i>(14)</i>	<i>3</i>
<i>Tax impact</i>	<i>1</i>	<i>6</i>
Recyclable items		
Net investment hedges	5	(11)
<i>Amounts recognised in shareholders' equity</i>	<i>7</i>	<i>(15)</i>
<i>Tax impact</i>	<i>(2)</i>	<i>4</i>
Cash flow hedges	(10)	(1)
<i>Amounts recognised in shareholders' equity⁽¹⁾</i>	<i>(13)</i>	<i>(1)</i>
<i>Tax impact</i>	<i>3</i>	<i>—</i>
Translation differences	(548)	103
Other comprehensive income/(expense) for the period, net of tax	(600)	127
Comprehensive income for the period	1,683	1,641
of which:		
• attributable to Group shareholders	1,709	1,590
• non-controlling interests	(26)	51

(1) No impact reclassified to profit or loss for the period.

6.3 Consolidated balance sheet

ASSETS

€ millions	30.06.2023	30.06.2024	Notes
Net amounts			
NON-CURRENT ASSETS			
Intangible assets	12,250	12,234	4.1
Goodwill	6,750	6,806	4.1
Property, plant and equipment	3,901	3,982	4.2
Non-current financial assets	855	932	4.3
Investments in associates	37	58	
Non-current derivative instruments	5	-	4.3/4.10
Deferred tax assets	1,870	1,713	3.3
Total non-current assets	25,667	25,725	
CURRENT ASSETS			
Inventories and work in progress	8,104	8,255	4.4
Trade receivables and other operating receivables	1,814	1,581	4.5
Income taxes receivable	31	122	
Other current assets	435	416	4.6
Current derivative instruments	15	8	4.3/4.10
Cash and cash equivalents	1,609	2,683	4.8
Total current assets	12,008	13,065	
Assets held for sale	1	395	6.7
TOTAL ASSETS	37,676	39,185	

LIABILITIES AND SHAREHOLDERS' EQUITY

€ millions	30.06.2023	30.06.2024	Notes
SHAREHOLDERS' EQUITY			
Share capital	396	393	6.1
Share premium	3,052	3,052	
Retained earnings and translation differences	10,006	10,828	
Group share of net profit	2,262	1,476	
Group shareholders' equity	15,717	15,749	
Non-controlling interests	998	1,048	
Total shareholders' equity	16,715	16,797	
NON-CURRENT LIABILITIES			
Non-current provisions	294	313	4.7
Provisions for pensions and other long-term employee benefits	349	277	4.7
Deferred tax liabilities	3,134	3,153	3.3
Bonds – non-current	9,678	10,907	4.8
Non-current lease liabilities	384	352	4.8
Other non-current financial liabilities	173	133	4.8
Non-current derivative instruments	14	11	4.10
Total non-current liabilities	14,026	15,146	
CURRENT LIABILITIES			
Current provisions	164	158	4.7
Trade payables	3,461	2,930	
Income taxes payable	113	149	3.3
Other current liabilities	1,556	1,607	4.11
Bonds – current	580	1,778	4.8
Current lease liabilities	99	96	4.8
Other current financial liabilities	956	352	4.8
Current derivative instruments	6	21	4.10
Total current liabilities	6,935	7,091	
Liabilities related to assets held for sale	-	151	6.7
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	37,676	39,185	

6.4 Consolidated statement of changes in shareholders' equity

€ millions	Share capital	Additional paid-in capital	Consolidated reserves	Actuarial gains and losses	Changes in fair value	Cumulative translation differences	Treasury shares	Group shareholders' equity	Non-controlling interests	Total shareholders' equity
Opening position at 1 July 2022	400	3,052	12,416	(268)	(4)	500	(152)	15,944	309	16,253
Comprehensive income for the period	-	-	2,262	(34)	(23)	(498)	-	1,709	(26)	1,683
Change in share capital	(4)	-	-	-	-	-	-	(4)	-	(4)
Share-based payments	-	-	44	-	-	-	-	44	-	44
(Acquisition)/ Disposal of treasury shares	-	-	(474)	-	-	-	(309)	(783)	-	(783)
Dividends and interim dividends distributed	-	-	(1,177)	-	-	-	-	(1,177)	(36)	(1,213)
Other transactions with non-controlling interests	-	-	(15)	-	-	-	-	(15)	751	736
Other movements	-	-	(1)	-	-	-	-	(1)	(1)	(2)
Closing position at 30 June 2023	396	3,052	13,055	(301)	(27)	3	(462)	15,717	998	16,715

€ millions	Share capital	Additional paid-in capital	Consolidated reserves	Actuarial gains and losses	Changes in fair value	Cumulative translation differences	Treasury shares	Group shareholders' equity	Non-controlling interests	Total shareholders' equity
Opening position at 1 July 2023	396	3,052	13,055	(301)	(27)	3	(462)	15,717	998	16,715
Comprehensive income for the period	-	-	1,476	27	8	79	-	1,590	51	1,641
Change in share capital	(4)	-	4	-	-	-	-	-	-	-
Share-based payments	-	-	45	-	-	-	-	45	-	45
(Acquisition)/ Disposal of treasury shares	-	-	(476)	-	-	-	143	(333)	-	(333)
Dividends and interim dividends distributed	-	-	(1,257)	-	-	-	-	(1,257)	(11)	(1,268)
Other transactions with non-controlling interests	-	-	(6)	-	-	-	-	(6)	11	5
Other movements	-	-	(5)	-	-	-	-	(5)	(1)	(6)
Closing position at 30 June 2024	393	3,052	12,836	(275)	(19)	82	(319)	15,749	1,048	16,797

6.5 Consolidated cash flow statement

€ millions	30.06.2023	30.06.2024	Notes
CASH FLOWS FROM OPERATING ACTIVITIES			
Group share of net profit	2,262	1,476	
Non-controlling interests	21	38	
Share of net profit/(loss) of associates, net of dividends received	4	9	
Financial (income)/expenses	327	437	
Tax (income)/expenses	651	766	
Net profit from discontinued operations	—	—	
Depreciation of fixed assets	417	441	
Net change in provisions	(74)	(37)	
Net change in impairment of goodwill, property, plant and equipment and intangible assets	52	495	
Changes in fair value of commercial derivatives	(7)	5	
Changes in fair value of biological assets and investments	(80)	(5)	
Net (gain)/loss on disposal of assets	(74)	(292)	
Share-based payments	44	45	
Self-financing capacity before interest and taxes	3,543	3,378	
Decrease/(increase) in working capital requirement	(568)	(768)	5.1
Interest paid	(292)	(355)	
Interest received	4	19	
Tax paid/received	(654)	(547)	
Net cash from operating activities	2,033	1,727	
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure	(702)	(773)	
Proceeds from disposals of property, plant and equipment and intangible assets	100	8	
Purchases of financial assets and activities	(1,159)	(245)	5.2
Disposals of financial assets and activities	30	334	5.2
Net cash used in investing activities	(1,731)	(676)	
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends and interim dividends paid	(1,072)	(1,208)	
Other changes in shareholders' equity	—	—	
Issuance of long-term debt	1,702	2,815	5.3
Repayment of debt	(845)	(1,357)	5.3
Repayment of lease liabilities	(116)	(125)	
(Acquisition)/Disposal of treasury shares	(786)	(334)	
Net cash used in financing activities	(1,117)	(209)	
Cash flows from non-current assets held for sale	—	—	
Increase/(Decrease) in cash and cash equivalents before foreign exchange impact	(815)	842	
Translation differences	(103)	232	
Increase/(Decrease) in cash and cash equivalents after foreign exchange impact	(918)	1,074	
Cash and cash equivalents at beginning of period	2,527	1,609	
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,609	2,683	

6.6 Notes to the consolidated financial statements

Detailed contents for the notes

NOTE 1	Accounting policies and significant events	237	NOTE 5	Notes to the cash flow statement	272
Note 1.1	Accounting policies and principles	237	NOTE 6	Additional information	273
Note 1.2	Significant events during the financial year	240	Note 6.1	Shareholders' equity	273
NOTE 2	Segment information	241	Note 6.2	Share-based payments	273
NOTE 3	Notes to the income statement	243	Note 6.3	Off-balance sheet commitments	276
Note 3.1	Other operating income/(expenses)	243	Note 6.4	Contingent liabilities	278
Note 3.2	Financial income/(expense)	243	Note 6.5	Disputes	278
Note 3.3	Corporate income tax	244	Note 6.6	Related parties	280
Note 3.4	Earnings per share	246	Note 6.7	Events after the reporting period	281
Note 3.5	Expenses by type	246	Note 6.8	Fees of the Statutory Auditors and members of their network for the 12-month financial year	281
NOTE 4	Notes to the balance sheet	247	NOTE 7	Consolidation scope	281
Note 4.1	Intangible assets and goodwill	247	Note 7.1	Consolidation scope	281
Note 4.2	Property, plant and equipment	249	Note 7.2	List of main consolidated companies	282
Note 4.3	Financial assets	250			
Note 4.4	Inventories and work in progress	252			
Note 4.5	Trade receivables and other operating receivables	253			
Note 4.6	Other current assets	254			
Note 4.7	Provisions	254			
Note 4.8	Financial liabilities	261			
Note 4.9	Financial instruments	266			
Note 4.10	Interest rate, foreign exchange and commodity derivatives	269			
Note 4.11	Other current liabilities	272			

Pernod Ricard SA is a French public limited company (*Société Anonyme*), subject to all laws governing commercial companies in France, including in particular the provisions of the French Commercial Code (*Code de commerce*). The Company has its registered office at 5, cours Paul Ricard, 75008 Paris, France, and is listed on the Euronext stock exchange. The annual consolidated financial statements reflect the accounting position of Pernod Ricard and its affiliates (the "Group"). They are reported in millions of euros, rounded to the nearest million.

The Group manufactures and sells wines and spirits.

The Board of Directors authorised the issue of the annual consolidated financial statements for the financial year ended 30 June 2024 on 30 August 2024.

NOTE 1 Accounting policies and significant events

Note 1.1 Accounting policies and principles

1. Principles and accounting standards governing the preparation of the annual consolidated financial statements

Given its listing in a country of the European Union, and in accordance with Regulation (EC) No. 1606/02, the Group's annual consolidated financial statements for the financial year ended 30 June 2024 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the European Union.

The accounting policies used to prepare the FY 2024 annual consolidated financial statements are consistent with those used for the FY 2023 annual consolidated financial statements. The Group does not early adopt standards or interpretations.

The Group's financial year runs from 1 July to 30 June.

2. Changes in accounting standards

Standards, amendments and interpretations applicable since 1 July 2023

Since 1 July 2023, the following standards, amendments and interpretations are effective:

- Amendment to IAS 12 "Income Taxes" - International Tax Reform: Pillar Two Model Rules;
- Amendment to IAS 1 "Presentation of Financial Statements": Disclosure of Accounting Policies.

The application of these amendments had no material impact on the Group's financial statements at 30 June 2024.

OECD Pillar Two rules providing for a 15% minimum tax per jurisdiction for multinational corporations have been adopted by the EU and should therefore apply as from 1 January 2024. The corresponding European Directive was transposed into French law in December 2023. Pernod Ricard has applied the exemption under the IAS 12 amendment regarding the recognition and disclosure of deferred taxes under Pillar Two. Accordingly, no deferred tax was recognised in the consolidated financial statements at 30 June 2024 with respect to additional future income tax.

The Group is actively working to implement these new regulations. Based on recent analyses, the Group does not anticipate that this amendment will have a material impact on the consolidated financial statements.

3. Measurement basis

The financial statements are prepared in accordance with the historical cost method, except for certain categories of assets and liabilities, which are measured in accordance with the methods provided by IFRS.

4. Principal uncertainties arising from the use of estimates and judgements by management

Estimates

The preparation of consolidated financial statements in accordance with IFRS means that Group management makes a certain number of estimates and assumptions which have an impact on the amount of the Group's assets and liabilities, and items of profit and loss during the financial year. These estimates are made on the assumption that the Company will continue as a going concern and are based on information available at the time of their preparation. Estimates may be revised where the circumstances on which they were based change or where new information becomes available. Future outcomes can differ from these estimates.

Goodwill and intangible assets

As explained in Note 4.1 - *Intangible assets and goodwill*, in addition to annual impairment tests applied to goodwill and intangible assets with indefinite useful lives (such as trademarks), the Group carries out spot impairment tests where there is an indication that an intangible asset may be impaired. Any impairment loss is calculated using discounted future cash flows and/or the market values of the assets in question. These calculations require the use of assumptions regarding market conditions and projected cash flows, and any changes in these assumptions may thus lead to results different from those initially estimated.

Provisions for pensions and other long-term employee benefits

As explained in Note 4.7 - *Provisions*, the Group runs defined benefit and defined contribution pension plans. In addition, provisions are also recognised in virtue of certain other post-employment benefits such as life insurance and medical care (mainly in the United States and the United Kingdom). The carrying amount of these provisions at the balance sheet date is set out in Note 4.7 - *Provisions*.

These benefit obligations are based on a number of assumptions such as discount rates, future salary increases, employee turnover and life expectancy.

These assumptions are generally updated annually. The assumptions used in the preparation of the financial statements for the year ended 30 June 2024 and the procedures used in their determination are set out in Note 4.7 - *Provisions*. The Group considers that the actuarial assumptions used are appropriate and justified. However, such actuarial assumptions may change in the future and this may have a material impact on the amount of the Group's benefit obligations and on its profits. Sensitivity analyses are presented in Note 4.7 - *Provisions*.

Deferred tax

As explained in Note 3.3 – *Corporate income tax*, the deferred tax assets recognised result mainly from tax loss carryforwards and from temporary differences between the tax base and the carrying amounts of assets and liabilities. Deferred tax assets in respect of tax losses are recognised if it is probable that the Group will have future taxable profits against which such losses may be used. The assessment of whether the Group will be able to use these tax losses is largely a matter of judgement. Analyses are carried out to decide whether or not these tax loss carryforwards are likely to be usable in the future.

Provisions

As explained in Note 4.7 – *Provisions*, the Group is involved in a number of disputes and claims arising in the ordinary course of its business. In some cases, the amounts sought by the claimants are significant and the legal proceedings can take several years. In this context, provisions are calculated on the basis of the Group's best estimate of the amount that will be payable based on the information available (notably that provided by the Group's legal advisers). Any change to assumptions can have a significant effect on the amount of the provision recognised. The carrying amount of these provisions at the balance sheet date is set out in Note 4.7 – *Provisions*.

Judgements

In the absence of standards or interpretations applicable to a specific transaction, Group management uses its judgement to define and apply accounting policies that provide relevant and reliable information in the context of the preparation of the financial statements.

Hyperinflation

According to the provisions of IAS 29, Argentina and Turkey are considered to be hyperinflationary economies.

However, given the contribution of operations in Argentina and Turkey to the Group's financial statements, the impact of the application of IAS 29 has been deemed non-material, and the corresponding restatements have not been made.

5. Business combinations

Business combinations carried out before 1 July 2009 were recognised using the accounting standards in force at 30 June 2009. Business combinations after 1 July 2009 are measured and recognised in accordance with the revised version of IFRS 3, whereby the consideration transferred (cost of the acquisition) is measured at the fair value of assets transferred, equity interests issued and liabilities incurred at the acquisition date. Identifiable assets and liabilities of the acquiree are measured at fair value at the acquisition date. Costs directly attributable to the acquisition, such as legal, due diligence and other professional fees are recognised as other operating expenses as incurred.

Any consideration transferred in excess of the Group's interest in the net fair value of the acquiree's identifiable assets and liabilities is recognised as goodwill. The option is available for each transaction to apply either proportionate or full goodwill methods. Goodwill arising on the acquisition of foreign entities is denominated in the functional currency of the business acquired. Goodwill is not amortised. Instead, it is subject to an impairment test once a year or more often if there is any indication that it may have been impaired.

Finally, in accordance with IFRS 3 as revised and IAS 27 as amended, the Group recognises in shareholders' equity the difference between the consideration transferred and the proportionate share of non-controlling interests in the fair value of acquired assets and liabilities.

6. Foreign currency translation

6.1 Presentation currency used in the consolidated financial statements

The Group's annual consolidated financial statements are prepared in euros, which is the functional currency and the presentation currency of the Parent Company.

6.2 Functional currency

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. In most cases, the functional currency is the entity's local currency. However, in a very limited number of entities, a functional currency that is different from the local currency may be used if it reflects the entity's economic environment and the currency in which most of the entity's transactions are denominated.

6.3 Translation of transactions denominated in foreign currencies

Transactions denominated in foreign currencies are generally translated into the functional currency using the exchange rate applicable at the transaction date. Non-monetary assets and liabilities denominated in foreign currencies are recognised at the historical exchange rate applicable at the transaction date. At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the closing exchange rate. Any resulting exchange differences are recognised in profit and loss for the period, except for exchange differences arising on debts designated as hedges for the net foreign currency assets of consolidated affiliates. These are recognised directly in shareholders' equity, under translation differences, until the disposal of the net investment. Exchange differences related to operating activities are recognised within operating income and expenses for the period; exchange differences related to financing activities are recognised within financial income and expenses or in shareholders' equity.

6.4 Translation of financial statements of affiliates whose functional currency is different from the euro (the presentation currency)

The balance sheet is translated into euros at the year-end exchange rate. The income statement and cash flow statement are translated on the basis of average exchange rates. The differences resulting from the translation of the financial statements of these affiliates are recognised in translation differences within shareholders' equity under other comprehensive income. On disposal of a foreign entity, the cumulative translation differences recognised in shareholders' equity are reclassified in profit and loss.

