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Annual consolidated financial statements

6.1 Consolidated income statement

€ millions	30.06.2025	30.06.2026	Notes
Net sales	**10,959**	**9,404**	**2**
Cost of sales	(4,443)	(3,909)	2
Gross margin after logistics expenses	**6,516**	**5,495**	**2**
Advertising and promotion expenses	(1,679)	(1,409)	2
Contribution after advertising and promotion expenses	**4,837**	**4,086**	**2**
Structure costs	(1,886)	(1,663)	
Profit from recurring operations	**2,951**	**2,423**	
Other operating income/(expenses)	(208)	(261)	3.1
Operating profit	**2,743**	**2,162**	
Financial expenses	(584)	(512)	3.2
Financial income	92	72	3.2
Financial income/(expenses)	**(492)**	**(440)**	
Corporate income tax	(574)	(482)	3.3
Share of net profit/(loss) of associates	(3)	(1)	
Net profit of discontinued and held for sale activities	—	—	
Net profit	**1,674**	**1,238**	
of which:			
• non-controlling interests	48	36	
• attributable to Group shareholders	1,626	1,203	
Earnings per share – basic (€)	6.47	4.78	3.4
Earnings per share – diluted (€)	6.45	4.77	3.4

6.2 Consolidated statement of comprehensive income

€ millions	30.06.2025	30.06.2026
Net profit for the period	**1,674**	**1,238**
Non-recyclable items		
Actuarial gains/(losses) related to defined benefit plans	**(15)**	**27**
Amounts recognised in shareholders' equity	*(23)*	*34*
Tax impact	*8*	*(7)*
Equity instruments	**23**	**98**
Unrealised gains and losses recognised in shareholders' equity	*58*	*125*
Tax impact	*(35)*	*(27)*
Recyclable items		
Net investment hedges	**28**	**(20)**
Amounts recognised in shareholders' equity	*37*	*(28)*
Tax impact	*(10)*	*8*
Cash flow hedges	**(1)**	**2**
Amounts recognised in shareholders' equity[(1)]	*(1)*	*3*
Tax impact	*—*	*(1)*
Translation differences	**(1,097)**	**204**
Other comprehensive income/(expense) for the period, net of tax	**(1,062)**	**312**
Comprehensive income for the period	**612**	**1,550**
of which:		
• attributable to Group shareholders	653	1,488
• non-controlling interests	(42)	61

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

6.3 Consolidated balance sheet

ASSETS

€ millions	30.06.2025	30.06.2026	Notes
Net amounts			
NON-CURRENT ASSETS			
Intangible assets	11,515	11,542	4.1
Goodwill	6,406	6,458	4.1
Property, plant and equipment	4,206	4,187	4.2
Non-current financial assets	974	1,098	4.3
Investments in associates	68	63	
Non-current derivative instruments	36	23	4.3/4.10
Deferred tax assets	1,518	1,523	3.3
Total non-current assets	**24,722**	**24,895**	
CURRENT ASSETS			
Inventories and work in progress	8,418	8,470	4.4
Trade receivables and other operating receivables	1,484	1,372	4.5
Income taxes receivable	99	80	
Other current assets	445	476	4.6
Current derivative instruments	18	6	4.3/4.10
Cash and cash equivalents	1,829	1,993	4.8
Total current assets	**12,292**	**12,396**	
Assets held for sale	65	6	
TOTAL ASSETS	**37,080**	**37,297**	

LIABILITIES AND SHAREHOLDERS' EQUITY

€ millions	30.06.2025	30.06.2026	Notes
SHAREHOLDERS' EQUITY			
Share capital	391	391	6.1
Share premium	3,052	3,052	
Retained earnings and translation differences	10,143	10,854	
Group share of net profit	1,626	1,203	
Group shareholders' equity	**15,212**	**15,500**	
Non-controlling interests	1,014	1,040	
Total shareholders' equity	**16,226**	**16,540**	
NON-CURRENT LIABILITIES			
Non-current provisions	298	310	4.7
Provisions for pensions and other long-term employee benefits	265	216	4.7
Deferred tax liabilities	3,063	3,125	3.3
Bonds – non-current	10,339	11,613	4.8
Non-current lease liabilities	344	356	4.8
Other non-current financial liabilities	96	115	4.8
Non-current derivative instruments	1	10	4.10
Total non-current liabilities	**14,405**	**15,744**	
CURRENT LIABILITIES			
Current provisions	147	125	4.7
Trade payables	2,711	2,578	
Income taxes payable	203	194	3.3
Other current liabilities	1,555	1,522	4.11
Bonds – current	1,241	156	4.8
Current lease liabilities	91	93	4.8
Other current financial liabilities	478	334	4.8
Current derivative instruments	17	11	4.10
Total current liabilities	**6,442**	**5,013**	
Liabilities related to assets held for sale	7	–	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**37,080**	**37,297**	

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 2024	**393**	**3,052**	**12,836**	**(275)**	**(19)**	**82**	**(319)**	**15,749**	**1,048**	**16,797**
Comprehensive income for the period	–	–	1,626	(15)	23	(981)	–	653	(42)	612
Change in share capital	(2)	–	(150)	–	–	–	150	(2)	–	(2)
Share-based payments	–	–	26	–	–	–	–	26	–	26
(Acquisition)/ Disposal of treasury shares	–	–	(67)	–	–	–	58	(9)	–	(9)
Dividends and interim dividends distributed	–	–	(1,182)	–	–	–	–	(1,182)	(10)	(1,192)
Other transactions with non-controlling interests	–	–	(22)	–	–	–	–	(22)	17	(6)
Other movements	–	–	(1)	–	–	–	–	(1)	–	(1)
Closing position at 30 June 2025	**391**	**3,052**	**13,065**	**(289)**	**4**	**(899)**	**(111)**	**15,212**	**1,014**	**16,226**

€ 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 2025	**391**	**3,052**	**13,065**	**(289)**	**4**	**(899)**	**(111)**	**15,212**	**1,014**	**16,226**
Comprehensive income for the period	–	–	1,203	27	100	158	–	1,488	61	1,550
Change in share capital	–	–	–	–	–	–	–	–	–	–
Share-based payments	–	–	13	–	–	–	–	13	–	13
(Acquisition)/ Disposal of treasury shares	–	–	(27)	–	–	–	19	(7)	–	(7)
Dividends and interim dividends distributed	–	–	(1,183)	–	–	–	–	(1,183)	(23)	(1,206)
Other transactions with non-controlling interests	–	–	(24)	–	–	–	–	(24)	(11)	(36)
Other movements	–	–	1	–	–	–	–	1	(1)	–
Closing position at 30 June 2026	**391**	**3,052**	**13,047**	**(262)**	**104**	**(742)**	**(92)**	**15,500**	**1,040**	**16,540**

6.5 Consolidated cash flow statement

€ millions	30.06.2025	30.06.2026	Notes
CASH FLOWS FROM OPERATING ACTIVITIES			
Group share of net profit	1,626	1,203	
Non-controlling interests	48	36	
Share of net profit/(loss) of associates, net of dividends received	4	2	
Financial (income)/expenses	492	440	
Tax (income)/expenses	574	482	
Net profit from discontinued operations	–	–	
Depreciation of fixed assets	422	413	
Net change in provisions	(42)	57	
Net change in impairment of goodwill, property, plant and equipment and intangible assets	52	106	
Changes in fair value of commercial derivatives	(3)	7	
Changes in fair value of biological assets and investments	(4)	(1)	
Net (gain)/loss on disposal of assets	(93)	(182)	
Share-based payments	25	16	
Self-financing capacity before interest and taxes	**3,101**	**2,579**	
Decrease/(increase) in working capital requirement	(470)	(241)	5.1
Interest paid	(443)	(465)	
Interest received	17	65	
Tax paid/received[1]	(417)	(358)	
Net cash from operating activities	**1,788**	**1,579**	
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure	(667)	(391)	
Proceeds from disposals of property, plant and equipment and intangible assets	12	8	
Purchases of financial assets and activities	(174)	(64)	5.2
Disposals of financial assets and activities	308	438	5.2
Net cash used in investing activities	**(521)**	**(8)**	
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends and interim dividends paid	(1,201)	(1,226)	
Other changes in shareholders' equity	4	–	
Issuance of long-term debt	978	1,290	5.3
Repayment of debt	(2,052)	(1,363)	5.3
Repayment of lease liabilities	(113)	(101)	
(Acquisition)/Disposal of treasury shares	(11)	(10)	
Net cash used in financing activities	**(2,396)**	**(1,410)**	
Cash flows from non-current assets held for sale	–	–	
Increase/(Decrease) in cash and cash equivalents before foreign exchange impact	**(1,129)**	**161**	
Translation differences	275	3	
Increase/(Decrease) in cash and cash equivalents after foreign exchange impact	**(854)**	**164**	
Cash and cash equivalents at beginning of period	**2,683**	**1,829**	
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**1,829**	**1,993**	

(1) *Operating cash flows relating to tax paid/received do not include the tax effects arising from the disposals of significant activities during the half-year, which are presented net of cash flows from investing activities, nor the tax paid in respect of dividends and interim dividends paid, relating exclusively to intra-group dividends, and presented net of cash flows from financing activities.*

6.6 Notes to the consolidated financial statements

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Pernod Ricard SA is a French public limited company *(Société Anonyme)*, subject to all laws governing commercial companies in France, 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 2026 on 26 August 2026.

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 2026 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 2026 annual consolidated financial statements are consistent with those used for the FY 2025 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 2025

The application of the standards, amendments and interpretations that came into force on 1 January 2025 had no material impact on the Group's financial statements at 30 June 2026.

Key standards, amendments and interpretations published by the IASB whose application was not mandatory at 1 July 2025

The following amendments apply to financial years beginning on or after 1 January 2027:

- IFRS 18 "Presentation and Disclosure in Financial Statements".

