KPMG Audit
Tour EQHO
2 Avenue Gambetta
CS 60055
92066 Paris la Défense Cedex
France

Telephone: +33 (0)1 55 68 68 68
Telefax: +33 (0)1 55 68 73 00
Internet: www.kpmg.fr

Pernod Ricard International Finance LLC

Auditor's report on the financial statements as of and for the year ended June 30, 2021

Year ended June 30, 2021
Pernod Ricard International Finance LLC
251 Little Falls Drive
Wilmington, Delaware 19808
United States of America

This report contains 14 pages

Ref: JFD-21-4-001

KPMG Audit
Tour EQHO
2 Avenue Gambetta
CS 60055
92066 Paris la Défense Cedex
France

Telephone: +33 (0)1 55 68 68 68
Telefax: +33 (0)1 55 68 73 00
Internet: www.kpmg.fr

Pernod Ricard International Finance LLC

Registered office: 251 Little Falls Drive
Wilmington, Delaware 19808
United States of America
Share capital: US$. 250.000

Auditor's report on the financial statements as of and for the year ended June 30, 2021

Year ended June 30, 2021

To the Chief Executive Officer of Pernod Ricard International Finance LLC,

In our capacity as one of the joint statutory auditors of Pernod Ricard SA, we have audited the accompanying financial statements of Pernod Ricard International Finance LLC as of 30 June 2021 and for the period from August 10, 2020 to June 30, 2021 (the "**financial statements**").

The Chief Executive Officer is responsible for the preparation and fair presentation of these financial statements. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with professional standards applicable in France and the professional doctrine of the French national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) related to this engagement; these standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures, on a test basis or by other means of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position and assets and liabilities of Pernod Ricard International Finance LLC as of June 30, 2021, and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted in the European Union.

This report shall be governed by, and construed in accordance with French law. The Courts of France shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning the engagement letter or this report, and any matter arising from them. Each party irrevocably waives any right it may have to object to an action being brought in any of those Courts, to claim that the action has been brought in an inconvenient forum or to claim that those Courts do not have jurisdiction.

Paris La Défense, September 17, 2021

KPMG Audit
A division of KPMG S.A.

Jean-François Dandé
Partner

_cc:_

Pernod Ricard S.A.

PERNOD RICARD INTERNATIONAL FINANCE LLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

2021

PERNOD RICARD INTERNATIONAL FINANCE LLC
BALANCE SHEET

as at June 30, 2021
(in thousands of USD)

As at	Notes		June 30, 2021
ASSETS			
Cash and cash equivalents		$	288
Advances receivable from member	5		2,878
Income tax receivable			26
Total current assets			3,192
Promissory notes receivable	5		2,228,536
Total assets		$	2,231,728
EQUITY			
Share Capital	6		250,000
Retained earnings			3,594
Total member's equity			253,594
LIABILITIES			
Accrued liabilities	7	$	9,207
Advances payable to affiliates	5		1,925
Total current liabilities			11,132
Bonds payable	8		1,967,002
Total liabilities			1,978,134
Total liabilities and member's equity		$	2,231,728

The accompanying notes are an integral part of these financial statements.
The reporting period ending June 30, 2021 is less than 12 months

PERNOD RICARD INTERNATIONAL FINANCE LLC
STATEMENT OF PROFIT AND LOSS

for the year ended June 30, 2021
(in thousands of USD dollars)

	Notes		June 30, 2021
Interest income	5	$	36,138
Interest expense			(28,474)
Financial expenses	5		(2,993)
Administration expenses			(121)
Profit before income taxes			4,550
Current income taxes			(956)
Deferred income taxes			-
Income taxes	9		(956)
Profit for the period		$	3,594

The accompanying notes are an integral part of these financial statements.
The reporting period ending June 30, 2021 is less than 12 months

PERNOD RICARD INTERNATIONAL FINANCE LLC
STATEMENT OF COMPREHENSIVE INCOME

for the year ended June 30, 2021
(in thousands of USD)

	Notes		June 30, 2021
Profit for the period		**$**	**3,594**
Other comprehensive Income:			
Amounts that will not be subsequently reclassified to earnings:		**$**	**-**
Total comprehensive income		**$**	**3,594**

STATEMENT OF CHANGES IN EQUITY

for the year ended June 30, 2021
(in thousands of USD dollars)

		Member's Capital		Total Comprehensive Income		Total
Balance as at August 10, 2020	$	-	$	-	$	-
Profit for the period		-		3,594		3,594
Other comprehensive income		-		-		-
Increase in share capital		250,000		-		250,000
Balance as at June 30, 2021	**$**	**250,000**	**$**	**3,594**	**$**	**253,594**

The accompanying notes are an integral part of these financial statements.