7. Assets held for sale and discontinued operations

In accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”, where they are significant, assets and liabilities held for sale are no longer subject to depreciation or amortisation. They are shown separately in the balance sheet at the lower of the carrying amount or the fair value less costs to sell. An asset is considered as being held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. In order for this to be the case, the asset must be available for immediate sale and its sale must be highly probable. Items in the balance sheet related to discontinued operations and assets held for sale are presented under specific lines in the annual consolidated financial statements. Income statement items related to discontinued operations and assets held for sale are presented separately in the financial statements for all periods reported if they are significant from a Group perspective.

8. Consideration of climate risks

In 2023, the Group conducted its first climate scenario analysis following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), for a selection of three risk categories.

These risks concern:

- shortages of agricultural raw materials;
- business interruption risks on our production sites; and
- the strengthening of carbon price mechanisms.

On a long-term perspective, the analysis results show that few terroirs and production sites, mainly in India and Brazil, are most likely exposed to extreme climate events.

Regarding the impacts of carbon pricing mechanisms, Pernod Ricard believes that reaching its 2030 Science-Based Target (SBT) would avoid major costs, thanks to reduced operating costs related to lower Scope 1 and 2 emissions. The estimation of direct and indirect impacts along Pernod Ricard’s value chain is still ongoing due to their complexity, and further work in this area will be conducted in 2025. Although still difficult to predict, it is not impossible that this reduction in energy expenditure and the adaptation plan for the risk of increased carbon prices will result in a long-term financial benefit compared with a business-as-usual scenario without the implementation of any additional decarbonisation measure.

Considering the information studied to date, the Group believes that climate change has no short-term impact on the assumptions used to prepare the financial statements, given the nature of its business and its geographical footprint. The Group’s consideration of climate change mitigation and adaptation concerns is notably reflected in its “Good Times from a Good Place” strategy through its commitments in terms of “Net Zero Carbon”, which were further strengthened in 2024, the supply of sustainable agricultural raw materials, the footprint of its terroirs and the circularity of its packaging and promotional items.

In addition:

- Pernod Ricard used the following assumptions in the business plan projections used to prepare its impairment tests:
 - assumptions relating to the short-term effects of climate risks (changes in the price of raw materials, energy and transport, etc.). The long-term effects of these changes cannot be quantified at this stage,
 - more responsible consumption habits, and
 - the costs of implementing the “Good Times from a Good Place” strategy (e.g., those reflected in changes in staff costs or in the cost of sales);
- The implementation of this strategy does not challenge the useful life of its property, plant and equipment. However, and in line with its roadmap and the 2030 target of reducing the climate impact of its activities, the Group is making efforts by means of its industrial investments;
- The Group also affirms its climate commitment through its financing strategy:
 - Since 2022, the Group has issued sustainability-linked bonds (SLBs) for a total of €1.9 billion, with the interest rates linked to the achievement of the Group’s sustainability objectives, measured using the two following criteria:
 - Absolute reduction of greenhouse gas emissions (Scopes 1 and 2),
 - Reduction in water consumption per unit of alcohol produced at distilleries;
 - Pernod Ricard also entered into its first sustainability-linked revolving credit facilities indexed to the two criteria above for a total amount of €2.1 billion in order to refinance an existing facility expiring in June 2024;
- For several years now, all executives – including the Executive Corporate Officer – have been assigned short- and long-term objectives linked to the Group’s sustainability performance. Vesting of shares under the long-term incentives plan for which they are eligible is subject to the two abovementioned criteria.

Note 1.2 Significant events during the financial year

1. Acquisitions and disposals

During the course of the year, Group affiliate Corby Spirit & Wine acquired a 90% stake in Ace Beverage Group Inc, the largest independent player in the fast-growing Canadian ready-to-drink (RTD) market.

The Group also closed the sale of its Clan Campbell blended Scotch whisky brand to Stock Spirits Group, as well as the sale of the Becherovka brand and related assets (including the production facilities in Karlovy Vary) to the Maspex group. These transactions are part of Pernod Ricard's active portfolio management strategy, aimed at adapting to the needs of consumers and providing greater opportunities for premiumisation.

2. Bond issues and redemptions

On 15 September 2023, Pernod Ricard SA carried out a bond issue for an amount of €1,350 million in two tranches: a €600 million four-year tranche and a €750 million ten-year tranche, each bearing interest at a fixed annual rate of 3.75%.

On 24 October 2023, Pernod Ricard SA redeemed in full and at maturity a €500 million bond issued on 24 October 2019, bearing a 0% coupon.

On 7 May 2024, Pernod Ricard SA carried out a bond issue for an amount of €1,500 million across two tranches: a €700 million 6.5-year tranche and an €800 million 10-year tranche, bearing interest at the fixed annual rate of 3.375% and 3.625%, respectively.

After obtaining the approval of the French Financial Markets Authority (*Autorité des Marchés Financiers* – AMF) on the base prospectus, on 26 May 2020, Pernod Ricard set up a Euro Medium Term Notes (EMTN) programme, updated on 11 October 2021, 24 October 2022 and 24 October 2023 (the "Programme"). Under the terms of the Programme, Pernod Ricard and Pernod Ricard International Finance LLC may issue bonds by means of private placements in various currencies. The issues of Pernod Ricard International Finance LLC under the programme will be guaranteed by Pernod Ricard SA. The securities may be admitted to trading on Euronext Paris. The maximum nominal amount of securities outstanding under the Programme is set at €7 billion (or the equivalent in any other currency). During the meeting on 24 April 2024, the Board of Directors authorised Pernod Ricard to issue bonds under the Programme up to a total maximum nominal amount of €2,850 billion less any amounts issued since 30 August 2023 (or the equivalent in any other currency) for a period of one year from 24 April 2024.

NOTE 2 Segment information

Net sales

The Group's net sales primarily comprise sales of finished products and are recorded in the income statement upon transfer of control of the products. They are measured at the fair value of the consideration received or to be received after deducting trade discounts, volume rebates, certain costs associated with business and promotional activity and sales-related taxes and duties, notably excise duties.

Costs of commercial and promotional activity

Pursuant to IFRS 15, certain costs of services rendered in connection with sales, such as advertising programmes in conjunction with distributors, listing costs for new products, promotional activities at point of sale, and advertising and promotion expenses, are deducted directly from net sales if there is no distinct service whose fair value can be reliably measured.

Duties and taxes

In accordance with IFRS 15, certain import duties, in Asia for instance, are classified as cost of sales, as these duties are not specifically re-billed to customers (as is the case for social security stamps in France, for example).

Discounts

In accordance with IFRS 15, early payment discounts are not considered to be financial transactions, but rather are deducted directly from net sales.

Gross margin after logistics expenses, contribution after advertising and promotion expenses, profit from recurring operations and other operating income and expenses

The gross margin after logistics expenses corresponds to net sales (excluding duties and taxes), less cost of sales and logistics expenses. The contribution after advertising and promotion expenses includes the gross margin after logistics expenses and advertising and promotion expenses. The Group applies Recommendation 2013-R03 of the French accounting standards-setter (*Autorité des normes comptables* - ANC), notably as regards the definition of profit from recurring operations. Profit from recurring operations is the contribution after advertising and promotion expenses less trading costs and overheads. This is the indicator used internally to measure the Group's operational performance. It excludes other operating income and expenses, such as those related to restructuring, capital gains and losses on disposals, impairment of property, plant and equipment and intangible assets, and other non-recurring operating income and expenses. These other operating income and expenses are excluded from profit from recurring operations given their unusual, abnormal and infrequent nature, which would distort the understanding of the Group's performance. They are described in detail in Note 3.1 - *Other operating income/ (expenses)*.

The Group is focused on the business of selling and manufacturing wines and spirits. The Group is structured into three operating segments constituted by the following geographical areas: Americas, Europe, and Asia/Rest of the World.

Group management assesses the performance of each operating segment on the basis of net sales and profit from recurring operations, defined as the gross margin after logistics expenses, less advertising and promotion expenses and structure costs. The segments presented are identical to those included in the reporting provided to General Management, in particular for performance analysis.

Income statement and balance sheet items are allocated among the segments on the basis of either the destination of sales or profits. Operating segments follow the same accounting policies as those used for the preparation of the consolidated financial statements. Inter-segment transfers are transacted at market prices.

30.06.2023 € millions	Americas	Asia/Rest of the World	Europe	Total
Income statement items				
Segment net sales	4,076	6,371	9,297	19,744
<i>o/w inter-segment sales</i>	595	1,179	5,832	7,606
Net sales (excluding Group)	3,481	5,191	3,465	12,137
Gross margin after logistics expenses	2,220	2,969	2,057	7,246
Contribution after advertising and promotion expenses	1,534	2,229	1,544	5,307
Profit from recurring operations	965	1,516	867	3,348
Other information				
Current investments	185	163	486	834
Depreciation, amortisation and impairment, net	(73)	(104)	(289)	(467)

30.06.2024 € millions	Americas	Asia/Rest of the World	Europe	Total
Income statement items				
Segment net sales	3,934	6,078	8,831	18,843
<i>o/w inter-segment sales</i>	594	1,106	5,545	7,245
Net sales (excluding Group)	3,340	4,973	3,285	11,598
Gross margin after logistics expenses	2,162	2,851	1,962	6,975
Contribution after advertising and promotion expenses	1,493	2,173	1,437	5,103
Profit from recurring operations	878	1,461	777	3,116
Other information				
Current investments	216	152	511	879
Depreciation, amortisation and impairment, net	66	(358)	(644)	(935)

The impact of right-of-use assets on current investments and net depreciation, amortisation and impairment is as follows:

30.06.2024 € millions	Americas	Asia/Rest of the World	Europe	Total
Current investments	17	85	38	141
Depreciation, amortisation and impairment, net	(15)	(47)	(51)	(114)

BREAKDOWN OF NET SALES BY BRAND

€ millions	30.06.2023	30.06.2024	Change	Change (%)
Strategic International Brands	7,694	7,168	(526)	-7%
Strategic Local Brands	2,150	2,104	(46)	-2%
Strategic wines	478	423	(55)	-12%
Specialty	757	846	89	12%
Other products	1,058	1,057	(1)	0%
TOTAL	12,137	11,598	(539)	-4%

BREAKDOWN OF NET SALES BY COUNTRY

€ millions	United States	China	India	France	Other countries	Total
Net sales for FY 2023	2,341	1,361	1,392	578	6,465	12,137
Net sales for FY 2024	2,166	1,123	1,408	561	6,341	11,598

The Group does not disclose the breakdown of non-current assets by country, as a significant proportion of these assets consists of brands and goodwill, which are analysed based on the sales they generate by country, and not based on the legal entity.

NOTE 3 Notes to the income statement

Note 3.1 Other operating income/(expenses)

Other operating income and expenses include impairment of property, plant and equipment and intangible assets, costs relating to restructuring and integration, capital gains or losses on disposals, as well as other non-recurring operating income and expenses. These other operating income and expenses are excluded from profit from recurring operations given their unusual, abnormal and infrequent nature, which would distort the understanding of the Group's performance.

Other operating income and expenses break down as follows:

€ millions	30.06.2023	30.06.2024
Impairment of property, plant and equipment and intangible assets	(35)	(499)
Gains or losses on asset disposals and acquisition costs	125	267
Net restructuring and reorganisation expenses	(163)	(142)
Disputes and risks	18	(10)
Other non-recurring operating income and expenses	(28)	(7)
Other operating income/(expenses)	(83)	(392)

In FY 2024, other operating income and expenses consisted mainly of net impairment of property, plant and equipment and intangible assets for €499 million, notably in connection with the sale of strategic international wine brands (see Note 6.7 – Events after the reporting period) and gains and losses on disposals of assets and acquisition costs for €267 million relating to the sales of the Clan Campbell and Becherovka brands (see section 1 of Note 1.2 – *Significant events during the financial year*).

Note 3.2 Financial income/(expense)

€ millions	30.06.2023	30.06.2024
Interest expense on net financial debt	(267)	(444)
Interest expense on lease liabilities	(12)	(14)
Interest income on net financial debt	7	68
Net financing cost	(272)	(390)
Structuring and placement fees	(2)	(1)
Net financial impact of pensions and other long-term employee benefits	(11)	(16)
Other net financial income/(expense) from recurring operations	(7)	(9)
Financial income/(expense) from recurring operations	(291)	(417)
Foreign currency gains/(losses)	(30)	(17)
Other non-recurring financial income and expenses	(5)	(3)
TOTAL FINANCIAL INCOME/(EXPENSE)	(327)	(437)

In the year to 30 June 2024, the net financing cost included financial expenses of €262 million on bonds, commercial paper for €43 million, factoring and securitisation agreements for €50 million, interest on lease liabilities for €14 million, and other expenses for €21 million.

Weighted average cost of debt

The Group's weighted average cost of debt was 3.2% over FY 2024 compared to 2.6% over FY 2023.

Weighted average cost of debt is defined as net financing costs plus structuring and placement fees as a proportion of average net financial debt outstanding plus the average amount outstanding on receivables assignment programmes.

Note 3.3 Corporate income tax

Analysis of the income tax expense

€ millions	30.06.2023	30.06.2024
Current income tax	(624)	(498)
Deferred income tax	(27)	(268)
TOTAL	(651)	(766)

Analysis of effective tax rate – Net profit from continuing operations before tax

€ millions	30.06.2023	30.06.2024
Operating profit	3,265	2,724
Financial income/(expense)	(326)	(437)
Taxable profit	2,938	2,287
Theoretical tax expense at the income tax rate in France	(759)	(591)
Impact of tax rate differences by jurisdiction	172	157
Tax impact of changes in exchange rates	17	2
Re-estimation of deferred tax assets linked to tax rate changes	(1)	1
Impact of tax losses used/not used	31	(14)
Impact of reduced/increased tax rates on taxable results	—	1
Taxes on distributions	(40)	(46)
Other impacts	(72)	(276)
Effective income tax expense	(651)	(766)
Effective tax rate	22%	33%

The increase in the effective tax rate is mainly attributable to the impairment of assets held for sale described in Note 6.7 – *Events after the reporting period*, recognised in other operating income and expenses and with no effect on the tax charge.

Deferred tax is recognised on temporary differences between the tax and book values of assets and liabilities in the consolidated balance sheet and is measured using the balance sheet approach.

Deferred taxes relating to right-of-use assets and lease liabilities are recognised on a net basis.

The effects of changes in tax rates are recognised in shareholders' equity or in profit and loss in the year in which the change of tax rates is decided.

Deferred tax assets are recognised in the balance sheet when it is more likely than not that they will be recovered in future years. In order to evaluate the Group's ability to recover these assets, particular account is taken of projections of taxable income determined by the Group at the end of each financial year.

All assumptions used, particularly growth in operating profit and net financial income or expense taking into account interest rates, are updated by the Group at the reporting date based on data determined by the relevant management teams.

Deferred tax assets and liabilities are not discounted to present value.

Deferred taxes break down by type as follows:

€ millions	30.06.2023	30.06.2024
Margins in inventories	200	190
Fair value adjustments on assets and liabilities	25	23
Provisions for pension benefits	59	39
Deferred tax assets relating to tax loss carryforwards	1,047	1,012
Provisions (other than provisions for pensions benefits) and other items	537	449
TOTAL DEFERRED TAX ASSETS	1,870	1,713
Accelerated tax depreciation	202	213
Fair value adjustments on assets and liabilities	2,739	2,744
Pension plan assets and other items	193	196
TOTAL DEFERRED TAX LIABILITIES	3,134	3,153

Tax loss carryforwards (recognised and unrecognised) represented potential tax savings of €1,272 million at 30 June 2024 and €1,284 million at 30 June 2023. The potential tax savings at 30 June 2024 and 30 June 2023 relate to tax loss carryforwards with the following expiry dates:

At 30 June 2023

Year	Tax effect of tax loss carryforwards € millions	
	Losses recognised	Losses not recognised
2023	0	5
2024	0	3
2025	0	3
2026	1	4
2027 and beyond	737	211
No expiry date	309	12
TOTAL	1,047	237

At 30 June 2024

Year	Tax effect of tax loss carryforwards € millions	
	Losses recognised	Losses not recognised
2024	3	6
2025	1	3
2026	6	4
2027	1	7
2028 and beyond	771	219
No expiry date	231	22
TOTAL	1,012	260

The Group's income taxes payable break down as follows:

(€ millions)	30.06.2023	30.06.2024
Other current tax liabilities	5	60
Uncertain tax positions	108	90
TOTAL CURRENT TAX LIABILITIES	113	149

Note 3.4 Earnings per share

Basic and diluted earnings per share are calculated on the basis of the weighted average number of outstanding shares, less the weighted average number of dilutive instruments. For the purposes of determining earnings per share, the average number of outstanding shares is equal to the weighted average number of outstanding shares less the weighted average number of treasury shares.

The calculation of diluted earnings per share takes into account the potential impact of the exercise of all dilutive instruments (such as stock options, convertible bonds, etc.) on the theoretical number of shares. When funds are obtained at the date of exercise of the dilutive instruments, the "treasury stock" method is used to determine the theoretical number of shares to be taken into account.

Numerator (€ millions)	30.06.2023	30.06.2024
Group share of net profit	2,262	1,476
Denominator (number of shares)		
Average number of outstanding shares	256,048,280	252,595,588
Dilutive effect of performance share grants	701,248	545,642
Dilutive effect of stock options	128,725	47,076
Average number of outstanding shares – diluted	256,878,253	253,188,307
Earnings per share (€)		
Earnings per share – basic	8.84	5.84
Earnings per share – diluted	8.81	5.83

Note 3.5 Expenses by type

Operating profit notably includes depreciation, amortisation and impairment expenses as well as employee benefits expense as follows:

<i>€ millions</i>	30.06.2023	30.06.2024
TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT EXPENSE	(466)	(936)
Salaries and payroll costs	(1,565)	(1,664)
Pensions, medical expenses and other similar benefits under defined-benefit plans	(34)	(28)
Share-based payments	(44)	(45)
TOTAL EMPLOYEE BENEFITS EXPENSE	(1,643)	(1,737)

NOTE 4 Notes to the balance sheet

Note 4.1 Intangible assets and goodwill

Intangible assets are measured at cost on initial recognition. With the exception of assets with indefinite useful lives, they are amortised on a straight-line basis over their useful lives, which is generally less than five years, and are impaired when their recoverable amount is less than their carrying amount. Amortisation of intangible assets is recognised within operating items in the income statement.