IFRS 18, which was published in April 2024, will replace IAS 1 "Presentation of the Financial Statements". It was adopted by the European Union in February 2026. The Group is currently analysing the impact of the standard.

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 therefore lead to results that are 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 2026 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, these 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 the proportionate or full goodwill method. 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.

Lastly, 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 it operates. In most cases, the functional currency is the entity's local currency. However, for 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 of 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

The Group conducted a climate scenario analysis based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), for three risk categories.

- **Physical risk of shortages of agricultural raw materials**

  The different climate scenarios analysed have shown a potential long-term impact on the availability of key agricultural raw materials for the Group, which could make their prices more volatile. As part of its climate strategy, Pernod Ricard has identified potential for reallocating raw materials and diversifying suppliers, in order to limit the potential financial impacts and increase the resilience of its supply chain.

- **Physical business interruption risks on production sites**

  By 2050, some industrial sites could be exposed to extreme weather events, with a genuine probability of occurrence. This forward-looking analysis has made it possible to identify the most vulnerable sites and the types of associated risks, for which adaptation plans are being drawn up, in addition to insurance cover.

- **Transition risk regarding carbon taxation**

  In countries where a carbon tax mechanism is in place, available forecasts indicate a gradual increase in the cost of a tonne of carbon by 2050, regardless of the climate scenario envisaged, which could have a financial impact on the Pernod Ricard Group:

  - directly, on Scope 1 emissions (direct emissions generated on production sites);
  - indirectly, on Scope 2 emissions (linked to power purchases) and Scope 3 (emissions generated upstream by suppliers and downstream by consumers).

The Climate Transition Plan described in subsection 3.2.1.3.3. "Transition plan" designed to achieve the carbon emissions reduction targets set by the Group (SBTi pathway) for Scopes 1, 2 and 3, should significantly reduce exposure to the transition risk associated with carbon taxation.

Based on the studies carried out to date, there is no material impact on the financial statements at 30 June 2026.

The Group's climate strategy is part of a more global approach to S&R commitments, which involves considering the potential effects:

- **On the useful life of property, plant and equipment**

  The implementation of the climate strategy does not cast doubt on the useful life of existing property, plant and equipment. It is also supported by targeted investments in industrial facilities, involving the adoption of various technologies designed to improve environmental performance.

- **On the assumptions used for impairment tests, in particular:**
  - potential impacts on the cost of raw materials, energy and transportation,
  - consumption patterns evolving towards more responsible practices, and
  - the costs associated with implementing the "Good Times from a Good Place" S&R strategy.
- **On the structure of the Group's debt**

  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 that expired in June 2024.

- **On the compensation policy**

  For several years now, all executives – including the Executive Corporate Officer – have been assigned short- and long-term sustainability objectives linked to the Group's ESG performance, in particular as regards carbon emissions. Vesting of shares under the long-term incentives plan for which they are eligible is subject to the two abovementioned criteria (carbon emissions and water consumption).

Note 1.2 Significant events during the financial year

1. Acquisitions and disposals

As part of its policy of actively managing the brand portfolio, the Pernod Ricard Group completed several disposals during the year intended to focus resources on its premium international spirits and champagne brands, which are driving growth, in line with the premiumisation strategy.

On 30 November 2025, Pernod Ricard India Private Limited (Pernod Ricard India) completed the disposal of its Imperial Blue division to Tilaknagar Industries Ltd (TI), a major player in the Indian spirits market. This disposal will enable Pernod Ricard India to redirect its focus on its strategic brands and help it to take full advantage of the trend towards premiumisation in the Indian market, while ensuring sustained and profitable growth.

On 1 April 2026, the Group announced the completion of the disposal of Pernod Ricard's sparkling wine brands in the United States – Mumm Sparkling California, Mumm Napa and DVX – to Trinchero Family Wine and Spirits.

Alongside this transaction, the Group finalised the sale of its Kenwood winery operations and associated brands to F. Korbel & Bros, California's leading producer of sparkling wines. The agreement includes the sale of around eight hectares of high-quality vineyards, its production facilities and visitor centre.

2. Bond issues and redemptions

On 22 January 2026, Pernod Ricard SA redeemed, early and in full, a USD 600 million bond issued on 8 June 2016, bearing a 3.25% coupon. The original maturity date was 8 June 2026.

On 18 May 2026, Pernod Ricard SA redeemed, in full, a €600 million bond issued on 17 May 2016, bearing a 1.5% coupon.

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 annually and most recently on 24 October 2025 (the "Programme"). Under the terms of the Programme, the Group may issue bonds by means of private placements in various currencies. The securities may be admitted to trading on Euronext Paris. The maximum nominal amount of securities outstanding under the Programme is set at €10 billion (or the equivalent in any other currency).

On 4 November 2025, Pernod Ricard SA carried out a euro-denominated bond issue for an amount of €1 billion, split into two tranches with maturities of 7 years and 11 years. Favourable market conditions and the positive response from investors to the announcement of the issue allowed Pernod Ricard to place these bonds at coupon rates of 3.25% and 3.75% respectively.

In addition, Pernod Ricard issued a two-year private placement worth €200 million. The average coupon rate for this €1.2 billion bond issue is 3.30%, with an average maturity of around 8 years.

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 JUNE 2025 € millions	Americas	Asia/Rest of the World	Europe	Total
Income statement items				
Segment net sales	3,745	5,388	8,711	17,844
o/w inter-segment sales	*590*	*753*	*5,541*	*6,884*
Net sales (excluding Group)	**3,154**	**4,635**	**3,170**	**10,959**
Gross margin after logistics expenses	2,021	2,620	1,875	6,516
Contribution after advertising and promotion expenses	1,419	2,040	1,378	4,837
Profit from recurring operations	**847**	**1,360**	**744**	**2,951**
Other information				
Current investments	173	104	512	790
Depreciation, amortisation and impairment, net	(101)	(73)	(302)	(476)

30 JUNE 2026 € millions	Americas	Asia/Rest of the World	Europe	Total
Income statement items				
Segment net sales	3,176	4,517	8,318	16,011
o/w inter-segment sales	*592*	*597*	*5,418*	*6,607*
Net sales (excluding Group)	**2,584**	**3,920**	**2,900**	**9,404**
Gross margin after logistics expenses	1,587	2,172	1,736	5,495
Contribution after advertising and promotion expenses	1,104	1,679	1,303	4,086
Profit from recurring operations	**659**	**1,074**	**690**	**2,423**
Other information				
Current investments	74	108	313	494
Depreciation, amortisation and impairment, net	(110)	(109)	(289)	(508)

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

30 JUNE 2026 € millions	Americas	Asia/Rest of the World	Europe	Total
Current investments	22	72	50	144
Depreciation, amortisation and impairment, net	(52)	(36)	(53)	(140)

BREAKDOWN OF NET SALES BY BRAND

€ millions	30.06.2025 published	30.06.2025 restated	30.06.2026	Change	Change (%)
Strategic International Brands	6,714	6,714	6,096	(618)	-9%
Strategic Local Brands	2,017	2,017	1,656	(361)	-18%
Strategic Wines	438	—	—	—	0%
Specialty	807	807	713	(94)	-12%
Other products	983	1,421	938	(483)	-34%
TOTAL	**10,959**	**10,959**	**9,404**	**(1,555)**	**-14%**

Following the disposal of strategic international wine brands in FY 2025, the contribution from wine brands is included in the "Other products" segment from FY 2026 onwards.

This change in segmentation has been applied to the period ended 30 June 2025 to ensure meaningful comparison.

BREAKDOWN OF NET SALES BY COUNTRY

€ millions	United States	China	India	France	Other countries	Total
Net sales for FY 2025	2,028	886	1,454	547	6,046	10,959
Net sales for FY 2026	1,588	687	1,193	496	5,440	9,404

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	30.06.2025	30.06.2026
Impairment of property, plant and equipment and intangible assets	(42)	(76)
Gains or losses on asset disposals and acquisition costs	4	102
Net restructuring and reorganisation expenses	(136)	(288)
Disputes and risks	(24)	10
Other non-recurring operating income and expenses	(10)	(10)
Other operating income/(expenses)	**(208)**	**(261)**

In FY 2026, other operating income and expenses mainly consisted of €288 million in net restructuring and reorganisation costs and positive €102 million in gains or losses on asset disposals.

Note 3.2 Financial income/(expense)

€ millions	30.06.2025	30.06.2026
Interest expense on net financial debt	(496)	(474)
Interest expense on lease liabilities	(19)	(20)
Interest income on net financial debt	92	72
Net financing cost	**(423)**	**(422)**
Structuring and placement fees	(1)	(1)
Net financial impact of pensions and other long-term employee benefits	(12)	(6)
Other net financial income/(expense) from recurring operations	(18)	8
Financial income/(expense) from recurring operations	**(455)**	**(421)**
Foreign currency gains/(losses)	(31)	(21)
Other non-recurring financial income and expenses	(7)	2
TOTAL FINANCIAL INCOME/(EXPENSE)	**(492)**	**(440)**

In the year to 30 June 2026, the net financing cost included financial expenses on bonds for €332 million, commercial paper for €13 million, factoring and securitisation agreements for €51 million, interest on lease liabilities for €20 million, and other expenses for €6 million.

Weighted average cost of debt

The Group's weighted average cost of debt was 3.4% over FY 2026 compared to 3.2% over FY 2025.

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	30.06.2025	30.06.2026
Current income tax	(458)	(426)
Deferred income tax	(116)	(57)
TOTAL	**(574)**	**(482)**

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

€ millions	30.06.2025	30.06.2026
Operating profit	2,743	2,162
Financial income/(expense)	(492)	(440)
Taxable profit	**2,251**	**1,722**
Theoretical tax expense at the income tax rate in France	(581)	(445)
Impact of tax rate differences by jurisdiction	130	94
Tax impact of changes in exchange rates	1	(3)
Re-estimation of deferred tax assets linked to tax rate changes	1	—
Impact of tax losses used/not used	(5)	(14)
Impact of reduced/increased tax rates on taxable results	—	—
Taxes on distributions	(28)	(43)
Other impacts	(92)	(71)
Effective income tax expense	**(574)**	**(482)**
Effective tax rate	**26%**	**28%**

The impact of the implementation of Pillar Two on the Group's effective tax rate for FY 2026 is not material.