The reporting period ending June 30, 2021 is less than 12 months

PERNOD RICARD INTERNATIONAL FINANCE LLC
STATEMENT OF CASH FLOW

for the year ended June 30, 2021
(in thousands of USD dollars)

		June 30, 2021
Operating activities		
Profit for the period	$	3,594
Adjustments for:		
Interest income		(36,138)
Interest expense		28,474
Income tax expense		956
		(3,114)
Net change in non-cash working capital balances		(716)
Income taxes paid		(982)
Net cash from operating activities		(4,812)
Financing activities		
Proceeds on bond issuance		1,965,435
Advance of promissory notes to affiliates		(2,215,486)
Capital contribution from member		250,000
Interest received from promissory notes receivable		23,089
Interest paid on bonds		(17,938)
Net cash used in financing activities		5,100
Net increase in cash		288
Cash, beginning of year		-
Cash, end of year	$	288

The accompanying notes are an integral part of these financial statements.

The reporting period ending June 30, 2021 is less than 12 months

1. GENERAL INFORMATION

Pernod Ricard International Finance LLC ("PRIF" or the "Company") is a Delaware limited liability company organized on August 10, 2020 by filing a certificate of formation of the Company with the Secretary of State of the State of Delaware in accordance with the provisions of the Delaware Limited Liability Company Act. The Company's duration is perpetual. Pernod Ricard, S.A. ("PR SA") a French public limited company, is the ultimate parent company of Pernod Ricard International Finance.

The Company's registered address is 251 Little Falls Drive, Wilmington, Delaware.

The Company was formed as a special purpose financing company to raise funds in the capital markets or bank markets, including by means of issuance of Notes, to lend the proceeds thereof to subsidiaries of Pernod Ricard SA by way of inter-company loans. The Company has no independent business operations, no subsidiaries and no employees.

2. BASIS OF PREPARATION

Statement of Compliance
These individual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted in the European Union and using the accounting policies described herein.

Comparative information has not been presented as this is the Company's first year of operation. The first year of operations refers to the period of formation, August 10, 2020, through to the Company's fiscal year end June 30, 2021.

Functional and Presentation Currency
The Company's financial statements are presented in US dollars, which is the Company's functional currency.

Foreign Currency Translation
Transactions denominated in foreign currencies are translated into the functional currency using the exchange rate applying at the transaction date. Non-monetary assets and liabilities denominated in foreign currencies are recognized at the historical exchange rate applicable at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate applying at the balance sheet date. Foreign currency differences are recognized in profit or loss for the period.

Use of Estimates and Judgements
The preparation of the financial statements in conformity with IFRS requires management to make certain judgments, estimates and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting period.

Judgment is commonly used in determining whether a balance or transaction should be recognized in the financial statements and estimates, and assumptions are more commonly used in determining the measurement of recognized transactions and balances. However, judgment and estimates are often interrelated.

Estimates and associated assumptions are based on historical experience and other factors that are relevant. Estimates are made on the assumption the Company will continue as a going concern and are based on information available at the time of preparation. Estimates may be revised where the circumstance on which they were based change or where new information becomes available. Future outcomes can differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical judgments, estimates, and assumptions that have a significant effect on the financial statements are disclosed, where applicable, in the relevant notes to the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently in these financial statements.

Cash and cash equivalents
Cash and cash equivalents represent cash held on deposit with bank.

Financial Instruments
Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments. Financial instruments are classified into one of the following categories: fair value through profit or loss, fair value through other comprehensive income, or amortized cost. The classification determines the accounting treatment of the instrument. The classification is determined by the Company when the financial instrument is initially recorded. For financial asset, classification is based on the financial instrument's cash flow characteristics and business model.

Financial assets and financial liabilities are classified and measured as follows:

Financial Asset/Liability	Category	Measurement
Advances receivable from member	Amortized cost	Amortized cost
Promissory notes receivable	Amortized cost	Amortized cost
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Bonds payable	Amortized cost	Amortized cost

Financial Assets

Financial assets measured at amortized cost are initially recognized at the fair value of the consideration given plus any directly attributable transaction costs and then, subsequently, at amortized cost using the effective interest method, less any impairment losses, with gains and losses recognized in profit or loss in the period in which the gain or loss occurs.

The effective interest rate is the rate that exactly discounts estimated future cash receipts, excluding credit losses, through the expected life of the debt instrument.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus principal repayments, plus the cumulative amortization using the effective interest method of any differences between that initial amount and the maturity amount.

Interest income is recognized using the effective interest method for debt instruments. It is recognized in the profit or loss and included in "Interest income."