In the context of the Group's activities, and in accordance with IAS 38 "Intangible Assets", research and development costs are recognised as expenses in the financial year during which they are incurred, except for certain development costs which meet the capitalisation criteria described by the standard.

€ millions	Movements during the period						30.06.2023
	30.06.2022	Acquisitions	Additions and reversals	Disposals	Translation adjustments	Other movements	
Goodwill	6,284	827	—	—	(211)	(4)	6,896
Trademarks	13,935	1,125	—	—	(459)	(1)	14,600
Other intangible assets	565	48	—	(33)	(18)	9	572
Gross value	20,784	2,000	—	(33)	(688)	4	22,068
Goodwill	(139)	—	(12)	—	1	4	(146)
Trademarks	(2,634)	—	(21)	—	105	—	(2,550)
Other intangible assets	(354)	—	(63)	33	11	1	(372)
Amortisation/impairment	(3,127)	—	(96)	33	117	5	(3,068)
INTANGIBLE ASSETS, NET	17,657	2,000	(96)	—	(571)	9	19,000

€ millions	Movements during the period						30.06.2024
	30.06.2023	Acquisitions	Additions and reversals	Disposals	Translation adjustments	Other movements	
Goodwill	6,896	79	—	(58)	50	(74)	6,893
Trademarks	14,599	32	—	(35)	100	(591)	14,106
Other intangible assets	572	42	—	(22)	2	(9)	586
Gross value	22,068	153	—	(115)	152	(674)	21,584
Goodwill	(146)	—	(7)	42	1	23	(87)
Trademarks	(2,550)	—	199	—	(25)	319	(2,056)
Other intangible assets	(373)	—	(64)	22	—	14	(402)
Amortisation/impairment	(3,069)	—	129	64	(24)	356	(2,545)
INTANGIBLE ASSETS, NET	19,000	153	129	(52)	127	(318)	19,039

Goodwill

Goodwill is tested for impairment at least once a year and whenever there is an indication that it may be impaired. To perform these tests, goodwill is allocated by geographical area on the basis of asset groups at the date of each business combination. These asset groups correspond to groups of assets which jointly generate identifiable cash flows that are largely independent. If impairment is identified, an impairment loss is recognised in profit and loss for the financial year.

Goodwill mainly stems from the acquisitions of Allied Domecq in July 2005 and Vin&Sprit in July 2008. The change in the value of goodwill in the period was mainly due to the various acquisitions and disposals carried out since the start of the year, as well as currency fluctuations.

Trademarks

The entry value of acquired trademarks is determined using an actuarial calculation of estimated future profits or using the royalty method and corresponds to the fair value of the trademarks at the date of acquisition. As the Group's trademarks are intangible assets with indefinite useful lives, they are not amortised but are rather subject to an impairment test at least once a year or whenever there is an indication that they may be impaired. Trademarks acquired as a part of acquisitions of foreign entities are denominated in the functional currency of the business acquired.

The main trademarks recognised on the balance sheet are: Absolut, Ballantine's, Beefeater, Bumbu, Chivas Regal, Kahlúa, Luc Belaire, Malibu and Martell. Most of these were recognised at the time of the acquisitions of Seagram, Allied Domecq and Vin&Sprit. The change in the gross value of trademarks in the period was mainly due to the various acquisitions and disposals, as well as currency fluctuations.

Impairment of non-current assets

In accordance with IAS 36, intangible assets and property, plant and equipment are subject to impairment tests whenever there is an indication that the asset may be impaired and at least once a year for non-current assets with indefinite useful lives (goodwill and trademarks).

The assets subject to impairment tests are included in cash-generating units (CGUs), corresponding to linked groups of assets which generate identifiable cash flows. The CGUs include assets related to the Group's brands and are allocated in accordance with the three geographical areas defined by the Group, on the basis of the sale destination of the products. Impairment tests on CGUs are carried out in the third quarter and are regularly monitored until the reporting date in order to verify the relevance of the business plans and any changes to the market data underlying the discount rates used.

When the recoverable amount of a CGU is less than its carrying amount, an impairment loss is recognised within operating items. The recoverable amount of the CGU is the higher of its market value and its value in use.

Value in use is measured based on cash flows projected over a 19-year period. This period reflects the characteristics of the Group's brands and their production assets, which typically have long useful lives. Discounted projected cash flows are established based on annual budgets and multi-year business plans, extrapolated to subsequent years by gradually

converging growth for the last year of the plan for each brand and market towards a perpetual growth rate. The calculation includes a terminal value derived by capitalising the cash flows generated in the last year of the plan. Assumptions applied to sales and advertising and promotion expenses are determined by management based on previous results and long-term development trends in the markets concerned. The cash flow projection methodology takes into account, with respect to working capital requirement and capital expenditure, the specific features of white spirits and maturing alcohols. The present values of discounted cash flows are sensitive to these assumptions, as well as to consumer trends and economic factors.

Market value is based either on the sale price, net of selling costs, that could be obtained under normal market conditions or earnings multiples observed in recent transactions relating to comparable assets. The discount rate used for these calculations is an after-tax rate applied to after-tax cash flows and corresponds to the weighted average cost of capital. This rate reflects specific rates for each market or geographical area, depending on the risks that they represent. Assumptions made in terms of future changes in net sales and in terms of terminal values are reasonable and consistent with market data available for each of the CGUs. Additional impairment tests are applied where events or specific circumstances indicate potential impairment.

In addition to annual impairment tests applied to goodwill and trademarks, specific impairment tests are applied where there is an indication that an asset may be impaired.

The data and assumptions used for the annual impairment tests applied to cash-generating units (CGUs) are as follows:

€ millions	Method used to determine the recoverable amount	Net carrying amount of goodwill at 30.06.2024	Net carrying amount of trademarks at 30.06.2024	Value in use		
				Discount rate 2023	Discount rate 2024	Perpetual growth rate
Europe	Value in use based on the discounted cash flow method	2,055	4,341	6.85%	6.99%	From -1% to +2.5%
Americas		3,898	7,021	8.12%	8.61%	From -1% to +2.5%
Asia/Rest of the World		854	688	8.44%	8.59%	From -1% to +2.5%

The following table shows the amount of any additional impairment at 30 June 2024 of assets making up the brands' CGUs or the associated goodwill, which would result from:

- a 50 basis point (bp) decrease in the growth rate of the contribution after advertising and promotion expenses;
- a 50 basis point increase in the after-tax discount rate;
- a 50 basis point decrease in the perpetual growth rate over the duration of the multi-year business plans.

€ millions	50 bp decrease in growth rate of contribution after advertising and promotion	50 bp increase in after-tax discount rate	50 bp decrease in perpetual growth rate
Europe	—	(6)	—
Americas	—	(12)	(5)
Asia/Rest of the World	—	—	—
TOTAL	—	(18)	(5)

Note 4.2 Property, plant and equipment

Property, plant and equipment are recognised at acquisition cost and broken down by component. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets. Useful life is reviewed on a regular basis. The average depreciable lives for the major categories of property, plant and equipment are as follows:

Buildings	15 to 50 years
Plant, equipment and tooling	5 to 15 years
Other non-current assets	3 to 5 years
Vines	25 to 33 years

Depreciation of property, plant and equipment is recognised within operating items in the income statement.

In accordance with the amendments to IAS 41 and IAS 16, vines are valued at cost and depreciated over their useful lives. In accordance with IAS 41, agricultural produce (harvests) continues to be recognised at fair value on the balance sheet, after deducting estimated selling costs, as from the date at

which it is possible to obtain a reliable assessment of price, for example by referring to an active market. Changes in fair value are recognised in the income statement. Land on which biological assets are planted is measured in accordance with IAS 16.

In accordance with IFRS 16, right-of-use assets for leases are recognised as property, plant and equipment in the class corresponding to the underlying assets, with the corresponding recognition of a lease liability. Leases mainly concern offices occupied by the Group that are recognised under Buildings. The value of right-of-use assets is determined on the basis of the amount of the lease liability, adjusted for the amount of prepaid rent, initial direct costs, benefits received from lessors and, where applicable, remediation costs. Right-of-use assets relating to leases are depreciated over the term of the lease. The accounting principles for determining the lease liability are detailed in Note 4.8 – *Financial liabilities*.

Items of property, plant and equipment, including right-of-use assets, are impaired when their recoverable amount falls below their net carrying amount.

Movements during the period

€ millions	Movements during the period						30.06.2023	O/w right-of-use assets
	30.06.2022	Acquisitions	Additions and reversals	Disposals	Translation adjustments	Other movements		
Land	503	23	—	(9)	(12)	19	524	60
Buildings	2,040	110	—	(42)	(45)	84	2,147	505
Machinery and equipment	2,509	119	—	(67)	(63)	68	2,566	39
Other property, plant and equipment	1,004	142	—	(41)	(12)	27	1,120	82
Property, plant and equipment in progress	301	447	—	(1)	(10)	(260)	477	—
Advances on property, plant and equipment	9	9	—	—	(1)	(5)	12	—
Gross value	6,366	850	—	(160)	(143)	(67)	6,845	686
Land	(59)	—	(9)	—	3	(7)	(72)	(18)
Buildings	(807)	(2)	(133)	31	21	(1)	(891)	(210)
Machinery and equipment	(1,439)	(5)	(148)	60	34	34	(1,464)	(18)
Property, plant and equipment in progress	(469)	(1)	(80)	34	10	(10)	(516)	(43)
Depreciation/impairment	(2,775)	(8)	(370)	125	68	16	(2,944)	(290)
PROPERTY, PLANT AND EQUIPMENT, NET	3,591	842	(370)	(35)	(75)	(51)	3,901	396

€ millions	Movements during the period						30.06.2024	O/w right-of-use assets
	30.06.2023	Acquisitions	Additions and reversals	Disposals	Translation adjustments	Other movements		
Land	524	8	—	(1)	—	(156)	375	13
Buildings	2,147	86	—	(49)	7	(16)	2,175	515
Machinery and equipment	2,566	147	—	(45)	11	(167)	2,512	80
Other property, plant and equipment	1,120	144	—	(55)	(1)	(59)	1,149	75
Property, plant and equipment in progress	477	448	—	—	4	(298)	632	—
Advances on property, plant and equipment	12	6	—	—	—	(6)	13	—
Gross value	6,845	839	—	(150)	21	(700)	6,855	683
Land	(72)	—	(9)	1	—	46	(34)	(3)
Buildings	(891)	—	(125)	38	(2)	76	(904)	(241)
Machinery and equipment	(1,464)	—	(168)	37	(8)	188	(1,415)	(28)
Property, plant and equipment in progress	(516)	—	(82)	46	(1)	33	(521)	(36)
Depreciation/impairment	(2,944)	—	(383)	121	(10)	344	(2,873)	(309)
PROPERTY, PLANT AND EQUIPMENT, NET	3,901	839	(383)	(29)	10	(357)	3,982	374

Note 4.3 Financial assets

Financial assets consist mainly of Group interests in non-consolidated companies, loans, sureties and deposits, guarantee deposits required by the tax regulations of certain countries and plan assets for pension obligations (not entering into the scope of IFRS 9).

Equity instruments

Investments in non-consolidated entities are recognised in the balance sheet at fair value. Fair value adjustments and the disposal gain or loss are recognised, in accordance with the management intention, either (i) in the income statement under financial income/financial expenses - other non-recurring financial items, or (ii) in consolidated shareholders' equity under other comprehensive income that will not be reclassified to profit or loss.

Fair value is determined on the basis of the financial criteria most appropriate to the specific situation of each company. The fair value of financial assets listed on a financial market is their stock market value. The measurement criteria generally used for other investments in non-consolidated entities are share of shareholders' equity and future profitability.

Loans, guarantees and deposits

Loans, guarantees and deposits are measured at amortised cost.

€ millions	30.06.2023		30.06.2024	
	Current	Non-current	Current	Non-current
Net financial assets				
Equity instruments	—	432	—	502
Net value of IAS 19 plans in surplus	—	230	—	233
Loans, guarantees and deposits		186		192
Other financial assets	—	7	—	5
Total net non-current financial assets	—	855	—	932
Derivative instruments	15	5	8	—
FINANCIAL ASSETS	15	860	8	932

The table below shows the movements of financial assets, excluding derivative instruments:

€ millions	Movements during the period						30.06.2023
	30.06.2022	Acquisitions	Additions	Disposals	Translation adjustments	Other movements	
Equity instruments	345	119	—	(2)	(16)	(15)	432
Net value of IAS 19 plans in surplus	239	—	—	—	(2)	(7)	230
Loans, guarantees and deposits	171	51	—	(40)	(1)	6	187
Other financial assets	8	2	—	—	—	—	9
Gross value	763	173	—	(41)	(19)	(16)	859
Provisions for loans, guarantees and deposits	(1)	—	—	—	—	—	(1)
Provisions for other financial assets	—	—	(3)	—	—	—	(3)
Provisions	(1)	—	(3)	—	—	—	(4)
NON-CURRENT FINANCIAL ASSETS, NET	761	173	(3)	(42)	(19)	(16)	855

€ millions	Movements during the period						30.06.2024
	30.06.2023	Acquisitions	Additions	Disposals	Translation adjustments	Other movements	
Equity instruments	432	62	—	—	5	3	502
Net value of IAS 19 plans in surplus	230	—	—	—	3	1	233
Loans, guarantees and deposits	187	29	—	(16)	(13)	7	195
Other financial assets	9	—	—	(5)	—	3	7
Gross value	859	91	—	(21)	(6)	13	937
Provisions for loans, guarantees and deposits	(1)	—	(2)	—	—	—	(2)
Provisions for other financial assets	(3)	—	—	—	—	—	(2)
Provisions	(4)	—	(1)	—	—	1	(5)
NON-CURRENT FINANCIAL ASSETS, NET	855	91	(1)	(21)	(6)	14	932

Financial assets at 30 June 2024 mainly comprise equity instruments for €502 million, corresponding in particular to investments made by the Group's private equity arm, Convivialité Ventures (see Note 4.9 – *Financial instruments*) and IAS 19 plans in surplus, for €233 million (see Note 4.7 – *Provisions*).

Note 4.4 Inventories and work in progress

Inventories are measured at the lower of either their cost (acquisition cost and cost of production, including indirect production overheads) or their net realisable value. Net realisable value is the selling price less the estimated costs of completion and sale of inventories. Most inventories are valued using the weighted average cost method. The cost of long-cycle inventories is computed using a single method which includes distilling and ageing costs. These inventories are classified in current assets, although a substantial part remains in inventory for more than one year in order to undergo the ageing process used for certain wines and spirits before being sold.

The inventories and work in progress break down as follow:

€ millions	Movements during the period					30.06.2023
	30.06.2022	Change in gross values	Change in impairment	Translation adjustments	Other movements	
Raw materials	228	80	—	(10)	4	303
Work in progress	5,847	623	—	(37)	4	6,437
Goods in inventory	876	87	—	(84)	11	890
Finished products	495	79	—	(19)	(17)	538
Gross value	7,446	869	—	(150)	3	8,169
Raw materials	(15)	—	1	1	—	(13)
Work in progress	(24)	—	5	—	—	(19)
Goods in inventory	(24)	—	(2)	2	1	(23)
Finished products	(14)	—	3	1	—	(10)
Impairment	(77)	—	7	4	1	(65)
NET INVENTORIES	7,369	869	7	(146)	4	8,104

€ millions	Movements during the period					30.06.2024
	30.06.2023	Change in gross values	Change in impairment	Translation adjustments	Other movements	
Raw materials	303	(10)	—	(5)	(15)	274
Work in progress	6,437	623	—	27	(309)	6,779
Goods in inventory	890	(11)	—	(19)	(32)	828
Finished products	538	(51)	—	(2)	(16)	469
Gross value	8,169	551	—	1	(371)	8,350
Raw materials	(13)	—	(3)	—	—	(16)
Work in progress	(19)	—	(12)	—	2	(29)
Goods in inventory	(23)	—	(5)	—	—	(28)
Finished products	(10)	—	(11)	—	—	(21)
Impairment	(65)	—	(31)	—	2	(94)
NET INVENTORIES	8,104	551	(31)	1	(369)	8,255

At 30 June 2024, ageing inventories intended mainly for use in whisky and cognac production accounted for 87% of work in progress. The Group has no significant dependence on its suppliers.

Note 4.5 Trade receivables and other operating receivables

Trade receivables and other operating receivables are recognised initially at their fair value, which usually corresponds to their nominal value. Impairment allowances are recognised in line with the losses expected over the life of the receivable.

The following tables break down trade receivables and other operating receivables at 30 June 2024 and 30 June 2023 by due date:

€ millions	Net carrying amount	Not due	Days past due				
			<30 days	31 to 90 days	91 to 180 days	181 to 360 days	>360 days
NET CARRYING AMOUNTS							
Trade receivables and other operating receivables at 30 June 2023	1,814	1,616	100	42	25	18	11
<i>o/w impairment</i>	(106)	(27)	(1)	(2)	(2)	(20)	(54)
Trade receivables and other operating receivables at 30 June 2024	1,581	1,229	134	100	81	20	17
<i>o/w impairment</i>	(91)	(25)	(4)	(1)	(5)	(2)	(54)

Changes in the impairment of trade receivables and other operating receivables were as follows:

€ millions	FY 2023	FY 2024
At 1 July	127	106
Allowances for the year	27	10
Reversals during the year	(14)	(20)
Used during the year	(24)	(4)
Translation adjustments	(10)	(1)
AT 30 JUNE	106	91

At 30 June 2024, there was no evidence that called into question the creditworthiness of non-impaired past due receivables. More specifically, non-impaired receivables over 12 months past due showed no additional credit-related risk. There is no significant concentration of risks.