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:

€ millions	30.06.2025	30.06.2026
Margins in inventories	180	154
Fair value adjustments on assets and liabilities	3	3
Provisions for pension benefits	41	31
Deferred tax assets relating to tax loss carryforwards	872	931
Provisions (other than provisions for pensions benefits) and other items	422	404
TOTAL DEFERRED TAX ASSETS	**1,518**	**1,523**
Accelerated tax depreciation	251	264
Fair value adjustments on assets and liabilities	2,656	2,719
Pension plan assets and other items	156	141
TOTAL DEFERRED TAX LIABILITIES	**3,063**	**3,125**

Tax loss carryforwards (recognised and unrecognised) represented potential tax savings of €1,259 million at 30 June 2026 versus €1,173 million at 30 June 2025. The potential tax savings at 30 June 2026 and 30 June 2025 relate to tax loss carryforwards with the following expiry dates:

AT 30 JUNE 2025

	Tax effect of tax loss carryforwards € millions	
Year	**Losses recognised**	**Losses not recognised**
2025	0	3
2026	0	4
2027	1	2
2028	0	4
2029 and beyond	602	199
No expiry date	268	89
TOTAL	**872**	**301**

AT 30 JUNE 2026

	Tax effect of tax loss carryforwards € millions	
Year	**Losses recognised**	**Losses not recognised**
2026	4	6
2027	1	3
2028	—	1
2029	1	2
2030 and beyond	471	215
No expiry date	454	100
TOTAL	**931**	**328**

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

(€ millions)	30.06.2025	30.06.2026
Other current tax liabilities	115	104
Uncertain tax positions	87	90
TOTAL CURRENT TAX LIABILITIES	**203**	**194**

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)	**30.06.2025**	**30.06.2026**
Group share of net profit	1,626	1,203
Denominator (number of shares)		
Average number of outstanding shares	**251,515,214**	**251,763,968**
Dilutive effect of performance share grants	495,311	578,172
Dilutive effect of stock options	748	—
Average number of outstanding shares – diluted	**252,011,273**	**252,342,140**
Earnings per share (€)		
Earnings per share – basic	6.47	4.78
Earnings per share – diluted	6.45	4.77

Note 3.5 Expenses by type

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

€ millions	**30.06.2025**	**30.06.2026**
TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT EXPENSE	**(476)**	**(508)**
Salaries and payroll costs	(1,610)	(1,518)
Pensions, medical expenses and other similar benefits under defined-benefit plans	(27)	(23)
Share-based payments	(26)	(13)
TOTAL EMPLOYEE BENEFITS EXPENSE	**(1,663)**	**(1,554)**

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.

		Movements during the period					
€ millions	30.06.2024	Acquisitions	Additions and reversals	Disposals	Translation adjustments	Other movements	30.06.2025
Goodwill	6,893	31	—	(11)	(397)	(30)	6,486
Trademarks	14,106	—	—	—	(819)	(3)	13,284
Software and other intangible assets	586	33	—	(7)	(21)	(12)	579
Gross value	**21,584**	**64**	**—**	**(17)**	**(1,237)**	**(45)**	**20,349**
Goodwill	(87)	—	—	7	—	—	(80)
Trademarks	(2,056)	—	(24)	—	165	—	(1,916)
Software and other intangible assets	(402)	—	(63)	7	15	11	(432)
Amortisation/impairment	**(2,545)**	**—**	**(88)**	**13**	**181**	**11**	**(2,428)**
INTANGIBLE ASSETS, NET	**19,039**	**64**	**(88)**	**(4)**	**(1,057)**	**(35)**	**17,921**

	Movements during the period						
€ millions	30.06.2025	Acquisitions	Additions and reversals	Disposals	Translation adjustments	Other movements	30.06.2026
Goodwill	6,486	—	—	(33)	81	5	6,538
Trademarks	13,284	—	—	(46)	172	—	13,410
Software and other intangible assets	579	32	—	(15)	9	(7)	597
Gross value	**20,349**	**32**	**—**	**(95)**	**262**	**(3)**	**20,545**
Goodwill	(80)	—	—	—	—	—	(80)
Trademarks	(1,916)	—	(40)	6	(33)	—	(1,983)
Software and other intangible assets	(432)	—	(66)	13	(7)	10	(482)
Amortisation/impairment	**(2,428)**	**—**	**(106)**	**19**	**(40)**	**10**	**(2,545)**
INTANGIBLE ASSETS, NET	**17,921**	**32**	**(106)**	**(76)**	**222**	**7**	**18,000**

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 during the financial 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 carried out during the financial year, 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 June 2026**	**Net carrying amount of trademarks at 30 June 2026**	**Value in use**		
				Discount rate 2025	**Discount rate 2026**	**Perpetual growth rate**
Europe	Value in use based on the discounted cash flow method	2,066	4,321	6.05%	5.87%	From -1% to +2.5%
Americas		3,631	6,534	8.20%	7.81%	From -1% to +2.5%
Asia/Rest of the World		760	572	8.00%	7.59%	From -1% to +2.5%

The following table shows the amount of any additional impairment at 30 June 2026 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 bp increase in the after-tax discount rate;
- a 50 bp 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	—	(1)	—
Americas	(3)	(8)	(4)
Asia/Rest of the World	—	—	—
TOTAL	**(3)**	**(8)**	**(4)**

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 30 years
Ageing (and storage) barrels	5 to 50 years
Other property, plant and equipment	3 to 10 years
Biological assets	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, biological assets 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	**30.06.2024**	**Acquisitions**	**Additions and reversals**	**Disposals**	**Translation adjustments**	**Other movements**	**30.06.2025**	***O/w right-of-use assets***
Land	375	12	—	(14)	(20)	60	415	*21*
Buildings	2,175	138	—	(66)	(59)	101	2,289	*530*
Plant, equipment and tooling	3,273	158	—	(95)	(112)	150	3,375	*60*
Other tangible asset	387	56	—	(30)	(20)	(12)	381	*84*
Assets in progress	644	392	—	(1)	(23)	(301)	712	—
Gross value	**6,855**	**757**	**—**	**(205)**	**(234)**	**(1)**	**7,171**	***694***
Land	(34)	—	(3)	3	5	(3)	(32)	*(4)*
Buildings	(904)	—	(132)	52	23	7	(953)	*(258)*
Plant, equipment and tooling	(1,710)	—	(192)	89	56	5	(1,752)	*(26)*
Other and in progress tangible asset	(225)	—	(49)	26	8	11	(229)	*(43)*
AMORTISATION/ IMPAIRMENT	**(2,873)**	**—**	**(376)**	**169**	**93**	**21**	**(2,966)**	***(331)***
PROPERTY, PLANT AND EQUIPMENT, NET	**3,982**	**757**	**(376)**	**(35)**	**(140)**	**18**	**4,206**	***363***

€ millions	30.06.2025	Movements during the period: Acquisitions	Additions and reversals	Disposals	Translation adjustments	Other movements	30.06.2026	*O/w right-of-use assets*
Land	415	4	—	(8)	—	25	436	*20*
Buildings	2,289	89	—	(77)	17	148	2,467	*553*
Plant, equipment and tooling	3,375	129	—	(92)	4	204	3,620	*85*
Other tangible asset	381	44	—	(35)	9	(16)	384	*85*
Assets in progress	712	196	—	(1)	(1)	(394)	512	—
Gross value	**7,171**	**463**	**—**	**(212)**	**29**	**(33)**	**7,418**	***743***
Land	(32)	—	(4)	3	—	(2)	(34)	*(3)*
Buildings	(953)	—	(166)	56	(6)	3	(1,066)	*(320)*
Plant, equipment and tooling	(1,752)	—	(191)	61	(2)	(2)	(1,885)	*(34)*
Other and in progress tangible asset	(229)	—	(41)	31	(3)	(2)	(244)	*(46)*
AMORTISATION/ IMPAIRMENT	**(2,966)**	**—**	**(402)**	**152**	**(12)**	**(3)**	**(3,230)**	***(403)***
PROPERTY, PLANT AND EQUIPMENT, NET	**4,206**	**463**	**(402)**	**(61)**	**17**	**(36)**	**4,187**	***341***

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	30.06.2025 Current	30.06.2025 Non-current	30.06.2026 Current	30.06.2026 Non-current
Net financial assets				
Equity instruments	—	553	—	694
Net value of IAS 19 plans in surplus	—	214	—	138
Loans, guarantees and deposits	—	203	—	242
Other financial assets	—	4	—	24
Total net non-current financial assets	**—**	**974**	**—**	**1,098**
Derivative instruments	—	36	6	23
FINANCIAL ASSETS	**18**	**1,010**	**6**	**1,122**

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

		Movements during the period					
€ millions	30.06.2024	Acquisitions	Additions	Disposals	Translation adjustments	Other movements	30.06.2025
Equity instruments	502	33	—	(4)	(38)	61	553
Net value of IAS 19 plans in surplus	233	—	—	—	(4)	(15)	214
Loans, guarantees and deposits	195	32	—	(12)	(16)	11	208
Other financial assets	7	—	—	1	(3)	1	7
Gross value	**937**	**65**	**—**	**(16)**	**(60)**	**57**	**983**
Provisions for loans, guarantees and deposits	(2)	—	—	—	—	(3)	(6)
Provisions for other financial assets	(2)	—	0	—	—	(2)	(4)
Provisions	**(5)**	**—**	**—**	**—**	**—**	**(5)**	**(9)**
NON-CURRENT FINANCIAL ASSETS, NET	**932**	**65**	**—**	**(16)**	**(60)**	**52**	**974**

		Movements during the period					
€ millions	30.06.2025	Acquisitions	Additions	Disposals	Translation adjustments	Other movements	30.06.2026
Equity instruments	553	30	—	(32)	16	127	694
Net value of IAS 19 plans in surplus	214	—	—	—	(2)	(73)	138
Loans, guarantees and deposits	208	29	—	(11)	13	13	253
Other financial assets	7	20	—	(1)	—	1	27
Gross value	**983**	**78**	**—**	**(43)**	**27**	**68**	**1,113**
Provisions for loans, guarantees and deposits	(6)	—	1	—	—	(7)	(11)
Provisions for other financial assets	(4)	—	(1)	(1)	—	2	(4)
Provisions	**(9)**	**—**	**1**	**(1)**	**—**	**(5)**	**(15)**
NON-CURRENT FINANCIAL ASSETS, NET	**974**	**78**	**1**	**(44)**	**27**	**63**	**1,098**

Financial assets at 30 June 2026 mainly comprise equity instruments for €694 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 €138 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 portion 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 follows:

		Movements during the period				
€ millions	**30.06.2024**	**Change in gross values**	**Change in impairment**	**Translation adjustments**	**Other movements**	**30.06.2025**
Raw materials	274	(44)	—	(15)	12	227
Work in progress	196	(5)	—	(17)	(7)	168
Ageing inventories	6,643	519	—	(105)	42	7,099
Finished products	1,237	(103)	—	(76)	(31)	1,027
Gross value	**8,350**	**366**	**—**	**(212)**	**16**	**8,520**
Raw materials	(16)	—	(1)	1	—	(16)
Work in progress	(3)	—	—	—	—	(2)
Ageing inventories	(27)	—	(11)	1	(1)	(37)
Finished products	(49)	—	(1)	5	—	(47)
Impairment	**(94)**	**—**	**(13)**	**7**	**(1)**	**(102)**
NET INVENTORIES	**8,255**	**366**	**(13)**	**(205)**	**14**	**8,418**

		Movements during the period				
€ millions	**30.06.2025**	**Change in gross values**	**Change in impairment**	**Translation adjustments**	**Other movements**	**30.06.2026**
Raw materials	227	(53)	—	2	17	192
Work in progress	168	—	—	1	1	170
Ageing inventories	7,099	135	—	6	(7)	7,232
Finished products	1,027	(67)	—	10	9	979
Gross value	**8,520**	**14**	**—**	**19**	**20**	**8,573**
Raw materials	(16)	—	1	(1)	—	(16)
Work in progress	(2)	—	(4)	—	—	(7)
Ageing inventories	(37)	—	1	(1)	8	(28)
Finished products	(47)	—	—	(1)	(5)	(52)
Impairment	**(102)**	**—**	**(3)**	**(2)**	**3**	**(104)**
NET INVENTORIES	**8,418**	**14**	**(3)**	**17**	**23**	**8,470**

At 30 June 2026, ageing inventories intended mainly for use in whisky and cognac production accounted for 85% of total inventories. 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 2025 and 30 June 2026 by due date:

			Days past due				
€ millions	Net carrying amount	Not 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 2025	1,484	1,202	120	58	12	69	23
o/w impairment	*(93)*	*(19)*	*(1)*	*(1)*	*(3)*	*(22)*	*(48)*
Trade receivables and other operating receivables at 30 June 2026	1,372	1,195	72	48	44	6	7
o/w impairment	*(94)*	*(20)*	*(1)*	*(1)*	*(4)*	*(5)*	*(63)*

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

€ millions	FY 2025	FY 2026
At 1 July	**91**	**93**
Allowances for the year	19	10
Reversals during the year	(7)	(2)
Used during the year	(2)	(6)
Translation adjustments	(8)	1
AT 30 JUNE	**93**	**94**

At 30 June 2026, 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 €1,105 million at 30 June 2026 and €1,122 million at 30 June 2025. 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:

€ millions	30.06.2025	30.06.2026
Advances and down payments	55	57
Tax accounts receivable, excluding income tax	210	247
Prepaid expenses	125	113
Other receivables	55	59
TOTAL	**444**	**476**

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 liability.

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:

€ millions	30.06.2025	30.06.2026
Non-current provisions		
Provisions for pensions and other long-term employee benefits	265	216
Other non-current provisions for contingencies and losses	298	310
Current provisions		
Provisions for restructuring	59	80
Other current provisions for contingencies and losses	88	45
TOTAL	**710**	**650**

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

		Movements during the period						
€ millions	30.06.2025	Additions	Reversals – Utilisations	Reversals – Surplus	Reclassifi-cations	Translation adjustments	Other movements	30.06.2026
Provisions for restructuring	59	114	(85)	(9)	(2)	1	—	80
Other current provisions	88	27	(3)	(32)	(31)	(3)	—	45
Other non-current provisions	298	34	(2)	(51)	41	(10)	—	310
TOTAL PROVISIONS	**445**	**176**	**(91)**	**(92)**	**9**	**(12)**	**—**	**435**

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 2026, the provisions recorded by the Group for all disputes and risks in which it is involved amounted to €355 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 limitations 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 2025 and FY 2026 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 2026, fully or partly funded benefit obligations totalled €2,982 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 2025 and 30 June 2026:

	30.06.2025			30.06.2026		
€ millions	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	(55)	98	44	(41)	92	51
Net expense/(income) for the period	41	9	49	108	7	115
Actuarial (gains)/losses[(1)]	24	(1)	22	(33)	(1)	(34)
Employer contributions	(44)	—	(44)	(38)	—	(38)
Benefits paid directly by the employer	(8)	(12)	(21)	(8)	(9)	(17)
Changes in scope of consolidation	—	5	5	—	—	—
Translation adjustments	1	(6)	(6)	—	—	1
Net (asset)/liability at end of period	**(41)**	**92**	**51**	**(12)**	**90**	**77**
Amount recognised in assets	(214)	—	(214)	(138)	—	(138)
AMOUNT RECOGNISED IN LIABILITIES	**173**	**92**	**265**	**126**	**90**	**216**

(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:

	30.06.2025			30.06.2026		
€ millions	Pension obligations	Medical expenses and other employee benefits	Total	Pension obligations	Medical expenses and other employee benefits	Total
Current service cost	24	3	27	20	2	23
Interest on the provision	(5)	5	(1)	(4)	4	1
• o/w interest on the obligation	162	5	166	162	4	166
• o/w interest on the assets	(169)	—	(169)	(168)	—	(168)
• o/w interest on the limitation of the assets	3	—	3	3	—	3
Fees/levies/premiums	12	—	12	11	—	11
Impact of plan amendments/curtailments	1	—	1	76	1	76
Impact of settlements	10	—	10	5	—	5
Actuarial (gains)/losses	—	—	—	—	—	—
Effect of the asset ceiling (including the impact of IFRIC 14)	—	—	—	—	—	—
NET EXPENSE/(INCOME) RECOGNISED IN PROFIT AND LOSS	**41**	**9**	**49**	**108**	**7**	**115**

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

	30.06.2025			30.06.2026		
€ millions	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	3,342	99	3,441	3,111	92	3,203
Current service cost	24	3	27	20	2	23
Interest cost (effect of discounting)	162	5	166	162	4	166
Employee contributions	5	—	5	4	—	4
Benefits paid	(235)	(12)	(247)	(227)	(9)	(236)
Administrative fees/premiums/levies	—	—	—	—	—	—
Plan amendments/curtailments	1	—	1	76	1	76
Settlements	—	—	—	—	—	—
Actuarial (gains)/losses	(135)	(1)	(136)	(71)	(1)	(72)
Translation differences	(58)	(6)	(64)	(18)	—	(17)
Changes in scope of consolidation	5	5	10	—	—	—
Actuarial value of cumulative benefit obligations at end of period	**3,111**	**93**	**3,203**	**3,057**	**90**	**3,147**
CHANGE IN THE FAIR VALUE OF PLAN ASSETS	—	—	—			
Fair value of plan assets at beginning of period	3,452	—	3,452	3,209	—	3,209
Interest income on plan assets	169	—	169	168	—	168
Experience gains/(losses) on plan assets	(156)	—	(156)	(27)	—	(27)
Employee contributions	5	—	5	4	—	4
Employer contributions	44	—	44	38	—	38
Benefits paid	(227)	—	(227)	(218)	—	(218)
Administrative fees/premiums/levies	(12)	—	(12)	(11)	—	(11)
Plan amendments/curtailments	—	—	—	—	—	—
Settlements	(10)	—	(10)	(5)	—	(5)
Translation differences	(64)	—	(64)	(19)	—	(19)
Changes in scope of consolidation	6	—	6	—	—	—
Fair value of plan assets at end of period	**3,209**	**—**	**3,209**	**3,140**	**—**	**3,140**
Present value of funded benefits	3,032	—	3,032	2,982	—	2,982
Fair value of plan assets	3,209	—	3,209	3,140	—	3,140
Deficit/(surplus) on funded benefits	**(177)**	**—**	**(177)**	**(158)**	**—**	**(158)**
Present value of unfunded benefits	79	92	172	75	90	165
Effect of the asset ceiling (including the impact of IFRIC 14)	56	—	56	70	—	70
NET (ASSETS)/LIABILITIES RECOGNISED IN THE BALANCE SHEET	**(41)**	**92**	**51**	**(12)**	**90**	**77**

30.06.2026	Actuarial value of cumulative benefit obligations (€ millions)	%	Fair value of plan assets (€ millions)	%	Plan asset ceiling (€ millions)	%	Amount recognised in liabilities and shareholders' equity (€ millions)	%	Amount recognised in assets (€ millions)	%
United Kingdom	2,423	77.0%	2,497	79.5%	9	12.4%	51	23.7%	(116)	83.6%
United States	230	7.3%	197	6.3%	—	0.0%	39	17.9%	(5)	3.9%
Canada	83	2.6%	135	4.3%	62	87.6%	24	11.2%	(14)	10.5%
Ireland	193	6.1%	188	6.0%	—	0.0%	6	2.7%	(1)	0.9%
France	70	2.2%	17	0.5%	—	0.0%	54	25.3%	(1)	0.8%
Other countries	148	4.7%	107	3.4%	—	0.0%	41	19.1%	—	0.4%
TOTAL	**3,147**	**100.0%**	**3,140**	**100.0%**	**70**	**100.0%**	**216**	**100.0%**	**(138)**	**100.0%**

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

Breakdown of plan assets	30.06.2025 Pension obligations	30.06.2025 Medical expenses and other employee benefits	30.06.2026 Pension obligations	30.06.2026 Medical expenses and other employee benefits
Shares	7%	N/A	6%	N/A
Bonds	14%	N/A	11%	N/A
Other money market funds	6%	N/A	4%	N/A
Property assets	2%	N/A	2%	N/A
Other	71%	N/A	77%	N/A
TOTAL	**100%**	**N/A**	**100%**	**N/A**

N/A: not applicable.