The Group continued to implement its receivables assignment programmes in respect of several affiliates. Receivables sold under these programmes totalled €1,124 million at 30 June 2024 and €749 million at 30 June 2023. As substantially all risks and rewards associated with the receivables were transferred, they were deconsolidated.

Note 4.6 Other current assets

Other current assets break down as follows:

<i>€ millions</i>	30.06.2023	30.06.2024
Advances and down payments	42	56
Tax accounts receivable, excluding income tax	227	225
Prepaid expenses	122	113
Other receivables	44	23
TOTAL	435	416

Note 4.7 Provisions

In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", provisions for contingencies and losses are recognised to cover probable outflows of resources that can be estimated and that give rise to a present obligation as a result of past events. In the event where a potential obligation as a result of past events exists, but where the occurrence of the outflow of resources is not probable or where the amount cannot be reliably estimated, a contingent liability is disclosed among the Group's commitments. The amounts provided for are measured by taking account of the most probable assumptions or using statistical methods, depending on the nature of the obligations. Provisions notably include:

- provisions for restructuring;
- provisions for pensions and other long-term employee benefits;
- provisions for disputes (tax other than corporate income tax, legal, employee-related).

Disputes are kept under regular review, on a case-by-case basis, by the Legal Department of each affiliate or region or by the Group's Legal Department, drawing on the help of external legal consultants in the most significant or complex cases. A provision is recognised when it is probable that a present obligation arising as a result of a past event will require the payment of an amount that can be estimated reliably. The amount of the provision is the best estimate of the expenditure required to settle the obligation.

The cost of restructuring measures is fully provisioned in the financial year, and is recognised in profit and loss under "Other operating income/(expenses)" when it is material and results from a Group obligation to third parties arising from a decision made by the competent corporate body that has been announced to the third parties concerned before the reporting date. This cost mainly involves redundancy payments, early retirement payments, the cost of notice periods not served, training costs of departing individuals and site closure costs. Retirement of property, plant and equipment, and impairment of inventories and other assets, as well as other costs (moving costs, training of transferred individuals, etc.) directly related to the restructuring measures are also recognised in restructuring costs. The amounts provided for correspond to forecast future payments to be made in connection with restructuring plans, discounted to present value when the payment schedule is such that the effect of the time value of money is significant.

1. Breakdown of provisions

Provisions for contingencies and losses at the reporting date break down as follows:

<i>€ millions</i>	30.06.2023	30.06.2024
Non-current provisions		
Provisions for pensions and other long-term employee benefits	349	277
Other non-current provisions for contingencies and losses	294	313
Current provisions		
Provisions for restructuring	68	66
Other current provisions for contingencies and losses	96	92
TOTAL	807	748

2. Changes in provisions (other than provisions for pensions and other long-term employee benefits)

€ millions	Movements during the period							30.06.2024
	30.06.2023	Additions	Reversals – Utilisations	Reversals – Surplus	Reclassifi – cations	Translation adjustments	Other movements	
Provisions for restructuring	68	71	(55)	(19)	—	—	1	66
Other current provisions	96	27	(7)	(8)	(10)	(5)	(1)	92
Other non-current provisions	294	48	(9)	(35)	19	(6)	2	313
TOTAL PROVISIONS	458	146	(71)	(62)	9	(11)	2	471

Some Group companies are involved in disputes as part of their normal business activities. They are also subject to tax audits, some of which may lead to an adjustment. The main disputes are described in Note 6.5 – *Disputes*.

At 30 June 2024, the provisions recorded by the Group for all disputes and risks in which it is involved amounted to €405 million, excluding uncertain tax positions recognised in income taxes payable. The Group does not provide details (with exceptions), as it believes the disclosure of the amount of any provision booked in consideration of each pending dispute would be likely to cause serious harm to the Group.

The change in other current and non-current provisions during the period reflects the following:

- additions to provisions stem mainly from proceedings brought against the Company and its affiliates, as part of the normal course of business and the emergence of new risks, including tax risks (other than corporate income tax risks);
- reversals of provisions are made at the time of corresponding payments or where the risk is considered to be nil. Reversals of surplus amounts primarily concern the re-evaluation or the statute of limitation of certain risks, including tax risks.

3. Provisions for pensions and other long-term employee benefits

In accordance with applicable national legislation, the Group's employee benefit obligations are composed of:

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

Defined contribution plans

Contributions are recognised as expenses as they are incurred. As the Group is not committed beyond the amount of such contributions, no provision is recognised in respect of defined contribution plans.

Defined benefit plans

For defined benefit plans, the projected unit credit method is used to measure the present value of defined benefit obligations, current service cost and, if applicable, past service cost. The measurement is made at each reporting 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 other assumptions concerning employees (mainly average salary increase, employee turnover and life expectancy). The assumptions used in FY 2023 and FY 2024 and the methods used for their determination are described below.

A provision is recognised in the balance sheet for the difference between the actuarial debt of related obligations (actuarial liabilities) and any assets dedicated to funding the plans, measured at their fair value, and includes past service costs and actuarial gains and losses.

The cost of defined benefit plans has three components, which are accounted for as follows:

- the service cost is recognised in operating income and expenses. It includes:
 - the cost of services rendered during the period (current service cost),
 - the cost of past services resulting from the amendment or curtailment of a plan, recognised in full in profit and loss for the period in which the services were performed (past service cost),
 - gains and losses on settlement;
- the financial component, recorded in financial income and expenses, comprises the impact of discounting the liabilities, net of the expected return on plan assets, measured using the same discount rate as that used to measure plan obligations;
- revaluations of liabilities (assets) are recognised in other comprehensive income not reclassifiable to profit or loss, and consist mainly of actuarial gains and losses, namely the change in plan obligations and assets due to changes in assumptions and to experience gains or losses, the latter representing the difference between the expected impact of some actuarial assumptions applied to previous valuations and the actual impact. Depending on the type of plan and the governing legislation in certain regions, if the plan assets exceed the obligations recognised in the financial statements, any assets generated may be limited to the present value of future refunds from the plan and expected reductions in future contributions (asset ceiling).

The Group grants the following pension and retirement benefits and other post-employment benefits (medical insurance or life insurance):

- in France, benefit obligations mainly comprise arrangements for retirement indemnities (non-funded) and supplementary pension benefits (partly funded);
- in the United States and Canada, benefit obligations include pension plans guaranteed to employees (funded) as well as post-employment medical plans (unfunded);
- in Ireland, the United Kingdom and the Netherlands, benefit obligations mainly consist of pension plans granted to employees.

Defined benefit plans in the Group relate mainly to affiliates in the United Kingdom, North America and the rest of Europe. Defined benefit plans are subject to an annual actuarial valuation

on the basis of assumptions depending on the country. Under these pension and other benefit plan agreements, employees receive at the date of retirement either a capital lump sum payment or an annuity. These amounts depend on the number of years of employment, final salary and the position held by the employee. At 30 June 2024, fully or partly funded benefit obligations totalled €3,254 million, equivalent to 95% of the total benefit obligations.

Certain affiliates, mainly those located in North America, also provide their employees with post-employment medical cover. These benefit obligations are unfunded. They are measured using the same assumptions as those used for the pension obligations in the countries in question.

Several affiliates, mainly in Europe, also provide their employees with other long-term benefits. Benefit obligations of this type are mainly in respect of long-service awards.

The table below presents a reconciliation of provisions between 30 June 2023 and 30 June 2024:

€ millions	30.06.2023			30.06.2024		
	Pension obligations	Medical expenses and other employee benefits	Total	Pension obligations	Medical expenses and other employee benefits	Total
Net (asset)/liability at beginning of period	(13)	134	121	12	106	119
Net expense/(income) for the period	36	5	42	25	10	35
Actuarial (gains)/losses ⁽¹⁾	60	(20)	39	(27)	(5)	(32)
Employer contributions	(59)	—	(59)	(54)	—	(54)
Benefits paid directly by the employer	(9)	(7)	(16)	(8)	(8)	(16)
Changes in scope of consolidation	—	—	—	—	(5)	(5)
Translation adjustments	(3)	(5)	(8)	(3)	—	(3)
Net (asset)/liability at end of period	12	107	119	(55)	98	44
Amount recognised in assets	(230)	—	(230)	(233)	—	(233)
AMOUNT RECOGNISED IN LIABILITIES	242	107	349	178	98	277

(1) Recognised in "Other comprehensive income".

Actuarial gains and losses correspond mainly to the update of actuarial assumptions and values of plan assets.

The net financial impact recognised in profit and loss in respect of pensions and other long-term employee benefits breaks down as follows:

Expense for the financial year (€ millions)	30.06.2023			30.06.2024		
	Pension obligations	Medical expenses and other employee benefits	Total	Pension obligations	Medical expenses and other employee benefits	Total
Current service cost	30	3	34	25	3	28
Interest on the provision	(3)	4	1	(3)	5	2
• o/w interest on the obligation	152	4	156	172	5	177
• o/w interest on the assets	(158)	—	(158)	(178)	—	(178)
• o/w interest on the limitation of the assets	3	—	3	3	—	3
Fees/levies/premiums	9	—	9	11	—	11
Impact of plan amendments/curtailments	—	—	—	(7)	(1)	(8)
Impact of settlements	—	—	—	(1)	—	(1)
Actuarial (gains)/losses	—	(2)	(2)	—	3	3
Effect of the asset ceiling (including the impact of IFRIC 14)	—	—	—	—	—	—
NET EXPENSE/(INCOME) RECOGNISED IN PROFIT AND LOSS	36	5	42	25	10	35

Changes in provisions for pensions and other long-term employee benefits are shown below:

Net liability recognised in the balance sheet (€ millions)	30.06.2023			30.06.2024		
	Pension obligations	Medical expenses and other employee benefits	Total	Pension obligations	Medical expenses and other employee benefits	Total
Change in the actuarial value of cumulative benefit obligations						
Actuarial value of cumulative benefit obligations at beginning of period	4,130	134	4,264	3,467	106	3,574
Current service cost	30	3	34	25	4	28
Interest cost (effect of discounting)	152	4	156	172	5	177
Employee contributions	5	—	5	5	—	5
Benefits paid	(259)	(7)	(266)	(384)	(8)	(392)
Administrative fees/premiums/levies	(1)	—	(1)	—	—	—
Plan amendments/curtailments	—	—	—	(7)	(1)	(8)
Settlements	—	—	—	(1)	—	(1)
Actuarial (gains)/losses	(547)	(23)	(570)	29	(2)	27
Translation differences	(45)	(5)	(50)	37	(1)	36
Changes in scope of consolidation	2	—	2	(1)	(5)	(6)
Actuarial value of cumulative benefit obligations at end of period	3,467	106	3,574	3,342	98	3,440
Change in the fair value of plan assets						
Fair value of plan assets at beginning of period	4,198	—	4,198	3,507	—	3,507
Interest income on plan assets	158	—	158	178	—	178
Experience gains/(losses) on plan assets	(609)	—	(609)	59	—	59
Employee contributions	5	—	5	5	—	5
Employer contributions	59	—	59	54	—	54
Benefits paid	(251)	—	(251)	(377)	—	(377)
Administrative fees/premiums/levies	(9)	—	(9)	(11)	—	(11)
Plan amendments/curtailments	—	—	—	—	—	—
Settlements	—	—	—	—	—	—
Translation differences	(45)	—	(45)	39	—	39
Changes in scope of consolidation	2	—	2	(2)	—	(2)
Fair value of plan assets at end of period	3,507	—	3,507	3,452	—	3,452
Present value of funded benefits	3,378	—	3,378	3,254	—	3,254
Fair value of plan assets	3,507	—	3,507	3,452	—	3,452
Deficit/(Surplus) on funded benefits	(129)	—	(129)	(198)	—	(198)
Present value of unfunded benefits	89	106	195	88	98	186
Effect of the asset ceiling (including the impact of IFRIC 14)	52	—	52	56	—	56
NET (ASSETS)/LIABILITIES RECOGNISED IN THE BALANCE SHEET	12	106	118	(54)	98	44

At 30 June 2024	Actuarial value of cumulative benefit obligations		Fair value of plan assets		Plan asset ceiling		Amount recognised in liabilities and shareholders' equity		Amount recognised in assets	
	(€ millions)	%	(€ millions)	%	(€ millions)	%	(€ millions)	%	(€ millions)	%
United Kingdom	2,628	76%	2,794	81%	—	0%	47	17%	(213)	91%
United States	265	8%	213	6%	—	0%	52	19%	—	0%
Canada	88	3%	136	4%	56	100%	27	10%	(19)	8%
Ireland	228	7%	189	6%	—	0%	40	15%	(1)	1%
France	81	2%	15	0%	—	0%	66	24%	—	0%
Other countries	150	4%	105	3%	—	0%	45	16%	—	0%
TOTAL	3,440	100%	3,452	100%	56	100%	277	100%	(233)	100%

Plan assets break down between the different asset classes (bonds, shares, etc.) as follows:

Breakdown of plan assets	30.06.2023		30.06.2024	
	Pension obligations	Medical expenses and other employee benefits	Pension obligations	Medical expenses and other employee benefits
Shares	10%	N/A	10%	N/A
Bonds	9%	N/A	9%	N/A
Other money market funds	10%	N/A	6%	N/A
Property assets	3%	N/A	2%	N/A
Other	68%	N/A	73%	N/A
TOTAL	100%	N/A	100%	N/A

N/A: not applicable

At 30 June 2024, "Other" assets notably included the value of the insurance policy taken out with Rothesay Life covering the obligations insured as part of the buy-in conducted in FY 2020.

Contributions payable by the Group in FY 2024 in respect of funded benefits are estimated at €42 million.

Benefits payable in respect of defined benefit plans over the next ten years break down as follows:

Benefits payable over the next ten years € millions	Pension obligations	Medical expenses and other employee benefits
2025	230	7
2026	238	7
2027	249	7
2028	250	7
2029	257	7
2030/2034	1,403	36

At 30 June 2023 and 30 June 2024, the main assumptions used for the measurement of pension obligations and other long-term employee benefits were as follows:

Actuarial assumptions in respect of obligations	30.06.2023		30.06.2024	
	Pension obligations	Medical expenses and other employee benefits	Pension obligations	Medical expenses and other employee benefits
Discount rate	5.16%	5.50%	4.99%	5.13%
Average rate of increase in annuities	3.43%	N/A	3.38%	N/A
Average salary increase	3.34%	3.90%	3.39%	3.92%
Expected increase in medical expenses				
• Initial rate	N/A	6.14%	N/A	6.78%
• Final rate	N/A	4.81%	N/A	4.35%

N/A: not applicable.

Actuarial assumptions in respect of the expense for the financial year	30.06.2023		30.06.2024	
	Pension obligations	Medical expenses and other employee benefits	Pension obligations	Medical expenses and other employee benefits
Discount rate	3.85%	3.56%	5.16%	5.50%
Average rate of increase in annuities	3.40%	N/A	3.43%	N/A
Average salary increase	3.18%	3.57%	3.34%	3.90%
Expected increase in medical expenses				
• Initial rate	N/A	5.13%	N/A	6.14%
• Final rate	N/A	4.12%	N/A	4.81%

N/A: not applicable.

Actuarial assumptions at 30 June 2024 (pension and other benefit obligations) By region	United Kingdom	United States	Canada	Eurozone countries	Other non-eurozone countries
Discount rate	5.11%	5.19%	5.06%	3.50%	5.83%
Average rate of increase in annuities	3.52%	N/A	N/A	2.28%	1.98%
Average salary increase	2.65%	2.98%	3.00%	3.39%	6.99%
Expected increase in medical expenses					
• Initial rate	8.70%	8.00%	4.73%	3.92%	N/A
• Final rate	5.40%	4.00%	3.42%	3.92%	N/A

N/A: not applicable.

The obligation period-related discount rates used within the eurozone are as follows:

- short-term rate (3-5 years): 3.10%;
- medium-term rate (5-10 years): 3.30%;
- long-term rate (more than 10 years): 3.30%.

Discount rates are determined by reference to the yield at the reporting date on premium category corporate bonds (if available), or on government bonds, with maturities similar to the estimated duration of the benefit obligations.

The expected rate of return on assets corresponds to the discount rate, in accordance with IAS 19.

The sensitivity of the debt to changes in the discount rate is shown in the table below:

€ millions	Pension obligations	Medical expenses and other employee benefits	Total
Obligations at 30 June 2024	3,342	98	3,440
Obligations at 30 June 2024 with a 0.5% decrease in the discount rate	3,535	104	3,639
Obligations at 30 June 2024 with a 0.5% increase in the discount rate	3,168	93	3,261

The impact of a change in the rate of increase in medical expenses would be as follows:

Post-employment medical benefits (€ millions)	Effect of change		
	With current rate	1% increase	1% decrease
On the present value of the benefit obligations at 30 June 2024	75	6	(5)
On the expense for FY 2024	5	—	—

The experience gains or losses on the benefit obligations and plan assets are set out below:

€ millions	30.06.2024	
	Pension obligations	Medical expenses and other employee benefits
Amounts of experience losses or (gains) on benefit obligations	13	—
Percentage compared with amounts of benefit obligations	0.4%	0.2%
Amounts of financial assumption losses or (gains) on benefit obligations	38	(2)
Percentage compared with amounts of benefit obligations	1.1%	-1.7%
Amounts of demographic assumption losses or (gains) on benefit obligations	(22)	—
Percentage compared with amounts of benefit obligations	-0.7%	-0.3%
Amounts of experience losses or (gains) on plan assets	(59)	—
Percentage compared with amounts of plan assets	-1.7%	0.0%
Amounts of experience losses or (gains) on the asset ceiling	2	—
Percentage compared with amounts of plan assets	0.1%	0.0%
Average duration (years)	11.34	10.67

Note 4.8 Financial liabilities

The Group applies IFRS 9, IAS 32 and IFRS 7. Borrowings and other financial liabilities are recognised, on the basis of their effective interest rates, in accordance with the amortised cost method. The effective interest rate includes all costs, commissions and fees payable under the contract between the parties. Under this method, costs that are directly attributable to the acquisition or issue of the financial liability are recognised in profit and loss on the basis of the effective interest rate.