At 30 June 2026, "Other" assets notably included the value of the insurance policy taken out with Rothesay Life covering the obligations insured as part of the two buy-ins conducted in FY 2020 and December 2024.

Contributions payable by the Group in FY 2027 in respect of funded benefits are estimated at €43 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
2027	242	7
2028	237	7
2029	243	7
2030	250	7
2031	258	8
2031/2035	1,395	34

At 30 June 2025 and 30 June 2026, the main assumptions used for the measurement of pension obligations and other long-term employee benefits were as follows:

	30.06.2025		30.06.2026	
Actuarial assumptions in respect of obligations	**Pension obligations**	**Medical expenses and other employee benefits**	**Pension obligations**	**Medical expenses and other employee benefits**
Discount rate	5.35%	5.05%	5.64%	5.32%
Average rate of increase in annuities	3.26%	N/A	3.24%	N/A
Average salary increase	3.27%	3.68%	3.61%	3.81%
Expected increase in medical expenses				
• Initial rate	N/A	6.13%	N/A	6.69%
• Final rate	N/A	4.20%	N/A	4.21%

N/A: not applicable.

	30.06.2025		30.06.2026	
Actuarial assumptions in respect of the expense for the financial year	**Pension obligations**	**Medical expenses and other employee benefits**	**Pension obligations**	**Medical expenses and other employee benefits**
Discount rate	4.99%	5.13%	5.35%	5.05%
Average rate of increase in annuities	3.38%	N/A	3.26%	N/A
Average salary increase	3.39%	3.92%	3.27%	3.68%
Expected increase in medical expenses				—
• Initial rate	N/A	6.78%	N/A	6.13%
• Final rate	N/A	4.35%	N/A	4.20%

N/A: not applicable.

Actuarial assumptions at 30 June 2026 (pension and other benefit obligations) By region	**United Kingdom**	**United States**	**Canada**	**Eurozone countries**	**Other non-eurozone countries**
Discount rate	5.81%	5.44%	5.11%	4.36%	5.62%
Average rate of increase in annuities	3.35%	N/A	N/A	2.25%	2.23%
Average salary increase	3.15%	2.98%	3.00%	3.24%	8.57%
Expected increase in medical expenses					
• Initial rate	6.50%	8.75%	4.47%	3.63%	N/A
• Final rate	6.50%	4.00%	3.42%	3.63%	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): 3.30%;
- medium-term rate (5-10 years): 3.70%;
- long-term rate (more than 10 years): 4.10%.

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 2026	3,057	90	3,147
Obligations at 30 June 2026 with a 0.5% decrease in the discount rate	3,214	94	3,308
Obligations at 30 June 2026 with a 0.5% increase in the discount rate	2,914	85	3,000

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

	Effect of change		
Post-employment medical benefits (€ millions)	With current rate	1% increase	1% decrease
On the present value of the benefit obligations at 30 June 2026	67	5	(4)
On the expense for FY 2026	4	—	—

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

	30.06.2026	
€ millions	Pension obligations	Medical expenses and other employee benefits
Amounts of experience losses or (gains) on benefit obligations	(17)	—
Percentage compared with amounts of benefit obligations	-0.6%	0.4%
Amounts of financial assumption losses or (gains) on benefit obligations	(78)	(2)
Percentage compared with amounts of benefit obligations	-2.6%	-1.8%
Amounts of demographic assumption losses or (gains) on benefit obligations	24	—
Percentage compared with amounts of benefit obligations	0.8%	0.3%
Amounts of experience losses or (gains) on plan assets	27	—
Percentage compared with amounts of plan assets	0.9%	0.0%
Amounts of experience losses or (gains) on the asset ceiling	12	—
Percentage compared with amounts of plan assets	0.4%	0.0%
Average duration (years)	10.14	10.31

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

	30.06.2025			30.06.2026		
€ millions	Current	Non-current	Total	Current	Non-current	Total
Bonds	**1,241**	**10,339**	**11,579**	**156**	**11,613**	**11,768**
Syndicated loan	—	—	—	—	—	—
Commercial paper	379	—	379	195	—	195
Other borrowings and debt	99	96	195	140	115	254
Other financial liabilities	**478**	**96**	**574**	**334**	**115**	**449**
Gross financial debt	**1,718**	**10,434**	**12,153**	**490**	**11,727**	**12,217**
Fair value hedge derivatives – assets	—	—	—	—	—	—
Fair value hedge derivatives – liabilities	4	—	4	—	—	—
Fair value hedge derivatives	**4**	**—**	**4**	**—**	**—**	**—**
Net investment hedge derivatives – assets	—	(36)	(36)	—	(22)	(22)
Net investment hedge derivatives – liabilities	—	—	—	—	10	10
Net investment hedge derivatives	**—**	**(36)**	**(36)**	**—**	**(11)**	**(11)**
Financial debt after hedging	**1,723**	**10,398**	**12,121**	**490**	**11,716**	**12,206**
Cash and cash equivalents	**(1,829)**	**—**	**(1,829)**	**(1,993)**	**—**	**(1,993)**
Net financial debt excluding lease liabilities	**(106)**	**10,398**	**10,292**	**(1,503)**	**11,716**	**10,213**
Lease liabilities	**91**	**344**	**435**	**93**	**356**	**449**
NET FINANCIAL DEBT	**(16)**	**10,743**	**10,727**	**(1,410)**	**12,073**	**10,662**

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

		Changes in cash flows	Changes in cash flows with no cash impact			
€ millions	30.06.2025	Total cash flows	Foreign currency gains and losses	Change in fair value	Other	30.06.2026
Bonds	**11,579**	**(218)**	**70**	**4**	**333**	**11,768**
Syndicated loan	—	—	—	—	—	—
Commercial paper	379	(185)	—	—	1	195
Other borrowings and debt	195	25	3	31	—	254
Gross financial debt	**12,153**	**(378)**	**73**	**35**	**334**	**12,217**
Fair value hedge derivatives – assets	—	—	—	—	—	—
Fair value hedge derivatives – liabilities	4	—	—	(4)	—	—
Fair value hedge derivatives	**4**	**—**	**—**	**(4)**	**—**	**—**
Economic net investment hedge derivatives – assets	(36)	—	—	—	15	(22)
Economic net investment hedge derivatives – liabilities	—	—	—	—	10	10
Economic net investment hedge derivatives – liabilities	**(36)**	**—**	**—**	**—**	**25**	**(11)**
Financial debt after hedging	**12,121**	**(378)**	**73**	**31**	**359**	**12,206**
Cash and cash equivalents	(1,829)	(166)	2	—	—	(1,993)
Net financial debt excluding lease liabilities	**10,292**	**(544)**	**75**	**31**	**359**	**10,213**
Lease liabilities	435	(101)	—	—	115	449
NET FINANCIAL DEBT	**10,727**	**(645)**	**75**	**31**	**474**	**10,662**

2. Breakdown of debt excluding lease liabilities by currency before and after foreign exchange hedging instruments at 30 June 2025 and 30 June 2026

30.06.2025 *€ 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	9,155	4	9,159	(617)	8,542	76%	83%
USD	2,962	616	3,579	(355)	3,224	30%	31%
GBP	1	(92)	(91)	(103)	(194)	-1%	-2%
SEK	—	(397)	(397)	(15)	(412)	-3%	-4%
Other currencies	34	(163)	(129)	(740)	(869)	-1%	-8%
FINANCIAL DEBT BY CURRENCY	**12,153**	**(32)**	**12,121**	**(1,829)**	**10,292**	**100%**	**100%**

30.06.2026 *€ 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	9,606	(751)	8,856	(712)	8,144	73%	80%
USD	2,559	969	3,528	(351)	3,177	29%	31%
GBP	1	(89)	(87)	(93)	(181)	-1%	-2%
SEK	—	(144)	(144)	(47)	(191)	-1%	-2%
Other currencies	51	3	54	(790)	(737)	0%	-7%
FINANCIAL DEBT BY CURRENCY	**12,217**	**(11)**	**12,206**	**(1,993)**	**10,213**	**100%**	**100%**

3. Breakdown of fixed-rate/floating-rate debt excluding lease liabilities before and after hedging at 30 June 2025 and 30 June 2026

	30.06.2025				30.06.2026			
€ millions	Debt before hedging		Debt after hedging		Debt before hedging		Debt after hedging	
Fixed-rate debt	11,714	97%	11,544	95%	11,697	96%	11,897	97%
Floating-rate debt	407	3%	577	5%	509	4%	309	3%
FINANCIAL DEBT AFTER HEDGING BY RATE TYPE	**12,121**	**100%**	**12,121**	**100%**	**12,206**	**100%**	**12,206**	**100%**

At 30 June 2026, before taking account of any hedges, the Group's gross debt was 96% fixed rate and 4% floating rate. After hedging, the floating-rate portion was 3%.

4. Schedule of financial liabilities at 30 June 2026

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 2025 and 30 June 2026.

30.06.2025 *€ 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	12,153	12,023	429	1,160	16	1,624	1,354	1,515	5,925
Interest	—	2,400	164	135	273	273	242	212	1,101
Gross financial debt	**12,153**	**14,424**	**593**	**1,295**	**290**	**1,898**	**1,596**	**1,727**	**7,026**
Lease liabilities	**435**	**557**	**38**	**69**	**85**	**66**	**54**	**42**	**203**
Cross-currency swaps	—	—	—	—	—	—	—	—	—
Flows payable	—	—	—	—	—	—	—	—	—
Flows receivable	—	—	—	—	—	—	—	—	—
Derivatives – liabilities	18	10	7	3	—	—	—	—	—
Derivatives – liabilities	**18**	**10**	**7**	**3**	**—**	**—**	**—**	**—**	**—**
TOTAL FINANCIAL LIABILITIES	**12,605**	**14,992**	**638**	**1,368**	**375**	**1,963**	**1,649**	**1,769**	**7,229**

30.06.2026 *€ 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	12,217	12,062	279	84	1,843	1,360	1,518	1,499	5,481
Interest	—	2,467	159	166	313	279	249	231	1,071
Gross financial debt	**12,217**	**14,529**	**438**	**249**	**2,156**	**1,638**	**1,767**	**1,729**	**6,552**
Lease liabilities	**449**	**559**	**38**	**70**	**90**	**69**	**54**	**47**	**191**
Cross-currency swaps	10	—	—	—	—	—	—	—	—
Flows payable	—	648	13	12	24	24	24	551	—
Flows receivable	—	(601)	—	(18)	(17)	(17)	(17)	(532)	—
Derivatives – liabilities	11	10	10	—	—	—	—	—	—
Derivatives – liabilities	**21**	**56**	**22**	**(6)**	**7**	**7**	**7**	**19**	**—**
TOTAL FINANCIAL LIABILITIES	**12,687**	**15,144**	**498**	**313**	**2,252**	**1,714**	**1,827**	**1,796**	**6,742**

5. Credit lines

At 30 June 2026, credit lines mainly comprised the multi-currency syndicated loan of €2,100 million, a bilateral line of €450 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 30.06.2026 € millions
EUR 600 million	3.75%	15.09.2023	15.09.2027	617
EUR 500 million	0.50%	24.10.2019	24.10.2027	501
USD 600 million	1.25%	01.10.2020	01.04.2028	527
EUR 600 million	3.25% *	02.11.2022	02.11.2028	609
EUR 750 million	1.38% *	07.04.2022	07.04.2029	747
EUR 500 million	0.13%	04.10.2021	04.10.2029	496
EUR 1,000 million	1.75%	06.04.2020	08.04.2030	1,007
EUR 700 million	3.38%	07.05.2024	07.11.2030	709
USD 900 million	1.63%	01.10.2020	01.04.2031	788
EUR 500 million	0.88%	24.10.2019	24.10.2031	499
EUR 500 million	3.75% *	02.11.2022	02.11.2032	506
EUR 750 million	3.75%	15.09.2023	15.09.2033	761
EUR 800 million	3.63%	07.05.2024	07.05.2034	796
USD 850 million	5.50%	12.01.2012	15.01.2042	754
USD 500 million	2.75%	01.10.2020	01.10.2050	429
EUR 800 million	3.25%	03.03.2025	03.03.2032	805
EUR 500 million	3.25%	04.11.2025	04.02.2033	507
EUR 500 million	3.75%	04.11.2025	04.02.2037	508
EUR 200 million	EURIBOR 3M + 30bps	04.11.2025	04.11.2027	201
TOTAL BONDS				**11,768**

* *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.

30.06.2025 € 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	2,300	(471)	1,829	—	—	—
LIABILITIES						
Bank borrowings and debt	666	(471)	195	—	—	—

30.06.2026 € 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	2,507	(514)	1,993	—	—	—
LIABILITIES						
Bank borrowings and debt	768	(514)	254	—	—	—

Note 4.9 Financial instruments

1. Fair value of financial instruments

		Breakdown by accounting classification				30.06.2025	
€ millions	Fair value level	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	—	553	—	—	553	553
Guarantees, deposits, investment-related loans and receivables	Level 2	—	—	203	—	203	203
Trade receivables and other operating receivables	Level 2	—	—	1,484	—	1,484	1,484
Other current assets	Level 2	—	—	445	—	445	445
Derivatives – assets	Level 2	17	37	—	—	54	54
Cash and cash equivalents	Level 1	1,829	—	—	—	1,829	1,829
LIABILITIES							
Bonds	Level 1	—	—	—	11,579	11,579	11,002
Bank borrowings and debt	Level 2	—	—	—	574	574	574
Lease liabilities	Level 2	—	—	—	435	435	435
Derivatives – liabilities	Level 2	17	1	—	—	18	18

		Breakdown by accounting classification				30.06.2026	
€ millions	Fair value level	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	—	694	—	—	694	694
Guarantees, deposits, investment-related loans and receivables*	Level 2	—	—	242	—	242	242
Trade receivables and other operating receivables	Level 2	—	—	1,372	—	1,372	1,372
Other current assets	Level 2	—	—	476	—	476	476
Derivatives – assets	Level 2	5	24	—	—	30	30
Cash and cash equivalents	Level 1	1,993	—	—	—	1,993	1,993
LIABILITIES							
Bonds	Level 1	—	—	—	11,768	11,768	11,173
Bank borrowings and debt	Level 2	—	—	—	449	449	449
Lease liabilities	Level 2	—	—	—	449	449	449
Derivatives – liabilities	Level 2	10	11	—	—	21	21

* *Includes factoring and securitisation deposits relating to the €1,105 million in assets derecognised with continuing involvement.*

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 the 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 2026, 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 2026, the Group's cash and cash equivalents totalled €1,993 million (compared with €1,829 million at 30 June 2025). An additional €2,810 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. In addition, the Group set up a Euro Medium Term Note (EMTN) programme in May 2020, updated annually, most recently on 24 October 2024 (the "Programme"). Under the terms of the Programme, the Group may issue bonds by means of private placements in various currencies. The securities may be admitted to trading on Euronext Paris. The maximum nominal amount of securities outstanding under the Programme is set at €10 billion (or the equivalent in any other currency). The Group's short-term financial debt after hedging was €490 million at 30 June 2026 (versus €1,723 million at 30 June 2025).

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 contain the customary commitments, without any covenants stipulating compliance with solvency ratios. Any breach of these commitments could trigger early repayment.

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 2026, cash with delayed availability amounted to €371 million, relating essentially 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 assets, with a portion of the debt denominated in US dollars reflecting the scale 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, CNY, INR or SEK – or in order to secure the payment of dividends back to the parent.

Management of interest rate risk

At 30 June 2026, 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 2026 € millions	<1 year	>1 year and <5 years	>5 years	Total
Total assets (cash)	712	—	—	712
Total floating-rate liabilities	(227)	(11)	—	(237)
Net floating-rate debt before hedging	**485**	**(11)**	**—**	**475**
Derivatives	739	11	—	751
NET FLOATING-RATE DEBT AFTER HEDGING	**1,224**	**1**	**—**	**1,225**

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

At 30 June 2026 $ millions	<1 year	>1 year and <5 years	>5 years	Total
Total assets (cash)	351	—	—	351
Total floating-rate liabilities	—	(31)	—	(31)
Net floating-rate debt before hedging	**351**	**(31)**	**—**	**320**
Derivatives	(969)	—	—	(969)
NET FLOATING-RATE DEBT AFTER HEDGING	**(618)**	**(31)**	**—**	**(649)**

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 €2 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 2026, 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)

		Notional amount of contracts				Fair value	
Hedge type at 30 June 2025 € millions	**Description of financial instrument**	**<1 year**	**>1 year and <5 years**	**>5 years**	**Total**	**Assets**	**Liabilities**
Fair value hedges						**—**	**4**
Interest rate hedges		171	—	—	171	—	4
Currency and interest rate hedges	Swaps	—	—	—	—	—	—
Net investment hedges						**36**	**—**
Currency hedges		—	—	—	—	—	—
Currency and interest rate hedges	FX forward	—	459	—	459	36	—
Derivatives included in net debt						**36**	**4**
Cash flow hedges						**1**	**1**
Interest rate hedges		—	—	—	—	—	—
Currency hedges on intra-Group financing and operational hedges		—	—	—	—	—	—
Commodity hedges	Swaps	—	—	—	—	1	1
Non-hedge accounting						**17**	**13**
Currency hedges on intra-Group financing and operational hedges	Swaps	1,162	—	—	1,162	17	11
Interest rate hedges		—	—	—	—	—	1
TOTAL DERIVATIVES						**54**	**18**
Total non-current						**36**	**1**
Total current						**18**	**17**

Hedge type at 30 June 2026 € 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		**—**	**—**	**—**	**—**	**—**	**—**
Interest rate hedges	Swaps	—	—	—	—	—	—
Currency and interest rate hedges	Cross Currency Swaps	—	—	—	—	—	—
Net investment hedges		**—**	**—**	**—**	**—**	**22**	**10**
Currency hedges	FX forward	—	—	—	—	—	—
Currency and interest rate hedges	Cross Currency Swaps	—	974	—	974	22	10
Derivatives included in net debt		**—**	**—**	**—**	**—**	**22**	**10**
Cash flow hedges		**—**	**—**	**—**	**—**	**3**	**—**
Interest rate hedges	Swaps	—	200	—	200	1	—
Currency hedges on intra-Group financing and operational hedges	Swaps & FX forward & FX Options	—	—	—	—	—	—
Commodity hedges	Swaps	—	—	—	—	1	—
Non-hedge accounting		**—**	**—**	**—**	**—**	**5**	**10**
Currency hedges on intra-Group financing and operational hedges	Swaps & FX forward	1,147	—	—	1,147	5	10
Interest rate hedges	Swaps	—	—	—	—	—	—
TOTAL DERIVATIVES		**—**	**—**	**—**	**—**	**30**	**21**
Total non-current		**—**	**—**	**—**	**—**	**24**	**10**
Total current		**—**	**—**	**—**	**—**	**6**	**11**

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 2026 were not ineffective.