In accordance with IAS 7 "Statement of Cash Flows", cash and cash equivalents presented in assets and liabilities in the balance sheet and shown in the consolidated cash flow statements include items that are immediately available as cash or are readily convertible into a known amount of cash and which are subject to an insignificant risk of changes in value. Cash is composed of cash at bank and on hand, short-term deposits with an initial maturity of less than three months and money market mutual funds that are subject to an insignificant risk of changes in value. Cash equivalents are short-term investments with a maturity of less than three months. Bank overdrafts, which are considered to be equivalent to financing, are excluded from cash and cash equivalents.

In accordance with IFRS 16, the Group assesses whether a contract is, or contains, a lease if the contract conveys, at inception, the right to control the use of an identified asset for a set period of time in exchange for consideration.

The lease liability is initially calculated at the present value of the future lease payments. The discount rates are based on the Group's borrowing rate plus a spread to take into account country-specific economic environments. They are estimated in each currency using available market data. They take into account the term of the leases. Lease payments may include fixed or variable payments that depend on a rate or index known at the commencement date of the lease.

The period used to calculate the lease liability corresponds to the non-cancellable term of the contract, unless it is reasonably certain that the Group will exercise a renewal option beyond this period. The probability of exercising an option is determined on a lease-by-lease basis, taking into account management's intentions. This liability is then calculated at amortised cost using the effective interest rate method.

Leases are recognised in the balance sheet from the commencement date. They are presented in "Lease liabilities" with a corresponding entry in "Property, plant and equipment", depending on the nature of the underlying asset (see Note 4.2 – *Property, plant and equipment*). Lease liabilities comprise a current and non-current portion on the basis of the expected future payments.

In the income statement, depreciation expenses are recognised on the basis of the use of the underlying asset and interest expenses are presented in financial income and expenses.

In the cash flow statement, repayments of lease liabilities are reported under "Repayment of lease liabilities" in cash flows from financing activities, while interest payments are reported under "Interest paid" in cash flows from operating activities.

The Group has chosen not to apply IFRS 16 to leases corresponding to assets with a low unit replacement value or to short-term leases. These leases are recognised directly in expenses.

Net financial debt, as defined and used by the Group, corresponds to total gross financial debt (translated at the closing exchange 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.

1. Analysis of net financial debt by type and maturity

€ millions	30.06.2023			30.06.2024		
	Current	Non-current	Total	Current	Non-current	Total
Bonds	580	9,678	10,258	1,778	10,907	12,685
Syndicated loan	—	—	—	—	—	—
Commercial paper	801	—	801	196	—	196
Other borrowings and debt	155	173	328	156	133	288
Other financial liabilities	956	173	1,129	352	133	485
Gross financial debt	1,536	9,851	11,387	2,130	11,040	13,170
Fair value hedge derivatives – assets	—	—	—	—	—	—
Fair value hedge derivatives – liabilities	—	14	14	—	10	10
Fair value hedge derivatives	—	14	14	—	10	10
Net investment hedge derivatives – assets	—	(3)	(3)	—	—	—
Net investment hedge derivatives – liabilities	—	—	—	6	—	6
Net investment hedge derivatives	—	(3)	(3)	6	—	6
Financial debt after hedging	1,536	9,862	11,398	2,136	11,050	13,186
Cash and cash equivalents	(1,609)	—	(1,609)	(2,683)	—	(2,683)
Net financial debt excluding lease liabilities	(73)	9,862	9,789	(547)	11,050	10,503
Lease liabilities	99	384	484	95	352	448
NET FINANCIAL DEBT	26	10,246	10,273	(451)	11,402	10,951

The change in net financial debt by cash and non-cash items is analysed below:

€ millions	30.06.2023	Changes in cash flows	Changes in cash flows with no cash impact			30.06.2024
		Total cash flows	Foreign currency gains and losses	Change in fair value	Other	
Bonds	10,258	2,114	48	4	262	12,685
Syndicated loan	—	—	—	—	—	—
Commercial paper	801	(603)	—	—	(2)	196
Other borrowings and debt	328	(52)	12	—	—	288
Gross financial debt	11,387	1,458	60	4	261	13,170
Fair value hedge derivatives – assets	—	—	—	—	—	—
Fair value hedge derivatives – liabilities	14	—	—	(4)	—	10
Fair value hedge derivatives	14	—	—	(4)	—	10
Economic net investment hedge derivatives – assets	(3)	—	—	—	3	—
Economic net investment hedge derivatives – liabilities	—	—	—	—	6	6
Economic net investment hedge derivatives – liabilities	(3)	—	—	—	9	6
Financial debt after hedging	11,398	1,458	60	—	270	13,186
Cash and cash equivalents	(1,609)	(1,095)	21	—	—	(2,683)
Net financial debt excluding lease liabilities	9,789	363	81	—	270	10,503
Lease liabilities	484	(125)	—	—	89	448
NET FINANCIAL DEBT	10,273	238	81	—	359	10,951

2. Breakdown of debt excluding lease liabilities by currency before and after foreign exchange hedging instruments at 30 June 2023 and 30 June 2024

At 30 June 2023 € millions	Gross financial debt	Amount hedged	Debt after hedging	Cash at bank and in hand	Net debt after hedging	% debt after hedging	% net debt after hedging
EUR	8,094	563	8,657	(517)	8,140	76%	83%
USD	3,261	(112)	3,149	(190)	2,959	28%	30%
GBP	—	(55)	(55)	(125)	(180)	0%	-2%
SEK	1	(101)	(100)	(42)	(141)	-1%	-1%
Other currencies	31	(284)	(253)	(736)	(988)	-2%	-10%
FINANCIAL DEBT BY CURRENCY	11,387	11	11,398	(1,609)	9,789	100%	100%

At 30 June 2024 € millions	Gross financial debt	Amount hedged	Debt after hedging	Cash at bank and in hand	Net debt after hedging	% debt after hedging	% net debt after hedging
EUR	9,776	(662)	9,114	(1,463)	7,651	69%	73%
USD	3,296	723	4,018	(276)	3,743	30%	36%
GBP	1	(107)	(106)	(156)	(262)	-1%	-2%
SEK	1	(123)	(122)	(38)	(161)	-1%	-2%
Other currencies	96	186	282	(750)	(468)	2%	-4%
FINANCIAL DEBT BY CURRENCY	13,170	16	13,186	(2,683)	10,503	100%	100%

3. Breakdown of fixed-rate/floating-rate debt excluding lease liabilities before and after interest rate hedging instruments at 30 June 2023 and 30 June 2024

€ millions	30.06.2023				30.06.2024			
	Debt before hedging		Debt after hedging		Debt before hedging		Debt after hedging	
Fixed-rate debt	10,565	93%	10,380	91%	12,871	98%	12,685	96%
Floating-rate debt	834	7%	1,018	9%	314	2%	501	4%
FINANCIAL DEBT AFTER HEDGING BY RATE TYPE	11,398	100%	11,398	100%	13,186	100%	13,186	100%

At 30 June 2024, before taking account of any hedges, the Group's gross debt was 97% fixed rate and 3% floating rate. After hedging, the floating-rate portion was 4%.

4. Schedule of financial liabilities at 30 June 2024

The following table shows the maturity of future financial liability-related cash flows (nominal and interest). Floating-rate interest flows have been estimated on the basis of rates at 30 June 2023 and 30 June 2024.

At 30 June 2023 € millions	Carrying amount	Contractual flows	<6 months	6 to 12 months	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	>5 years
Nominal value	(11,387)	(11,321)	(1,398)	(97)	(1,675)	(1,176)	(29)	(1,077)	(5,869)
Interest	—	(1,984)	(107)	(95)	(202)	(177)	(150)	(150)	(1,105)
Gross financial debt	(11,387)	(13,305)	(1,504)	(192)	(1,877)	(1,353)	(179)	(1,226)	(6,973)
Lease liabilities	(484)	534	42	66	80	66	55	44	182
Cross-currency swaps	3	—	—	—	—	—	—	—	—
Flows payable	—	(480)	—	(10)	(470)	—	—	—	—
Flows receivable	—	470	—	5	465	—	—	—	—
Derivatives - liabilities	(23)	(30)	(9)	(4)	(7)	(7)	—	—	—
Derivatives - liabilities	(20)	(40)	(9)	(9)	(12)	(7)	—	—	—
TOTAL FINANCIAL LIABILITIES	(11,891)	(12,811)	(1,471)	(135)	(1,809)	(1,294)	(124)	(1,182)	(6,792)

At 30 June 2024 € millions	Carrying amount	Contractual flows	<6 months	6 to 12 months	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	>5 years
Nominal value	(13,170)	(13,051)	(918)	(1,070)	(1,187)	(29)	(1,683)	(1,363)	(6,801)
Interest	—	(2,616)	(170)	(125)	(281)	(254)	(254)	(222)	(1,310)
Gross financial debt	13,170	(15,667)	(1,088)	(1,195)	(1,468)	(283)	(1,937)	(1,585)	(8,112)
Lease liabilities	(448)	528	40	68	89	71	55	46	159
Cross-currency swaps	(6)	—	—	—	—	—	—	—	—
Flows payable	—	(477)	—	(477)	—	—	—	—	—
Flows receivable	—	465	—	465	—	—	—	—	—
Derivatives - liabilities	(25)	(27)	(16)	(4)	(7)	—	—	—	—
Derivatives - liabilities	(31)	(39)	(16)	(16)	(7)	—	—	—	—
TOTAL FINANCIAL LIABILITIES	12,691	(15,178)	(1,064)	(1,143)	(1,386)	(212)	(1,882)	(1,539)	(7,952)

5. Credit lines

At 30 June 2024, credit lines mainly comprised the multi-currency syndicated loan of €2,100 million, a bilateral line of €500 million and a Champagne loan of €260 million. No drawdowns have been made on these credit lines.

6. Bonds

Nominal amount	Interest rate	Issue date	Maturity	Carrying amount at 30.06.2024 € millions
EUR 650 million	2.13%	29.09.2014	27.09.2024	660
EUR 1,000 million	1.13%	06.04.2020	07.04.2025	1,002
EUR 600 million	1.50%	17.05.2016	18.05.2026	600
USD 600 million	3.25%	08.06.2016	08.06.2026	550
EUR 600 million	3.75%	15.09.2023	15.09.2027	616
EUR 500 million	0.50%	24.10.2019	24.10.2027	500
USD 600 million	1.25%	01.10.2020	01.04.2028	560
EUR 600 million	3.25%	02.11.2022	02.11.2028	606
EUR 750 million	1.38% *	07.04.2022	07.04.2029	744
EUR 500 million	0.13%	04.10.2021	04.10.2029	493
EUR 1,000 million	1.75%	06.04.2020	08.04.2030	1,009
EUR 700 million	3.38%	07.05.2024	07.11.2030	695
USD 900 million	1.63%	01.10.2020	01.04.2031	837
EUR 500 million	0.88%	24.10.2019	24.10.2031	498
EUR 500 million	3.75%	02.11.2022	02.11.2032	504
EUR 750 million	3.75%	15.09.2023	15.09.2033	759
EUR 800 million	3.63%	07.05.2024	07.05.2034	795
USD 850 million	5.50%	12.01.2012	15.01.2042	802
USD 500 million	2.75%	01.10.2020	01.10.2050	456
Total bonds				12,685

* Subject to the achievement of the key performance indicators to which this bond is linked.

7. Offsetting of financial assets and financial liabilities

The table below shows the amounts of financial assets and financial liabilities before and after offsetting.

The amounts offset in the balance sheet were established in accordance with IAS 32. Accordingly, financial assets and financial liabilities are offset and the net amount is shown in the balance sheet if and only if the Group has a legally enforceable right to set off the recognised amounts, and if it intends to settle on a net basis. The assets and liabilities offset stem from the multi-currency cash pooling arrangement implemented within the Group.

At 30 June 2023 € millions	Gross financial assets and liabilities	Amounts offset in the balance sheet	Net amounts in the balance sheet	Impact of master netting and similar arrangements	Financial instruments received as collateral	Net amounts under IFRS 7
ASSETS						
Cash and cash equivalents	1,882	(273)	1,609	—	—	—
LIABILITIES						
Bank borrowings and debt	601	(273)	328	—	—	—

At 30 June 2024 € millions	Gross financial assets and liabilities	Amounts offset in the balance sheet	Net amounts in the balance sheet	Impact of master netting and similar arrangements	Financial instruments received as collateral	Net amounts under IFRS 7
ASSETS						
Cash and cash equivalents	3,123	(441)	2,683	—	—	—
LIABILITIES						
Bank borrowings and debt	729	(441)	288	—	—	—

Note 4.9 Financial instruments

1. Fair value of financial instruments

€ millions	Fair value level	Breakdown by accounting classification				30.06.2023	
		Fair value through profit or loss	Fair value through other comprehensive income	Assets at amortised cost	Liabilities at amortised cost	Carrying amount	Fair value
ASSETS							
Equity instruments	Level 1 and 3	—	432	—	—	432	432
Guarantees, deposits, investment-related loans and receivables	Level 2	—	—	186	—	186	186
Trade receivables and other operating receivables	Level 2	—	—	1,814	—	1,814	1,814
Other current assets	Level 2	—	—	435	—	435	435
Derivatives - assets	Level 2	13	7	—	—	20	20
Cash and cash equivalents	Level 1	1,609	—	—	—	1,609	1,609
LIABILITIES							
Bonds	Level 1	—	—	—	10,258	10,258	9,308
Bank borrowings and debt	Level 2	—	—	—	1,129	1,129	1,129
Lease liabilities	Level 2	—	—	—	484	484	484
Derivatives - liabilities	Level 2	18	2	—	—	20	20

€ millions	Fair value level	Breakdown by accounting classification				30.06.2024	
		Fair value through profit or loss	Fair value through other comprehensive income	Assets at amortised cost	Liabilities at amortised cost	Carrying amount	Fair value
ASSETS							
Equity instruments	Level 1 and 3	—	502	—	—	502	502
Guarantees, deposits, investment-related loans and receivables*	Level 2	—	—	192	—	192	192
Trade receivables and other operating receivables	Level 2	—	—	1,581	—	1,581	1,581
Other current assets	Level 2	—	—	416	—	416	416
Derivatives - assets	Level 2	7	1	—	—	8	8
Cash and cash equivalents	Level 1	2,683	—	—	—	2,683	2,683
LIABILITIES							
Bonds	Level 1	—	—	—	12,685	12,685	11,804
Bank borrowings and debt	Level 2	—	—	—	485	485	485
Lease liabilities	Level 2	—	—	—	448	448	448
Derivatives - liabilities	Level 2	25	7	—	—	31	31

* Including €1,124 million of assets derecognised with continuing involvement as regards factoring and securitisation deposits.

The methods used are as follows:

- debt: the fair value of the debt is determined for each loan by discounting future cash flows on the basis of market rates at balance sheet date, adjusted for the Group's credit risk. For floating-rate bank debt and bank overdrafts, fair value is approximately equal to the carrying amount;
- bonds: market liquidity enabled the bonds to be valued at their fair value using the quoted prices;
- other long-term financial liabilities: the fair value of other long-term financial liabilities is calculated for each loan by discounting future cash flows using an interest rate taking into account the Group's credit risk at the balance sheet date;
- derivatives: the market value of instruments recognised in the financial statements at the balance sheet date was calculated on the basis of available market data, using current valuation models.

The hierarchical levels of the fair value hierarchy below are in line with the definitions in the amended version of IFRS 7 "Financial Instruments: Disclosures":

- Level 1: fair value based on quoted prices in active markets;

- Level 2: fair value measured based on observable market data (other than quoted prices included in Level 1);
- Level 3: fair value measured using valuation techniques based on unobservable market data.

In accordance with IFRS 13, derivatives were measured taking into account the Credit Valuation Adjustment (CVA) and the Debt Valuation Adjustment (DVA). The measurement is based on historical data (rating of counterparty banks and probability of default). At 30 June 2024, the impact was not significant.

Equity instruments mainly consist of minority stakes in innovative companies in the conviviality sector that are mostly unlisted and have been acquired by Convivialité Ventures, the Group's private equity arm. Their fair value has been measured at level 3 of the hierarchy, based on valuations used in their most recent funding rounds. In the absence of recent transactions, acquisition cost is considered to be the best possible estimate of fair value, except where underperformance versus the budget or other events occur giving rise to the recognition of an impairment loss. These investments are not individually material.

2. Risk management

Management and monitoring of financial risks is performed by the Financing and Treasury Department. Reporting to the Group Finance Department, it oversees all financial exposures and processes or validates all financing, investment and hedging transactions, as part of a programme approved by General Management.

All financial instruments hedge existing or forecast hedge transactions or investments. They are contracted with a limited number of counterparties that have a first-class rating.