Hedged items (by category and hedge type)

Hedge type at 30 June 2025 € 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	—	171	—	4	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	—	—
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 2026 € 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	—	—	—	—	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	200	N/A	N/A	N/A	(1)	(1)
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	1
Net investment hedges (NIHs)							
Net assets hedged	974	—	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	30.06.2025	30.06.2026
Tax and social security payables	821	836
Other current liabilities	734	686
TOTAL	**1,555**	**1,522**

Other current liabilities at 30 June 2026 mainly comprise the interim dividend payment of €592 million on 24 July 2026. Most of these other current liabilities are due within one year..

NOTE 5 Notes to the cash flow statement

Note 5.1 Working capital requirement

Working capital increased by €241 million. The breakdown is as follows:

- inventories: increase of €193 million;
- trade receivables: decrease of €98 million;
- trade payables: increase of €114 million;
- other: increase of €32 million.

Note 5.2 Purchases/disposals of financial assets and activities

Purchases of financial assets and activities net of disposals generated a cash outflow of €374 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*.

Note 5.3 Bond issues/repayment of debt

During the financial year, the Pernod Ricard Group issued €1,290 million in long-term debt and repaid €1,363 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 €121 million in respect of its lease liabilities, of which €101 million related to repayment of the nominal amount and €20 million to interest payments reported in cash flows from operating activities.

NOTE 6 Additional information

Note 6.1 Shareholders' equity

1. Share capital

The Group's share capital amounted to €391,017,252.25, divided into 252,269,195 shares with a par value of €1.55 per share:

	Number of shares	Amount (€ millions)
Share capital at 30 June 2025	252,269,195	391
Share capital at 30 June 2026	252,269,195	391

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 2026, Pernod Ricard and its controlled affiliates held 588,766 Pernod Ricard shares for a value of €91 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 2026, the Board of Directors decided to pay an interim dividend of €2.35 per share for FY 2026, i.e., a total payout of €592 million. The interim dividend was paid on 24 July 2026 and recognised under "Other current liabilities" in the balance sheet at 30 June 2026.

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 and key Group executives.

In the course of FY 2026, three share grant plans were set up on 27 October 2025:

- 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 eight peers over the period from 27 October 2025 to 30 October 2028 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;
- a share plan without performance conditions.

The expense recognised for shares vested or in the process of being vested during the financial year (period from 1 July 2025 to 30 June 2026 is described below:

Performance shares	Type of shares	With/without performance conditions	Number of beneficiaries	Shares vested from	Shares available from	Outstanding shares at 30 June 2026	Share expense for FY 2026 (€ thousands)
Plan dated 10.11.2022	Free	With and without conditions	810	11.11.2025	11.11.2025	—	3,176
Plan dated 10.11.2023	Free	With conditions	506	11.11.2026	11.11.2026	87,296	(482)
Plan dated 08.11.2024	Free	With and without conditions	535	09.11.2027	09.11.2027	248,708	4,358
Plan dated 27.10.2025	Free	With and without conditions	471	30.10.2028	30.10.2028	471,361	7,110

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 270,480, with an average remaining life of one year and six months.

At 30 June 2026, the Group recognised a €14 million operating loss in respect of the four performance share plans.

Annual expenses € millions	30.06.2025	30.06.2026
Stock options – with corresponding adjustment to shareholders' equity	0	0
Performance and free shares – with corresponding adjustment to shareholders' equity	26	14
TOTAL ANNUAL EXPENSES	**27**	**14**

(1) *Total shareholder return.*

Changes made to outstanding stock options/shares during the financial year (period from 1 July 2025 to 30 June 2026) are described below:

Stock options	Type of options	With/without performance conditions	Options outstanding at 30.06.2025	Allocated during the period	Cancelled during the period	Exercised during the period	Expired during the period	Options outstanding at 30.06.2026
Plan dated 09.11.2017	Purchase	With conditions	35,020	—	35,020		—	—
Plan dated 21.11.2018	Purchase	With conditions	74,127	—			—	74,127
Plan dated 08.11.2019	Purchase	With conditions	82,884	—	—	—	—	82,884
Plan dated 27.11.2020	Purchase	With conditions	113,469	—	—	—	—	113,469

Performance shares	Type of shares	With/without performance conditions	Shares outstanding at 30.06.2025	Allocated during the period	Cancelled during the period	Transferred during the period	Expired during the period	Shares outstanding at 30.06.2026
Plan dated 10.11.2022	Free	With and without conditions	201,177		32,263	168,914		—
Plan dated 10.11.2023	Free	With conditions	142,271		54,975			87,296
Plan dated 08.11.2024	Free	With and without conditions	411,498		162,790			248,708
Plan dated 27.10.2025	Free	With and without conditions	—	493,983	22,622	—	—	471,361

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 27.10.2025	Free	With conditions	86.68	N/A	N/A	3.73%	N/A	77.50
Plan dated 27.10.2025	Free	With conditions	86.68	N/A	26.10%	3.73%	2.40%	42.75
Plan dated 27.10.2025	Free	Without conditions	86.68	N/A	N/A	3.73%	N/A	77.50

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 2026 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.

Three share plans were granted on 27 October 2025.

For one of the plans, a portion of the grant is contingent on an external performance condition: the total shareholder return on the Pernod Ricard share (TSR[1]) compared to the overall performance of a panel of eight peers. The shares will be pre-vested provided that the positioning of the overall performance of the Pernod Ricard share (TSR[1]) is equal to or greater than fifth position out of nine (the number will be determined in stages according to the level of performance achieved).

The other portion of the grant is subject to two internal performance conditions:

- one of whose achievement will depend on the average achievement of the Group's annual profit from recurring operations target for the financial years ended 30 June 2026, 30 June 2027 and 30 June 2028, 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;
- one other 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 fair value of both the other plans (with and without 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 27 October 2028.

(1) *Total shareholder return.*

Note 6.3 Off-balance sheet commitments

€ millions	Total	<1 year	>1 year and <5 years	>5 years
COMMITMENTS GIVEN AT 30.06.2025	3,483	1,247	1,603	633
Commitments given in connection with the Group's scope of consolidation	***288***	***256***	***1***	***31***
Investment commitments	40	8	1	31
Commitments given as part of specific transactions	—	—	—	—
Other	248	248	—	—
Commitments given in connection with the financing of the Company	***73***	***62***	***—***	***11***
Financial guarantees given	72	61	—	11
Other	1	1	—	—
Commitments relating to the issuer's operating activities	***3,122***	***929***	***1,602***	***591***
Firm and irrevocable commitments to purchase raw materials	2,650	701	1,470	479
Tax commitments (customs and other guarantees)	105	31	7	66
Operating lease agreements	9	3	5	1
Other	358	194	119	45

€ millions	Total	<1 year	>1 year and <5 years	>5 years
COMMITMENTS RECEIVED AT 30.06.2025	3,081	135	2,843	103
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	***2,972***	***130***	***2,841***	***—***
Lines of credit received and not used	2,883	44	2,839	—
Financial guarantees received	89	86	2	—
Other	—	—	—	—
Commitments relating to the issuer's operating activities	***109***	***5***	***2***	***102***
Contractual commitments relating to business activity and development	106	5	—	101
Other	3	—	2	1

€ millions	Total	<1 year	>1 year and <5 years	>5 years
COMMITMENTS GIVEN AT 30.06.2026	3,000	1,061	1,308	631
Commitments given in connection with the Group's scope of consolidation	***300***	***280***	***—***	***20***
Investment commitments	39	19	—	20
Commitments given as part of specific transactions	—	—	—	—
Other	261	261	—	—
Commitments given in connection with the financing of the Company	***72***	***56***	***1***	***15***
Financial guarantees given	68	52	1	15
Other	4	4	—	—
Commitments relating to the issuer's operating activities	***2,627***	***725***	***1,307***	***596***
Firm and irrevocable commitments to purchase raw materials	2,265	572	1,204	489
Tax commitments (customs and other guarantees)	105	37	3	65
Lease contracts	26	2	23	—
Other	232	113	77	41

€ millions	Total	<1 year	>1 year and <5 years	>5 years
COMMITMENTS RECEIVED AT 30.06.2026	3,309	291	2,861	157
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	***3,141***	***279***	***2,859***	***4***
Lines of credit received and not used	3,052	205	2,848	—
Financial guarantees received	88	74	11	4
Other	—	—	—	—
Commitments relating to the issuer's operating activities	***168***	***12***	***3***	***153***
Contractual commitments relating to business activity and development	166	12	1	153
Other	3	—	2	1

1. Lines of credit received and not used

Lines of credit received and not used at 30 June 2026 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 whisky 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 €2 million.

Note 6.4 Contingent liabilities

Contingent tax liabilities

Pernod Ricard has received several notices of corporate income tax adjustment for 2007 to 2022 with the main discussion topic being the tax deductibility of promotion and advertising expenses for a tax amount of 11,955 million Indian rupees (equivalent to €111 million, including interest as of the date of the reassessment).

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 decisions were upheld by the High Court in 2024. In 2026, the Supreme Court upheld the High Court decision for FY 2007, thus ruling the litigation in favour of the Company reducing the risk by 580 million Indian rupees (equivalent to €5 million, including interest as of the date of the reassessment). Based on the Supreme Court ruling for FY 2007 and judgements in respect of other taxpayers for similar cases, Pernod Ricard India has changed the risk category in respect of this adjustment from "possible" to "remote" in line with tax advisor's opinion.

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 a government-run corporation model to private distributors and retailers.

The context of the change in route to market was investigated by two government agencies, the Enforcement Directorate (ED) and the Central Bureau of Investigation (CBI). These investigations were related to accusations that irregularities were committed by certain Delhi officials, as well as distributors and retailers, during the drafting and implementation of this excise policy.

On 2 February 2023, a Delhi District Court acknowledged a charge sheet filed by the ED, 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 authorities' investigation has now concluded, with no significant developments concerning Pernod Ricard India, as the CBI has closed its inquiry without filing any charges against Pernod Ricard India or its employees. In addition to this, the CBI case was discharged by the Special Court in February of 2026, with all accused discharged, decision which has been appealed and pending before local courts. In relation to the ED case, Pernod Ricard is preparing for a possible trial. Neither the exact exposure of Pernod Ricard nor the probability of the risk occurring could be assessed at this stage.

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

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 2026 for all disputes and risks in which it is involved amounted to €355 million, versus €386 million at 30 June 2025 (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 are 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.

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. 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).

I. Dispute over the ownership of the Havana Club US trademark in the United States (DC Case)

- In 1995, Bacardi initiated a dispute before US Courts to cancel Cubaexport's registration of the Havana Club trademark in the United States.
- In January 2004, the competent Court denied Bacardi's petition, thereby refusing to cancel Cubaexport's registration. Bacardi appealed the decision to the US District Court for the District of Columbia (DC Court). The DC Court proceedings were suspended until January 2016 and in March 2023, the DC Court issued an order sending the case back for an analysis on the merits.
- On 19 March 2025, the DC Court accepted the parties' request to stay the litigation until the earlier of 31 July 2026 or the conclusion of the appeal in the USPTO case.
- On 31 July 2026, the parties submitted a request to extend the stay by 90 days, until 29 October 2026.

II. 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 1998, the United States Congress adopted Section 211, which has two main effects on the Havana Club trademark registered by Cubaexport in the US: 1) Cubaexport has no legal recourse against the illegal use of its trademark in the United States by Bacardi, which has since 1996 been distributing rum there under the trademark "Havana Club" produced in Puerto Rico, and 2) in order to renew its trademark registration with the United States Patent and Trademark Office (USPTO), Cubaexport must apply for and obtain specific prior authorisation from the Office of Foreign Assets Control (OFAC) every ten years.
- In 2006, Cubaexport's application for the renewal of its US HC trademark was denied by USPTO due to Section 211.
- In 2015, Cubaexport obtained a specific license from OFAC. On this basis, it applied to USPTO for the renewal of its trademark and in January 2016, obtained the renewal retroactively from 2006 to 2016 and for a further ten years until 2026.
- In December 2024, the US Congress passed the "No Stolen Trademarks Honored in America Act" (NST Act). The NST Act reinforces the effects of Section 211 by extending the prohibition on recognition of Cubaexport's Havana Club trademark to all US federal agencies, including the USPTO and the OFAC. As a consequence of the NST Act, Cubaexport is no longer able to obtain an OFAC license to renew its US trademark registration for another ten years in 2026.
- On 27 July 2026, the trademark registration held by Cubaexport expired.
- On 7 August 2026, the USPTO cancelled Cubaexport's registration of the Havana Club trademark in the US.

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

- In 2021, Bacardi filed a parallel motion against the USPTO with the US District Court for the District of Virginia (EDVA Court) to cancel the trademark renewal granted in 2016 on the grounds that the USPTO lacked jurisdiction to renew the trademark.
- In 2022, the EDVA Court dismissed Bacardi's claims. Bacardi appealed the decision.
- In June 2024, the Court of Appeal reversed the decision of the EDVA Court and decided to send the case back for analysis on the merits before the EDVA Court.
- On 4 March 2025, the EDVA Court ruled in favour of USPTO and Cubaexport and dismissed Bacardi's claim.
- On 2 April 2025, Bacardi appealed to the US Court of Appeals for the Fourth Circuit.
- On 16 June 2026, the Court dismissed Bacardi's appeal against the USPTO. It therefore upheld the judgement handed down by the US District Court for the District of Virginia, ruling that the payment of renewal fees made by Cubaexport in 2005 in respect of the renewal of said trademark had been validly authorised by OFAC in 2016. This decision will become final within 90 days unless Bacardi lodges an appeal with the US Supreme Court.

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 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, 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 challenged the transaction values in three show cause notices issued in 2022, but failed to disclose all the data relating to other importers that they used to support their allegations.
- A Common Adjudicating Authority (CAA), bringing together the customs offices of the three ports of entry finally issued its decision on 15 September 2025, instructing the port customs offices to calculate the customs duties allegedly due for the period from October 2011 to December 2020 and ordering a 67.49% increase in transaction values for imports from 1 January 2021 onwards. On 22 September 2025, this decision was immediately suspended by the Delhi High Court on the grounds that it failed to uphold the principles of natural justice. The Delhi High Court subsequently dismissed the case without ruling on its merit, whilst preserving the right to challenge the CAA's decision by way of an appeal to the competent authority (Commissioner).
- 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. A decision was issued on 29 June 2026 covering the period 2009 to 2015, in which import prices were challenged on the basis of external benchmarking and the reinstatement of advertising, marketing and promotion expenses in the customs value in order to determine the taxable value. The Group has filed an appeal against this decision with the competent authority (Commissioner). Moreover, Pernod Ricard India (P) received several tax adjustment notices for FY 2007 to FY 2022 relating to the tax deductibility of promotion and advertising expenses (see Note 6.4 – *Contingent liabilities*). In 2020, Pernod Ricard India (P) obtained two court rulings in its favour for the period from FY 2007 to FY 2014, strengthening its position on the tax deductibility of promotion and advertising expenses. These decisions were upheld by the High Court in 2024. More recently, the Supreme Court also dismissed the tax authorities' appeal in respect of the 2007 financial year, ruling in favour of the Company on the issue of AMPs.
- 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

No material transactions with associates and joint ventures took place in the financial year ended 30 June 2026.

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

€ millions	30.06.2025	30.06.2026
Board of Directors[1]	1	1
Executive Committee		
• Short-term benefits	9	9
• Post-employment benefits	3	3
• Share-based compensation[2]	5	4
TOTAL EXPENSES RECOGNISED FOR THE YEAR	**18**	**17**

(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:

- 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

There are no events after the reporting period with a significant impact on the Group's financial statements.

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

	KPMG			Deloitte & Associés			Other			Total		
	Amount (excl. VAT)			Amount (excl. VAT)			Amount (excl. VAT)			Amount (excl. VAT)		
€ millions	FY 2025	FY 2026	%	FY 2025	FY 2026	%	FY 2025	FY 2026	%	FY 2025	FY 2026	%
AUDIT												
Statutory audit, certification, review of individual and consolidated financial statements[3]												
Issuer[2]	0.9	0.9	15%	0.8	0.8	18%	—	—	—%	1.7	1.7	16%
Fully consolidated affiliates	3.4	4.0	69%	3.6	3.2	69%	0.5	0.5	100%	7.5	7.6	71%
Subtotal	**4.3**	**4.9**	**84%**	**4.4**	**4.0**	**87%**	**0.5**	**0.5**	**100%**	**9.2**	**9.3**	**86%**
Non-audit services[4]												
Issuer[2]	0.1	0.1	1%	0.1	0.1	2%	—	—	—%	0.2	0.2	1%
Fully consolidated affiliates	0.2	0.5	8%	0.2	0.2	4%	—	—	—%	0.5	0.7	6%
Of which legal, tax, social	*0.2*	*0.5*	*9%*	*0.3*	*0.2*	*4%*	—	—	—%	*0.5*	*0.7*	*6%*
Subtotal	**0.3**	**0.6**	**10%**	**0.4**	**0.2**	**5%**	**—**	**—**	**—%**	**0.6**	**0.8**	**8%**
Sustainability certification												
Issuer[2]	0.3	0.3	6%	0.3	0.3	7%	—	—	—%	0.7	0.7	6%
Subtotal	**0.3**	**0.3**	**6%**	**0.3**	**0.3**	**7%**	**—**	**—**	**—%**	**0.7**	**0.7**	**6%**
TOTAL	**4.9**	**5.8**	**100%**	**5.1**	**4.6**	**100%**	**0.5**	**0.5**	**100%**	**10.5**	**10.8**	**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 2026 are presented in Note 1.2 – *Significant events during the financial year*.

Note 7.2 List of main consolidated companies

Company	Country	% interest 30.06.2025	% interest 30.06.2026
Pernod Ricard SA	France	Parent company	Parent company
Laurenskirk (Pty) Ltd	South Africa	100	100
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	46	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	0
Pernod Ricard España	Spain	100	100
Vermuteria de Galicia	Spain	100	100
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

Company	Country	% interest 30.06.2025	% interest 30.06.2026
Pernod Ricard USA LLC	United States	100	100
Pernod Ricard Kenwood Holding LLC	United States	100	100
Pernod Ricard USA Finance Inc.	United States	100	100
Rabbit Hole Spirits, LLC	United States	100	100
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
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	0
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	100	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
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

Company	Country	% interest 30.06.2025	% interest 30.06.2026
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	100	100
Pernod Ricard Romania SRL	Romania	100	100
Allied Domecq (Holdings) Limited	United Kingdom	100	100
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	100	100
Edward Dillon (Bonders) Ltd	United Kingdom	100	100
Goal Acquisitions (Holdings) Ltd	United Kingdom	100	100
Goal Acquisitions Ltd	United Kingdom	100	0
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
The Absolut Company International 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 Sovereign Brands LLC 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 included in the Pernod Ricard Group's consolidated financial statements.