Management of liquidity risk

At 30 June 2024, the Group's cash and cash equivalents totalled €2,683 million (compared with €1,609 million at 30 June 2023). An additional €2,860 million of medium-term revolving credit facilities with banks was confirmed and undrawn. Group financing is provided in the form of long-term debt (bank loans, bonds, etc.) and short-term borrowings (commercial paper and bank overdrafts) as well as factoring and securitisation programmes, which provide adequate financial resources to ensure business continuity. The Group also set up a €7 billion Euro Medium Term Note (EMTN) programme in May 2020, updated on 11 October 2021, 24 October 2022 and 24 October 2023. The Group's short-term financial debt after hedging was €2,136 million at 30 June 2024 (compared to €1,536 million at 30 June 2023).

While the Group has not identified any other material cash requirement, it cannot be fully guaranteed that it will be able to continue to access the funding and refinancing needed for its day-to-day operations and capital expenditure on satisfactory terms, given the uncertain economic environment.

The credit ratings sought by Pernod Ricard from rating agencies on its long-term and short-term debt are Baa1/P2 from Moody's and BBB+/A2 from Standard & Poor's, respectively.

The Group's bank and bond debt contracts include covenants that, if breached, could trigger accelerated repayment clauses.

Furthermore, while the vast majority of the Group's cash surplus is placed with affiliates of global banks enjoying the highest agency ratings, it cannot be ruled out that these Group investments may lose some of their liquidity and/or value.

The currency controls in place in certain countries limit the Group's ability to use cash (prohibition on investment with the Group) and, in some cases, delay the possibility of paying dividends (authorisation is required from the relevant authorities, notably in Cuba). At 30 June 2024, cash with delayed availability amounted to €229 million, including €226 million relating to Cuba.

Specific terms of financing agreements and the schedule of financial liability maturity are respectively disclosed in the "Material contracts" subsection of the management report and in Note 4.8 – *Financial liabilities* to the consolidated financial statements.

Management of currency risk

As the Group consolidates its financial statements in euros, it is exposed to fluctuations against the euro by the currencies in which its assets and liabilities are denominated (asset risk) or in which transactions are carried out (transaction and translation risks).

While some hedging strategies limit exposure, there is no absolute protection against exchange rate fluctuations.

In terms of asset risk, financing foreign currency-denominated assets acquired by the Group with debt in the same currency provides natural hedging. This principle was applied for the acquisition of Seagram, Allied Domecq and Vin&Sprit, with part of the debt being denominated in US dollars, reflecting the importance of cash flows generated in dollars or linked currencies.

Currency fluctuations against the euro (notably the US dollar) may impact the nominal amount of liabilities and the financial expense recorded in euros in the consolidated financial statements, which could affect the Group's reported results.

For operational currency risk, the Group's international operations expose it to currency risks affecting transactions carried out by affiliates in a currency other than their operating currency (transaction accounting risk).

As a rule, it is Group policy to invoice end customers in the functional currency of the distributing entity. Exposure to currency risk on intra-Group invoicing between producer and distributor affiliates is managed via a monthly payment centralisation procedure involving most countries with freely convertible and transferable currencies and whose internal legislation allows this participation. This system hedges against net exposure using forward exchange contracts.

Residual risk is partially hedged by financial derivatives (forward purchases, forward sales or options) intended to hedge certain or highly probable non-Group receivables and payables.

In addition, the Group may use firm or optional hedges with the aim of reducing the impact of currency fluctuations on its operating activities in some Brand Companies that make significant purchases in currencies other than the euro – especially USD, GBP or SEK – or in order to secure the payment of dividends back to the parent.

Management of interest rate risk

At 30 June 2024, the Pernod Ricard Group's debt comprised floating-rate debt (mainly commercial paper and other bank borrowings) and fixed-rate debt (mainly bonds), in addition to a hedging portfolio including USD swaps.

The Group cannot guarantee that these hedges will prove sufficient, or that it will be able to maintain them on acceptable terms.

SCHEDULE OF DEBT AND FLOATING-RATE EUR HEDGES (NOTIONAL VALUE, IN € MILLIONS)

At 30 June 2024 € millions	<1 year	>1 year and <5 years	>5 years	Total
Total assets (cash)	1,463	—	—	1,463
Total floating-rate liabilities	(179)	4	(13)	(189)
Net floating-rate debt before hedging	1,283	4	(13)	1,274
Derivatives	662	—	—	662
NET FLOATING-RATE DEBT AFTER HEDGING	1,946	4	(13)	1,936

SCHEDULE OF DEBT AND FLOATING-RATE USD HEDGES (NOTIONAL VALUE, IN USD MILLIONS)

At 30 June 2024 \$ millions	<1 year	>1 year and <5 years	>5 years	Total
Total assets (cash)	276	—	—	276
Total floating-rate liabilities	—	(40)	—	(40)
Net floating-rate debt before hedging	276	(40)	—	235
Derivatives	(713)	(197)	—	(910)
NET FLOATING-RATE DEBT AFTER HEDGING	(437)	(237)	—	(674)

Analysis of the sensitivity of financial instruments to interest rate risk (impact on the income statement)

A rise or fall of 50 basis points in interest rates (USD and EUR) would result in an increase or decrease of €4 million in the cost of net debt.

Analysis of the sensitivity of financial instruments to interest rate risk (impact on shareholders' equity)

A relative change of plus or minus 50 basis points in interest rates (USD and EUR) would not generate any gain or loss on shareholders' equity.

Analysis of the sensitivity of financial instruments used to hedge risks related to agricultural raw materials (impact on shareholders' equity)

At 30 June 2024, the sensitivity of the portfolio was not significant.

Counterparty risk in financial transactions

The Group could be exposed to counterparty default via its cash investments, hedging instruments or the availability of committed but undrawn financing lines. In order to limit this exposure, the Group rigorously selects counterparties based on several criteria, including credit ratings, and on repayment schedules.

However, no assurance can be given that this careful selection will be enough to protect the Group against risks of this type, particularly in the current economic environment.

Note 4.10 Interest rate, foreign exchange and commodity derivatives

Pursuant to the amended version of IFRS 9 “Financial Instruments”, all derivative instruments must be recognised in the balance sheet at fair value, determined on the basis of standard market valuation models or external prices issued by financial institutions.

Where the derivative has been designated as a fair value hedge, changes in the value of the derivative and of the hedged item are recognised in profit and loss for the same period. If the derivative has been designated as a cash flow hedge, the change in value of the effective portion of the hedge is recognised in other comprehensive income. It is recognised in profit and loss when the hedged item is itself recognised in profit and loss.

However, the change in value of the ineffective component of the derivative is recognised directly in profit and loss. If the derivative is designated as a hedge of a net investment in a foreign operation, the change in value of the effective portion of the hedge is recognised in shareholders’ equity and the change in value of the ineffective portion is recognised in profit and loss.

Hedging instruments (by risk category and hedge type)

Hedge type at 30 June 2023 € millions	Description of financial instrument	Notional amount of contracts			Total	Fair value	
		<1 year	>1 year and <5 years	>5 years		Assets	Liabilities
Fair value hedges						–	14
Interest rate hedges	Swaps	—	184	—	184	—	14
Currency and interest rate hedges	Cross-currency swaps	—	—	—	—	—	—
Net investment hedges						3	—
Currency hedges	FX forwards	—	—	—	—	—	—
Currency and interest rate hedges	Cross-currency swaps	—	460	—	460	3	—
Derivatives included in net debt						3	14
Cash flow hedges						4	2
Interest rate hedges	Swaps	—	—	—	—	—	—
Currency hedges on intra-Group financing and operational hedges	Currency swaps & FX forwards & FX options	—	—	—	—	—	—
Commodity hedges	Swaps	24	6	—	30	4	2
Non-hedge accounting						13	4
Currency hedges on intra-Group financing and operational hedges	Currency swaps & FX forwards	2,029	—	—	2,029	13	4
Interest rate hedges	Swaps	—	—	—	—	—	—
TOTAL DERIVATIVES						20	20
Total non-current						5	14
Total current						15	6

Hedge type at 30 June 2024 € millions	Description of financial instrument	Notional amount of contracts				Fair value	
		<1 year	>1 year and <5 years	>5 years	Total	Assets	Liabilities
Fair value hedges		—	—	—	—	—	10
Interest rate hedges	Swaps	—	187	—	187	—	10
Currency and interest rate hedges	Cross-currency swaps	—	—	—	—	—	—
Net investment hedges		—	—	—	—	—	6
Currency hedges	FX forwards	—	—	—	—	—	—
Currency and interest rate hedges	Cross-currency swaps	460	—	—	460	—	6
Derivatives included in net debt		—	—	—	—	—	16
Cash flow hedges		—	—	—	—	1	1
Interest rate hedges	Swaps	—	—	—	—	—	—
Currency hedges on intra-Group financing and operational hedges	Currency swaps & FX forwards & FX options	—	—	—	—	—	—
Commodity hedges	Swaps	—	—	—	—	1	1
Non-hedge accounting		—	—	—	—	7	14
Currency hedges on intra-Group financing and operational hedges	Currency swaps & FX forwards	2,262	—	—	2,262	7	14
Interest rate hedges	Swaps	—	—	—	—	—	—
Total derivatives		—	—	—	—	8	31
Total non-current		—	—	—	—	1	11
TOTAL CURRENT		—	—	—	—	7	21

The notional amount of these contracts is the nominal value of the contracts. Foreign currency-denominated notional amounts in cross-currency swaps are shown in euros at the exchange rate agreed. For other instruments, notional amounts denominated in foreign currencies are translated into euros at year-end exchange rates. Estimated market values are based on information available on the financial markets and valuation methods appropriate to

the type of financial instrument. These valuation methods yield results consistent with the valuations provided by bank counterparties.

The Group's hedging instruments at 30 June 2024 were not ineffective.

Hedged items (by category and hedge type)

Hedge type at 30 June 2023 € millions	Carrying amount of hedged item		Cumulative FVH adjustments included in carrying amount of hedged item		Balance sheet item in which hedged item is included	CFH reserves	Change in fair value of CFH derivatives through OCI
	Assets	Liabilities	Assets	Liabilities			
Fair value hedges (FVHs)							
Interest rate risk							
Fixed-rate bonds hedged	—	184	—	14	Bond issues	N/A	N/A
Discontinuation of hedge accounting	—	—	—	—	Bond issues	N/A	N/A
Currency risk							
Firm commitment	—	—	—	—	—	—	—
Cash flow hedges (CFHs)							
Interest rate risk							
Floating rates of bonds	N/A	N/A	N/A	N/A	N/A	—	—
Discontinuation of hedge accounting	—	—	—	—	—	—	—
Currency risk							
Hedges of future foreign currency sales	N/A	N/A	N/A	N/A	N/A	—	—
Discontinuation of hedge accounting	—	—	—	—	N/A	—	—
Commodity risk							
Commodity hedges	N/A	N/A	N/A	N/A	N/A	2	(3)
Net investment hedges (NIHs)							
Net assets hedged	460	—	N/A	N/A	N/A	N/A	N/A
Discontinuation of hedge accounting	—	—	—	—	N/A	—	—

N/A: not applicable.

Hedge type at 30 June 2024 € millions	Carrying amount of hedged item		Cumulative FVH adjustments included in carrying amount of hedged item		Balance sheet item in which hedged item is included	CFH reserves	Change in fair value of CFH derivatives through OCI
	Assets	Liabilities	Assets	Liabilities			
Fair value hedges (FVHs)							
Interest rate risk							
Fixed-rate bonds hedged	—	187	—	10	Bond issues	N/A	N/A
Discontinuation of hedge accounting	—	—	—	—	Bond issues	N/A	N/A
Currency risk							
Firm commitment	—	—	—	—	—	—	—
Cash flow hedges (CFHs)							
Interest rate risk							
Floating rates of bonds	N/A	N/A	N/A	N/A	N/A	—	—
Discontinuation of hedge accounting	—	—	—	—	—	—	—
Currency risk							
Hedges of future foreign currency sales	N/A	N/A	N/A	N/A	N/A	—	—
Discontinuation of hedge accounting	—	—	—	—	N/A	—	—
Commodity risk							
Commodity hedges	N/A	N/A	N/A	N/A	N/A	—	(1)
Net investment hedges (NIHs)							
Net assets hedged	460	—	N/A	N/A	N/A	N/A	N/A
Discontinuation of hedge accounting	—	—	—	—	N/A	—	—

N/A: not applicable.

Note 4.11 Other current liabilities

Other current liabilities break down as follows:

€ millions	30.06.2023	30.06.2024
Tax and social security payables	835	856
Other current liabilities	721	750
TOTAL	1,556	1,607

Other current liabilities at 30 June 2024 mainly comprise the interim dividend payment of €591 million on 19 July 2024. Most of these other current liabilities are due within one year.

NOTE 5 Notes to the cash flow statement

1. Working capital requirement

Working capital requirement increased by €768 million. The breakdown is as follows:

- inventory: €503 million;
- trade receivables: €(203) million;
- trade payables: €524 million;
- other: €(57) million.

2. Purchases/Disposals of financial assets and activities

Purchases of financial assets and activities net of disposals generated a cash outflow of €88 million, mainly related to acquisitions and disposals of activities in the period, related in particular to the transactions described in Section 1 of Note 1.2 – *Significant events during the financial year*.

3. Issuance/repayment of debt

During the financial year, the Pernod Ricard Group issued €2,815 million in long-term debt and repaid €1,357 million in debt. These transactions mainly correspond to the bond issues and redemptions described in Section 2 of Note 1.2 – *Significant events during the financial year*.

The Group also paid €140 million in respect of its lease liabilities, of which €125 million related to repayment of the nominal amount and €14 million to interest payments reported in cash flows from operating activities.

NOTE 6 Additional information

Note 6.1 Shareholders' equity

1. Share capital

In April 2024, the Group carried out a capital reduction by cancelling 2,302,985 shares previously held in treasury and acquired in particular under the Group's share buyback programme. Following this transaction, the share capital was reduced to €392,659,559.40, divided into 253,328,748 shares with a par value of €1.55 per share:

	Number of shares	Amount (€ millions)
Share capital at 30 June 2023	255,631,733	396
Share capital at 30 June 2024	253,328,748	393

All Pernod Ricard shares are issued and fully paid for a par value of €1.55. Only one type of Pernod Ricard shares exists. These shares obtain double voting rights if they have been registered for an uninterrupted period of ten years.

2. Treasury shares

Treasury shares are recognised on acquisition as a deduction from equity. Subsequent changes in the value of treasury shares are not recognised. When treasury shares are sold, any difference between the acquisition cost and the fair value of the shares at the date of disposal is recognised as a change in shareholders' equity and has no impact on profit and loss for the year.

At 30 June 2024, Pernod Ricard and its controlled affiliates held 2,068,400 Pernod Ricard shares for a value of €311 million. These treasury shares are reported, at cost, as a deduction from shareholders' equity.

As part of its stock option and free share grant plans, Pernod Ricard SA holds shares either directly (treasury shares) or indirectly (calls or repurchase options). These shares may be allocated if options are exercised under the stock option plans or, in the case of free shares, if performance targets are met.

3. Interim dividend

In April 2024, the Board of Directors decided to pay an interim dividend of €2.35 per share for FY 2024, i.e., a total payout of €591 million. The interim dividend was paid on 19 July 2024 and recognised under "Other current liabilities" in the balance sheet at 30 June 2024.

4. Capital management

The Group manages its share capital in such a way as to optimise its cost of capital and profitability for its shareholders, provide security for all its counterparties and maintain a high credit rating. In this context, the Group may adjust its payment of dividends to shareholders, redeem part of its share capital, buy back its treasury shares and authorise share-based payment plans.

5. Liquidity agreement

On 24 May 2012, Pernod Ricard SA put in place a 12-month liquidity agreement, effective from 1 June 2012, through Rothschild & Cie Banque. The agreement is tacitly renewable for successive periods of 12 months. It complies with the French Financial Markets Association (*Association Française des Marchés Financiers* - AMAFI) Code of Ethics, which was approved by the AMF in its decision of 21 March 2011.

The sum of €5 million was allocated for the implementation of the liquidity agreement.

Note 6.2 Share-based payments

The Group applies IFRS 2 "Share-based Payments" to transactions whose award and settlement are share-based.

Pursuant to this standard, stock options and performance shares granted to employees are measured at fair value. The amount of such fair value is recognised in the income statement over the vesting period of the rights with a corresponding increase in shareholders' equity.

This fair value is calculated using valuation models taking into account the characteristics of the plan and market data at the date of grant and on the basis of Group management's assumptions.

Description of share-based payment plans

The Group grants long-term incentive plans to high-level executives, key Group executives and high-potential managers. As of the grant on 10 November 2021, these plans are granted through shares, whether or not subject to internal or external performance conditions; the stock option mechanism is no longer used for new grants. In addition, for all plans granted since 10 November 2021, the presence condition has been revised to three years instead of four years previously.

In the course of FY 2024, two share grant plans were set up on 10 November 2023:

- a performance share plan including:
 - a performance condition based on the positioning of the overall performance of the Pernod Ricard share (TSR⁽¹⁾) compared to the overall performance of a panel of 12 peers over the period from 10 November 2023 to 10 November 2026 inclusive (three years),

- a performance condition based on the average achievement of the profit from recurring operations target (actual versus annual objectives) measured over three consecutive financial years, including that in which the shares were granted,
- a condition relating to the achievement of corporate social responsibility (CSR) targets measured over three consecutive financial years, including that in which the shares were granted;
- a performance share plan including:
 - a performance condition based on the average achievement of the consolidated profit from recurring operations target (actual versus annual objectives) measured over three consecutive financial years, including that in which the shares were granted,
 - a condition relating to the achievement of corporate social responsibility (CSR) targets measured over three consecutive financial years, including that in which the shares were granted.

The expense recognised for options/shares vested or in the process of being vested during the financial year (period from 1 July 2023 to 30 June 2024) is described below:

Stock options	Type of options	With/without performance conditions	Number of beneficiaries	Commencement date for exercise of options	Expiry date	Subscription or purchase price (€)	Outstanding options at 30 June 2024	Stock option expense for FY 2024 (€ thousands)
Plan dated 08.11.2019	Purchase	With conditions	14	9/11/2023	8/11/2027	€162.79	82,884	273
Plan dated 27.11.2020	Purchase	With conditions	14	28/11/2024	27/11/2028	€154.11	113,469	806

Performance shares	Type of shares	With/without performance conditions	Number of beneficiaries	Shares vested from	Shares available from	Outstanding shares at 30 June 2024	Share expense for FY 2024 (€ thousands)
Plan dated 08.11.2019	Free	With conditions	820	9/11/2023	9/11/2023	—	1,841
Plan dated 27.11.2020	Free	With conditions	754	28/11/2024	28/11/2024	220,604	7,368
Plan dated 10.11.2021	Free	With and without conditions	777	12/11/2024	12/11/2024	200,902	11,128
Plan dated 10.11.2022	Free	With and without conditions	810	11/11/2025	11/11/2025	250,981	12,958
Plan dated 10.11.2023	Free	With conditions	506	11/11/2026	11/11/2026	261,951	7,430

The history of stock option plans that have not yet expired is presented in the “Corporate governance” section of the Universal Registration Document.

For vested stock option plans, the total number of options outstanding is 237,694, with an average remaining life of two years and two months.

As at 30 June 2024, the Group recognised an expense of €1 million in operating items for the two stock option plans vested or in the process of vesting during the financial year, as well as an expense of €41 million in respect of the five performance share plans.

Annual expenses € millions	30.06.2023	30.06.2024
Stock options – with corresponding adjustment to shareholders’ equity	2	1
Performance and free shares – with corresponding adjustment to shareholders’ equity	39	41
TOTAL ANNUAL EXPENSES	41	42

⁽¹⁾ Total shareholder return.

Changes made to outstanding stock options/shares during the financial year (period from 1 July 2023 to 30 June 2024) are described below:

Stock options	Type of options	With/without performance conditions	Options outstanding at 30.06.2023	Allocated during the period	Cancelled during the period	Exercised during the period	Expired during the period	Options outstanding at 30.06.2024
Plan dated 06.11.2015	Purchase	With conditions	15,015	—	—	15,015	—	—
Plan dated 17.11.2016	Purchase	With conditions	47,645	—	—	11,222	—	36,423
Plan dated 09.11.2017	Purchase	With conditions	53,500	—	—	9,240	—	44,260
Plan dated 21.11.2018	Purchase	With conditions	78,993	—	—	4,866	—	74,127
Plan dated 08.11.2019	Purchase	With conditions	82,884	—	—	—	—	82,884
Plan dated 27.11.2020	Purchase	With conditions	136,711	—	23,242	—	—	113,469

Performance shares	Type of shares	With/without performance conditions	Shares outstanding at 30.06.2023	Allocated during the period	Cancelled during the period	Transferred during the period	Expired during the period	Shares outstanding at 30.06.2024
Plan dated 08.11.2019	Free	With conditions	146,259	—	1,513	144,746	—	—
Plan dated 27.11.2020	Free	With conditions	242,846	—	22,072	170	—	220,604
Plan dated 10.11.2021	Free	With and without conditions	226,761	—	25,730	129	—	200,902
Plan dated 10.11.2022	Free	With and without conditions	280,996	—	30,015	—	—	250,981
Plan dated 10.11.2023	Free	With conditions	—	281,919	19,968	—	—	261,951

The average strike price of options exercised during FY 2024 was €113.29.

The assumptions used in calculating the fair values of the options and shares granted over the financial year, using the binomial or Monte Carlo models and the terms under which the options/shares were granted, are as follows:

	Type of shares	With/without performance conditions	Initial share price (€) ⁽¹⁾	Strike price (€)	Expected volatility	Expected dividend yield	Risk-free interest rate	IFRS 2 fair value (€)
Plan dated 10.11.2023	Free	With conditions	164.30	N/A	N/A	2.54%	N/A	152.25
Plan dated 10.11.2023	Free	With conditions	164.30	N/A	23%	2.54%	3.10%	82.88

N/A: not applicable.

(1) Closing rate at grant date.

The fair values are fixed upon implementation of each plan and do not vary year on year. For this reason, only the values relating to the plans granted during FY 2024 are presented above (information on previous plans is available in the prior-year universal registration documents).

From 2012 onwards, the volatility assumption used for the plans is based on a multi-criteria approach taking into consideration:

- historic volatility over a period equal to the duration of the options;
- implied volatility calculated on the basis of options available in financial markets.

Two share plans were granted on 10 November 2023.

For one of the plans, part of the grant is contingent on the positioning of the overall performance of the Pernod Ricard share (TSR⁽²⁾) compared to the overall performance of a panel of 12 peers: the shares will pre-vest provided that the positioning of the overall performance of the Pernod Ricard share (TSR⁽²⁾) is equal to or greater than seventh position out of 13 (the number will be determined in bands according to the level of performance

achieved). The other part of the grant is subject to an internal performance condition, the achievement of which will depend on the average achievement of the Group's annual profit from recurring operations target for the financial years ended 30 June 2024, 30 June 2025 and 30 June 2026, at constant exchange rates and scope. The fair value of these plans corresponds to the market price of the share on the grant date, less the loss of dividends expected during the vesting period (i.e., three years for all beneficiaries) and includes the likelihood of achieving the TSR performance condition. The IFRS 2 accounting expense for the plan in relation to this condition will be adjusted at the end of the vesting period at the latest.

The fair value of the other plan (with internal performance conditions) corresponds to the market price of the share at the grant date, less the loss of dividends expected during the vesting period (i.e., three years for all beneficiaries).

For all these plans, vesting is contingent on the presence condition being met on 11 November 2026.

Note 6.3 Off-balance sheet commitments

€ millions	Total	<1 year	>1 year and <5 years	>5 years
COMMITMENTS GIVEN AT 30.06.2023	3,682	1,413	1,768	501
Commitments given in connection with the Group's scope of consolidation	237	237	—	—
Investment commitments	20	20	—	—
Commitments given as part of specific transactions	—	—	—	—
Other	217	217	—	—
Commitments given in connection with the financing of the Company	19	14	1	5
Financial guarantees given	19	14	1	5
Other	—	—	—	—
Commitments relating to the issuer's operating activities	3,426	1,163	1,767	496
Firm and irrevocable commitments to purchase raw materials	3,008	847	1,715	446
Tax commitments (customs and other guarantees)	195	130	17	48
Operating lease agreements	7	3	3	1
Other	216	183	32	1

€ millions	Total	<1 year	>1 year and <5 years	>5 years
COMMITMENTS RECEIVED AT 30.06.2023	3,033	356	2,619	58
Commitments received in connection with the Group's scope of consolidation	—	—	—	—
Commitments received as part of specific transactions in relation to competition and markets	—	—	—	—
Other	—	—	—	—
Commitments received in connection with the financing of the Company	2,969	351	2,618	—
Lines of credit received and not used	2,868	260	2,608	—
Financial guarantees received	101	91	10	—
Other	—	—	—	—
Commitments relating to the issuer's operating activities	65	5	2	58
Contractual commitments relating to business activity and development	63	5	1	57
Other	2	—	1	1

⁽²⁾ Total shareholder return.

€ millions	Total	<1 year	>1 year and <5 years	>5 years
COMMITMENTS GIVEN AT 30.06.2024	4,075	1,589	1,828	658
Commitments given in connection with the Group's scope of consolidation	400	362	—	38
Investment commitments	48	9	—	38
Commitments given as part of specific transactions	—	—	—	—
Other	353	353	—	—
Commitments given in connection with the financing of the Company	68	57	—	11
Financial guarantees given	68	57	—	11
Other	—	—	—	—
Commitments relating to the issuer's operating activities	3,606	1,170	1,828	608
Firm and irrevocable commitments to purchase raw materials	3,094	751	1,785	558
Tax commitments (customs and other guarantees)	142	79	15	48
Lease contracts	8	3	4	2
Other	362	337	24	1

€ millions	Total	< 1 year	> 1 year and < 5 years	> 5 years
COMMITMENTS RECEIVED AT 30.06.2024	3,067	111	2,882	75
Commitments received in connection with the Group's scope of consolidation	—	—	—	—
Commitments received as part of specific transactions in relation to competition and markets	—	—	—	—
Other	—	—	—	—
Commitments received in connection with the financing of the Company	2,983	105	2,878	—
Lines of credit received and not used	2,885	20	2,865	—
Financial guarantees received	98	85	13	—
Other	—	—	—	—
Commitments relating to the issuer's operating activities	84	6	4	74
Contractual commitments relating to business activity and development	81	6	2	73
Other	3	—	2	1

1. Lines of credit received and not used

Lines of credit received and not used at 30 June 2024 correspond primarily to the nominal amounts of the syndicated loan and a bilateral credit line (see Note 4.8 – *Financial liabilities*).

2. Firm and irrevocable commitments to purchase raw materials

In the context of their cognac, wine, champagne and whiskies production, the Group's main affiliates have signed raw material supply agreements for eaux-de-vie, grapes, base wines and grain in the amount of €3,094 million.

Note 6.4 Contingent liabilities

Contingent tax liabilities

Pernod Ricard has received several notices of tax adjustment for 2007 to 2019, specifically concerning the tax deductibility of promotion and advertising expenses for an amount of 10,317 million Indian rupees (equivalent to €116 million, including interest as of the date of the reassessment), which includes the amount reassessed during a special audit carried out in 2017. This special audit covered other various topics for a total amount of 1,343 million Indian rupees (equivalent to €15 million).

It should be noted that the level and amount of this risk pertaining to promotion and advertising expenses have been gradually and significantly reduced in recent years and that the Company obtained two court rulings in its favour in 2020 for the period from 2007 to 2014. These court decisions further strengthen Pernod Ricard India's position on the tax deductibility of advertising and promotion expenses. Reassured by these decisions and after consulting with its tax advisers, Pernod Ricard India will continue to dispute the merits of the reassessment proposal and believes it has a probable chance of success in litigation. Accordingly, no provision has been booked for this matter.

Note 6.5 Disputes

In the normal course of business, Pernod Ricard is involved in a number of individual and collective legal, governmental, arbitration and administrative proceedings.

A provision for such proceedings is only recognised under "Other provisions for contingencies and losses" (see Note 4.7 – Provisions) when it is probable that a present obligation arising as a result of a past event will require the payment of an amount that can be estimated reliably. In the latter case, the provisioned amount corresponds to the best estimate of the risk. The provisioned amount recorded is based on the assessment of the level of risk on a case-by-case basis, it being specified that any events arising during the proceedings may at any time require that risk to be reassessed.

The provisions recorded by Pernod Ricard at 30 June 2024 for all disputes and risks in which it is involved amounted to negative €405 million, versus €390 million at 30 June 2023 (see Note 4.7 – Provisions), excluding uncertain tax positions recognised in income taxes payable. Pernod Ricard provides no further details (other than in exceptional circumstances), as disclosing the amount of any provision for ongoing litigation could cause the Group serious harm.

To the best of the Company's knowledge, there are no other legal, arbitration or governmental proceedings or exceptional events (including any proceedings of which the Company is aware that is pending or threatened) that may have or have had over the last 12 months a material impact on the profitability of the Company and/or the Group, other than those described below.

Contingent liabilities related to the change in the legal framework applicable to the Delhi Route to Market

In November 2021, the new Excise Policy applicable in the National Capital Territory of Delhi changed the alcohol distribution system, from government-run corporation model to private distributors and retailers.

The context of the change in route to market is currently under investigation by two government agencies. These investigations relate to accusations that irregularities were committed by certain Delhi officials, as well as distributors and retailers, in the development and implementation of this excise policy.

In that context, on 2 February 2023, a Delhi District Court took cognisance of a charge sheet filed by the Enforcement Directorate of India, claiming that, among others, Pernod Ricard India and one of its employees might have benefited from undue gains under the new Excise Policy, allegedly in breach of certain provisions of the Indian Prevention against Money Laundering Act.

The investigation by the authorities is still ongoing. There have been no significant developments as regards Pernod Ricard India since it began and neither the exact exposure nor its likelihood of occurrence can be assessed at this stage.

As a responsible corporate citizen, Pernod Ricard India is committed to comply with the laws of the country and will vigorously defend all allegations made against it.

Disputes relating to trademarks

Havana Club

The Havana Club trademark is owned by a joint venture, Havana Club Holding SA (HCH), which is 50%-held by Pernod Ricard. The brand has been registered by HCH in more than 200 countries. In the United States, this trademark has been owned since 1976 by "Cubaexport", an affiliate of Pernod Ricard's Cuban partner in the Havana Club joint venture. The intellectual property rights over the American trademark are currently being challenged in the United States courts by a Pernod Ricard competitor (Bacardi).

1. Havana Club US trademark dispute before the District Court for the District of Columbia (DC Case)

- In 1995, Bacardi petitioned the Trademark Trial and Appeal Board (TTAB), which is the judicial body of the US Patent and Trademark Office (USPTO), to cancel Cubaexport's registration of the Havana Club trademark in the United States.
- In January 2004, the TTAB denied the petition, thereby refusing to cancel the registration. Bacardi appealed the decision to the US District Court for the District of Columbia (DC Court). The DC Court proceedings were suspended after the USPTO refused to renew the trademark in 2006, but resumed in January 2016 after renewal was granted. Bacardi then filed additional claims to challenge the 2016 renewal. In response, Cubaexport filed two motions in August 2016: one to dismiss all actions launched by Bacardi regarding the merits of the case and one to expedite proceedings on certain aspects.

- On 6 March 2023, the DC Court granted in part and denied in part Cubaexport's motions, sending the case back for an analysis to be conducted on the merits of the arguments in the denied motions.
- On 19 April 2023, Cubaexport responded to Bacardi's initial claims and submitted a counterclaim for infringement of its Havana Club trademark in the United States.
- The parties are still awaiting the DC Court's decision on Cubaexport's counterclaim while discovery proceedings on the merits of the claims are underway.

2. "Section 211" and the "No Stolen Trademarks Honored in America Act"

- In 1998, the United States Congress adopted Section 211 (also known as the "Bacardi Act" because it was adopted further to intense lobbying by Bacardi representatives). The Bacardi Act has two main effects on the Havana Club trademark registered by Cubaexport: 1) it prohibits US courts from recognising and enforcing the rights of Cuban companies over trademarks associated with assets nationalised by the Cuban government; and 2) it makes the renewal of these trademarks by their legitimate owners subject to obtaining a specific licence from the Office of Foreign Assets Control (OFAC), which has discretionary power to grant such a licence.
- Consequently, since coming into force, Section 211 has impacted Cubaexport in two ways:
 - Cubaexport has been deprived of any legal recourse against the illegal use of its trademark in the United States by Bacardi, which has distributed rum there since 1996 under the trademark "Havana Club", produced in Puerto Rico.
 - In order to renew its trademark registration with the USPTO, Cubaexport must apply for and obtain specific prior authorisation from the OFAC every ten years.
- In 2002, the Dispute Settlement Body of the World Trade Organisation (WTO) condemned Section 211 on the grounds that it was incompatible with the TRIPS Agreement and, in particular, with national treatment and most-favoured nation obligations. To date, the United States has not adopted any measures to comply with this decision (i.e., amending or repealing Section 211).
- In November 2023, a bill for the No Stolen Trademarks Honored in America Act (NST) passed the House of Representatives and is now before the Senate. The NST aims to reinforce the effects of Section 211 by extending the prohibition on courts to all US federal agencies, including the USPTO and OFAC, which would technically make it impossible for Cubaexport to renew its trademark. The bill is currently on stand-by pending analysis by the Senate.

3. Renewal of the Havana Club trademark in the United States

- In 1976, Cubaexport registered the Havana Club trademark with the USPTO in the United States for 20 years.
- In 1996, Cubaexport applied to the USPTO to renew its trademark for ten years.
- In 2006, Cubaexport applied to the USPTO to renew its trademark but, based on the contents of Section 211 as adopted in 1998, the USPTO refused to grant the trademark's renewal without an OFAC licence. Cubaexport therefore applied for a licence from the OFAC but was denied. It filed an appeal against the OFAC's decision with the US District Court for the District of Columbia, but the case was dismissed in 2009. Cubaexport then appealed this decision with the Court of Appeals for the District of Columbia, which in 2011 upheld the decision of the court of first instance. Cubaexport subsequently took the case to the US Supreme Court with the support of the French government, the National Foreign Trade Council and the Washington Legal Foundation. In 2012, the Supreme Court refused to hear the case, putting an end to Cubaexport's dispute with the OFAC.

- Between 2012 and 2015, Cubaexport's Havana Club trademark was "frozen" with the USPTO.
- In 2015, Cubaexport once again applied to the OFAC for a licence to renew its trademark and was successful. On this ground, Cubaexport applied to the USPTO in 2016 to renew its trademark retroactively from 2006 to 2016 and for a further ten years until 2026.
- In 2025, Cubaexport will once again have to apply for a licence from the OFAC to renew its trademark with the USPTO in January 2026 for another ten-year period.

4. Trademark renewal dispute before the US District Court for the District of Virginia (USPTO Case)

- In 2021, Bacardi filed a motion against the USPTO with the US District Court for the District of Virginia to cancel the trademark renewal granted in 2016 on the grounds that the USPTO lacked jurisdiction to renew the trademark. Cubaexport is not a party to this dispute.
- In 2022, the US District Court of Virginia dismissed Bacardi's claims. Bacardi appealed the decision.
- In June 2024, the Court of Appeal reversed the decision of the US District Court of Virginia and decided to send the case back for analysis on the merits.
- If, at the end of these proceedings, the US District Court of Virginia were to grant Bacardi's request and conclude that the USPTO had acted beyond its jurisdiction in granting the renewal, Cubaexport's trademark registration would be considered to have expired as of 2006.

A finding in the Group's favour would enable the Havana Club joint venture to distribute its Cuban rum in the United States under the Havana Club trademark on the lifting of the embargo.

Tax disputes

The Group's companies are regularly audited by the tax authorities in the countries in which they are registered.

The assessment of the risk related to each tax dispute is regularly reviewed by the affiliate or region concerned and by the Group's Tax Department, with the assistance of external counsel for the most material or complex cases. Provisions are recognised if necessary. Pernod Ricard provides no further details (other than in exceptional circumstances), as disclosing the amount of any provision for ongoing tax litigation could cause the Group serious harm.

India

Pernod Ricard India (P) Ltd has an ongoing dispute with the Indian customs authorities over the declared transaction value of concentrates of alcoholic beverages (CAB) imported into India. Customs are challenging the transaction values, arguing that some competitors used different values for the import of similar goods. This matter was ruled on by the Supreme Court, which issued an order in July 2010, setting out the principles applicable for the determination of values that should be taken into account for the calculation of duty. Pernod Ricard India (P) Ltd has already paid the corresponding amounts up to 2001. For the period between 2001 and December 2010, Pernod Ricard India (P) Ltd has paid almost the entire differential duty as determined by customs in Delhi following the initial adjustment notice received in 2011. A second notice received in 2013 and confirmed by a court on 14 August 2017 has been suspended by the Supreme Court. As regards the Company's CAB imports since 2011, Indian authorities have issued reports challenging the transaction values as well as three show cause notices dated 2022, but failed to disclose all the data underlying their allegations. The Group has filed court requests to obtain such data and continues to actively work with the authorities and courts to resolve pending issues. In addition, pending resolution of the dispute, the customs authorities have demanded bank guarantees for the additional adjusted duties. The company challenged this request before the Supreme Court and obtained

a stay of execution in March 2023. Furthermore, a Common Adjudicating Authority (CAA) has been appointed in New Delhi to adjudicate upon the case. On 16 April 2024, Pernod Ricard India filed a common reply to all three show cause notices before the CAA.

Pernod Ricard India (P) is also involved in a debate with the Indian customs authorities over the transaction value of international products imported into India. Discussions are ongoing with the relevant authorities and courts.

Moreover, Pernod Ricard India (P) received several notices of tax adjustment for 2007 to 2018 relating to the tax deductibility of advertising and promotion expenses (see Note 6.4 – *Contingent liabilities*). In 2020, Pernod Ricard India (P) obtained two court rulings in its favour for the period from 2007 to 2014, strengthening its position on the tax deductibility of advertising and promotion expenses.

It should be noted that a provision for the above-mentioned disputes is only recognised, as appropriate in other provisions for risks and charges (see Note 4.7 – Provisions) or in income taxes payable (see Note 3.3 – Corporate income tax), when it is probable that a present obligation arising as a result of a past event will require the payment of an amount that can be estimated reliably. The amount of the provision is the best estimate of the expenditure required to settle the liability.

Commercial disputes

Colombia

Two separate complaints were filed jointly before the Colombian Competition Agency (*Superintendencia de Industria y Comercio*) on 14 November 2017 by the department of Cundinamarca and its wholly owned distilling company Empresa de Licores de Cundinamarca against Pernod Ricard SA, Pernod Ricard Colombia SA and a competitor company. In late December 2020, Pernod Ricard Colombia received notice of a similar complaint, initially filed in September 2019 by the departments of Valle and Antioquia (as well as wholly owned distillation companies). The complaint alleges that the defendants have committed violations of the Colombian Unfair Competition Act and, in particular, Articles 7 and 18 thereof, through the illegal import of spirits into Colombia. The complaints allege that the companies have gained an unfair market advantage over local producers through such activity. The plaintiffs seek damages corresponding to the loss of profits and taxes over the period 2013 to 2017 (2019 in the case of Valle and Antioquia).

Pernod Ricard intends to vigorously defend itself against such allegations. These complaints contain allegations that are similar to those made in prior legal proceedings before the New York courts brought by Cundinamarca, the Republic of Colombia and several other Colombian departments in 2004. The New York proceedings were voluntarily discontinued by the parties in 2012.

Note 6.6 Related parties

Transactions with associates and joint ventures were immaterial in the financial year ended 30 June 2024.

The compensation paid to Corporate Officers and Executive Committee members in return for their services to the Group is detailed below:

€ millions	30.06.2023	30.06.2024
Board of Directors ⁽¹⁾	1	1
Executive Committee		
• Short-term benefits	17	11
• Post-employment benefits	4	3
• Share-based compensation ⁽²⁾	11	12
TOTAL EXPENSES RECOGNISED FOR THE YEAR	33	27

(1) Directors' compensation.

(2) The cost of share-based payments corresponds to the expenses recognised in profit and loss over the period in respect of stock options and performance shares granted to members of the Group Executive Committee.

In addition, the Executive Corporate Officer (Chairman and CEO) is eligible for the following severance payments (the subject of a related-party agreement approved by the Shareholders' Meeting of 17 November 2016):

- one-year non-compete clause, together with a payment corresponding to 12 months' compensation;
- forced departure clause subject to performance conditions, together with a maximum payment corresponding to 12 months' compensation.

These clauses were not implemented in the course of the past financial year.

Note 6.7 Events after the reporting period

On 16 July 2024, the Group signed an agreement to sell its strategic international wine brands to Australian Wine Holdco Limited (AWL), a consortium of international institutional investors and owner of Accolade Wines. This disposal will allow Pernod Ricard to further strengthen its premiumisation strategy and to direct its resources to its portfolio of premium international spirits and champagne brands that drive the growth of its business. The transaction is the result of Pernod Ricard's continuous assessment of its strategic opportunities, in line with its longstanding policy to deliver sustainable value for its shareholders, employees, clients and partners.

IFRS 5 "Assets held for sale" was applied on 30 June 2024, leading to the reclassification of assets and liabilities held for sale within "Assets held for sale" and "Liabilities related to assets held for sale", mainly including trademarks, property, plant and equipment and inventories. An impairment loss of €682 million was recognised in "Other operating income/(expenses)" in respect of these assets.

Closing of the transaction remains subject to fulfilment of customary closing conditions, including regulatory clearances, and is expected to occur in the first six months of 2025.

Note 6.8 Fees of the Statutory Auditors and members of their network for the 12-month financial year⁽¹⁾

€ millions	KPMG			Deloitte & Associés			Other			Total		
	Amount (excl. VAT)			Amount (excl. VAT)			Amount (excl. VAT)			Amount (excl. VAT)		
	FY 2023	FY 2024	%	FY 2023	FY 2024	%	FY 2023	FY 2024	%	FY 2023	FY 2024	%
AUDIT												
Statutory audit, certification, review of individual and consolidated financial statements⁽³⁾												
Issuer ⁽²⁾	0.9	0.8	16%	0.8	0.8	16%	—	—	—	1.7	1.5	14%
Fully consolidated affiliates	2.9	3.6	73%	3.9	3.8	76%	0.4	0.4	100%	7.3	7.8	75%
Subtotal	3.8	4.4	90%	4.7	4.5	90%	0.4	0.4	100%	9.0	9.4	90%
Non-audit services⁽⁴⁾												
Issuer ⁽²⁾	0.2	0.3	6%	0.2	0.3	6%	—	—	0%	0.4	0.5	5%
Fully consolidated affiliates	0.2	0.2	4%	0.2	0.2	4%	—	—	0%	0.4	0.5	5%
Of which legal, tax, social	0.1	0.3	6%	0.3	0.4	8%	—	—	0%	0.4	0.7	7%
Subtotal	0.4	0.5	10%	0.4	0.5	10%	—	—	0%	0.8	1.0	10%
Total	4.2	4.9	100%	5.1	5.0	100%	0.4	0.4	100%	9.9	10.4	100%

(1) For the period under review, this refers to services provided and recognised in the income statement during a financial year.

(2) The issuer is understood to be the Parent Company.

(3) Including the services of independent experts or members of the Statutory Auditors' network employed to audit the financial statements.

(4) This section sets out the non-audit services provided to the issuer or its affiliates by the Statutory Auditors or the members of their networks. They may be required by law or by the provisions stipulated at the request of the Group or its affiliates and comply with independence requirements.

NOTE 7 Consolidation scope

The annual consolidated financial statements include the financial statements of the Parent Company, Pernod Ricard SA, and those of entities controlled by the Parent Company ("the affiliates"). Control is the power to influence the financial and operating policies of an entity so as to obtain benefits from its activities, irrespective of the percentage held in the entity. Non-controlling interests in the net assets of consolidated affiliates are presented separately from Parent Company shareholders' equity. Non-controlling interests include both the interests of minority shareholders at the date of the original business combination and minority interests in any subsequent changes to shareholders' equity.

Intragroup transactions and internal profits and losses relating to consolidated companies are eliminated.

Companies over which the Group exercises significant influence are accounted for under the equity method.

Note 7.1 Consolidation scope

The main changes to the Group's scope of consolidation in FY 2024 are presented in Note 1.2 – *Significant events during the financial year*.

Note 7.2 List of main consolidated companies

Company	Country	% interest 30.06.2023	% interest 30.06.2024
Pernod Ricard SA	France	Parent company	Parent company
Laurenskirk (Pty) Ltd	South Africa	80	80
Pernod Ricard South Africa PTY Ltd	South Africa	100	100
Black Forest Distillers GmbH	Germany	100	100
Pernod Ricard Deutschland GmbH	Germany	100	100
Pernod Ricard Andorra, SLU	Andorra	100	100
Pernod Ricard Angola, LDA	Angola	100	100
Pernod Ricard Argentina SRL	Argentina	100	100
Yerevan Brandy Company	Armenia	100	100
Pernod Ricard Pacific Holding Pty Ltd	Australia	100	100
Pernod Ricard Winemakers Pty Ltd	Australia	100	100
Pernod Ricard Austria GmbH	Austria	100	100
Pernod Ricard Belgium SA	Belgium	100	100
Pernod Ricard Brasil Indústria e Comércio Ltda.	Brazil	100	100
Pernod Ricard Bulgaria EOOD	Bulgaria	100	100
Ace Beverage Group Inc.*	Canada	0	46
Corby Spirit and Wine Limited*	Canada	46	46
Hiram Walker & Sons Limited	Canada	100	100
Pernod Ricard Canada Ltée	Canada	100	100
Pernod Ricard Chile SpA	Chile	100	100
Pernod Ricard (China) Trading Co., Ltd	China	100	100
Pernod Ricard Colombia SA	Colombia	100	100
Pernod Ricard Korea Imperial Company Ltd.	South Korea	100	100
Pernod Ricard Korea Ltd	South Korea	100	100
Havana Club International SA	Cuba	50	50
Pernod Ricard Denmark A/S	Denmark	100	100
Bodeboca SL	Spain	100	100
Pernod Ricard España	Spain	100	100
Pernod Ricard Winemakers Espana, SAU	Spain	100	100
Vermuteria de Galicia	Spain	80	80
Pernod Ricard Estonia OÜ	Estonia	100	100
Austin, Nichols & Co., Inc	United States	100	100
Castle Brands, Inc.	United States	100	100
Código US LLC	United States	50	50
Del Maguey Inc.	United States	100	100
Firestone & Robertson Distilling Company LLC	United States	100	100
Pernod Ricard Americas Travel Retail LLC	United States	100	100
Pernod Ricard Kenwood Holding LLC	United States	100	100
Pernod Ricard USA Finance Inc.	United States	100	100
Pernod Ricard USA LLC	United States	100	100
Rabbit Hole Spirits, LLC	United States	80	80
Skrewball LLC	United States	70	70
Smooth Ambler Spirits Co.	United States	100	100
Sovereign Brands LLC	United States	33	33
Pernod Ricard Finland OY	Finland	100	100
Augier Robin Briand & Cie	France	100	100
Champagne Perrier-Jouët	France	100	100

Company	Country	% interest 30.06.2023	% interest 30.06.2024
Château Sainte Marguerite	France	60	60
Domaines Jean Martell	France	100	100
Financière Moulins de Champagne	France	100	100
GH Mumm & Cie SVCS	France	100	100
Le Maine au Bois	France	100	100
Lina 16	France	100	100
Lina 3	France	100	100
Lina 5	France	100	100
Martell & Co SA	France	100	100
Martell Mumm Perrier-Jouët	France	100	100
Vignobles Mumm Perrier-Jouët	France	100	100
Pernod Ricard Finance SA	France	100	100
Pernod Ricard Middle East and North Africa	France	100	100
Pernod Ricard North America SAS	France	100	100
Pernod Ricard France SAS	France	100	100
Société Lillet Frères	France	100	100
Spirits Partners SAS	France	100	100
Pernod Ricard Ghana Limited	Ghana	100	100
Pernod Ricard Hellas ABEE	Greece	100	100
Allied Spirits & Wine (China) Ltd	Hong Kong	100	100
Pernod Ricard Asia Duty Free Ltd	Hong Kong	100	100
Pernod Ricard Hong Kong Ltd	Hong Kong	100	100
Peri Mauritius	Mauritius	100	100
Pernod Ricard India Private Limited	India	100	100
Comrie Limited	Ireland	100	100
Irish Distillers Group Unlimited Company	Ireland	100	100
Irish Distillers Ltd	Ireland	100	100
Samuelson International DAC	Ireland	100	100
Irish Distillers International LTD	Ireland	100	100
Pernod Ricard Israel Limited	Israel	0	100
Pernod Ricard Italia SPA	Italy	100	100
The Kyoto Distillery KK	Japan	100	100
Pernod Ricard Japan KK	Japan	100	100
Pernod Ricard Kazakhstan	Kazakhstan	100	100
Pernod Ricard Kenya Limited	Kenya	100	100
Pernod Ricard Lietuva UAB	Lithuania	100	100
La Hechicera Company Sarl	Luxembourg	51	51
Pernod Ricard Malaysia SDN BHD	Malaysia	100	100
Pernod Ricard Maroc	Morocco	100	100
Pernod Ricard Mexico SA de CV	Mexico	100	100
Seagram Myanmar Company Ltd*	Myanmar	34	34
Pernod Ricard Norway AS	Norway	100	100
Pernod Ricard Winemakers New Zealand Limited	New Zealand	100	100
Allied International Holdings BV	Netherlands	100	100
Pernod Ricard Nederland BV	Netherlands	100	100
PR Goal Nederland BV	Netherlands	100	100
Pernod Ricard Peru SA	Peru	100	100
Pernod Ricard Philippines, Inc.	Philippines	70	70
Agros Holding SA	Poland	100	100
Wyborowa SA	Poland	100	100
Pernod Ricard Portugal – Distribuição, SA	Portugal	100	100
Pernod Ricard Dominicana, SA	Dominican Republic	100	100
Pernod Ricard Czech Republic s.r.o.	Czech Republic	0	100
Pernod Ricard Romania SRL	Romania	100	100
Allied Domecq (Holdings) Limited	United Kingdom	100	100

Company	Country	% interest 30.06.2023	% interest 30.06.2024
Allied Domecq Limited	United Kingdom	100	100
AD Overseas (Europe) Limited	United Kingdom	100	100
Allied Domecq Spirits & Wine Holdings Limited	United Kingdom	100	100
Allied Domecq Spirits & Wine Limited	United Kingdom	100	100
AD Westport Limited	United Kingdom	100	100
Chivas Brothers (Holdings) Ltd	United Kingdom	100	100
Chivas Brothers Ltd**	United Kingdom	100	100
Chivas Brothers International Ltd**	United Kingdom	100	100
Chivas Brothers Pernod Ricard	United Kingdom	100	100
Chivas Holdings (IP) Limited	United Kingdom	100	100
Chivas Investments Limited**	United Kingdom	100	100
Coates & Co (Plymouth) Limited	United Kingdom	100	100
Dillon Bass Ltd	United Kingdom	74	100
Edward Dillon (Bonders) Ltd	United Kingdom	100	100
Goal Acquisitions (Holdings) Ltd	United Kingdom	100	100
Goal Acquisitions Ltd	United Kingdom	100	100
Italicus Ltd	United Kingdom	50	50
Pernod Ricard UK Group Limited	United Kingdom	100	100
Pernod Ricard UK Ltd	United Kingdom	100	100
PR Goal 3 Ltd	United Kingdom	100	100
The Whisky Exchange	United Kingdom	100	100
World Brands Duty Free Ltd	United Kingdom	100	100
Pernod Ricard Rouss CJSC	Russia	100	100
Pernod Ricard Singapore PTE Ltd	Singapore	100	100
Pernod Ricard Slovakia s.r.o	Slovakia	100	100
Distilled Innovation AB	Sweden	100	100
Pernod Ricard Sweden AB	Sweden	100	100
The Absolut Company AB	Sweden	100	100
Pernod Ricard Swiss SA	Switzerland	100	100
Pernod Ricard Taiwan Ltd	Taiwan	100	100
Pernod Ricard Thailand Ltd	Thailand	100	100
Pernod Ricard Istanbul Ic ve Dis Ticaret Limited Sirketi	Turkey	100	100
Pernod Ricard Ukraine	Ukraine	100	100
Pernod Ricard Uruguay SA	Uruguay	100	100
Pernod Ricard Vietnam Company Limited	Vietnam	100	100

* Ace Beverage Group Inc., Corby Spirit and Wine Limited and Seagram Myanmar Company Ltd are consolidated using the full consolidation method because of the Group's majority control over the entities.

** Limited companies that are members, or with affiliates that are members, of UK partnerships.

In accordance with Regulation 7 of The Partnerships (Accounts) Regulations 2008, annual financial statements have not been prepared for the aforementioned companies as said UK companies are consolidated within the Pernod Ricard Group consolidated financial statements.