All financial assets are recognized and derecognized on the trade date. A financial asset is derecognized when the contractual rights to the cash flows from the asset expired or when the Company transferred the financial asset to another party without retaining control or substantially all the risks and rewards of ownership of the asset. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial liabilities

Financial liabilities measured at amortized cost are initially recognized at the fair value of the consideration received less any directly attributable transaction costs and then, subsequently, at amortized cost using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability.

A financial liability is derecognized when its contractual obligations are discharged, cancelled or expire.

Impairment of financial assets at amortized cost

In accordance with IFRS 9, the Company records a loss allowance for expected credit losses on financial assets at amortized cost.

All impairment losses are recognized in profit or loss.

Corporate income tax

Income tax expense is recognized in profit or loss. Current income tax expense comprises the tax payable on the taxable income for the current financial year using tax rates enacted or substantively enacted at the reporting date, and any adjustment to income taxes payable in respect of previous years, if applicable.

4. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of the following balances:

Financial assets

	June 30, 2021
Advances receivable from member	$ 2,878
Promissory notes receivable	2,228,536

Financial liabilities

	June 30, 2021
Accrued liabilities	$ 9,207
Advances payable to affiliates	1,925
Bonds payable	1,967,002

Fair Value of Financial Instruments

The Company uses a fair value hierarchy in order to classify the fair value measurements and disclosures related to the Company's financial assets and financial liabilities.

The fair value hierarchy has the following levels:

- Level 1 – Quoted market prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 – Unobservable inputs such as inputs for the asset or liability that are not based on observable market data.

For short term financial assets and liabilities that are valued at other than fair value on its balance sheets (i.e., advances receivable from affiliates and accrued liabilities and advances payable to affiliates), fair value approximates their carrying values at each balance sheet date due to their short-term maturities.

For variable rate long term promissory notes receivable, carrying value approximates fair value.

The following table shows the carrying amounts and fair value of promissory notes receivable. Fair values have been determined using level 2 inputs:

	Maturity Date	Carrying amount	Fair vaalue
Loan 250 Million USD	October 1, 2035	251,042	251,042
Loan 600 Million USD	April 1, 2028	597,404	579,533
Loan 900 Million USD	April 1, 2031	893,035	858,043
Loan 500 Million USD	October 1, 2050	487,055	481,740
		$ 2,228,536	$ 2,170,358

The following table shows the carrying amounts and fair values of fixed rate bonds payable. Fair values have been determined using level 2 inputs:

	Maturity Date	Carrying amount	Fair value
Bond 600 Million USD	April 1, 2028	595,211	575,649
Bond 900 Million USD	April 1, 2031	888,760	849,872
Bond 500 Million USD	October 1, 2050	483,031	471,498
		$ 1,967,002	$ 1,897,019

Financial Risk Management Objectives and Policies

PRIF is exposed to a number of market risks that have the potential to negatively impact its financial performance, including credit risk, liquidity risk and market risk. These risks are discussed in more detail below.

Credit Risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss. Financial assets exposed to credit risk are advances receivables from affiliates and promissory notes receivable.

The carrying amounts of financial assets represent the maximum credit exposure.

The promissory notes receivable is due from Distilled Innovation AB ("DIAB"), a related party incorporated under the laws of Sweden. The promissory notes receivable are supported ultimately by a primary shareholder of DIAB via a subscription and credit support agreement. (further described in Note 5). This shareholder is a wholly owned subsidiary of PR SA, PRIF's single shareholder.

PRIF's credit risk associated with advances receivable and promissory notes receivable is contingent upon PR SA's credit rating. PR SA's credit rating as at September 17, 2021, as published by Standard & Poor's and Moody's, was BBB+ and Baa1, respectively. There has been no significant increase of credit risk since origination date of the advances and promissory notes receivable. Consequently, these balances are subject to a 12-month expected credit loss allowance. The resulting 12-month expected credit loss to be recognized in accordance with IFRS 9 is not material.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's primary source of liquidity is interest received from DIAB on the promissory notes receivable. During the year ended June 30, 2021, the promissory notes receivable generated $36,138. The Company believes that interest income generated from its promissory notes receivable is more than sufficient to fund interest owing on its bonds payable, administration expenses and commitments for the foreseeable future.

The following table reflects PRIF's remaining contractual obligations for its financial liabilities with contractual repayment periods using the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay, both interest and principal, when applicable. The Company's maturities at the reporting date are as follows:

		Less than 1 year		1 to 5 years		5 years and thereafter		Total
Accounts payable and accrued liabilities	$	9,207	$	-	$	-	$	9,207
Loans and advances to related parties and affiliates		1,925		-		-		1,925
Bonds payable		35,875		143,500		2,425,000		2,604,375
	$	**47,007**	**$**	**143,500**	**$**	**2,425,000**	**$**	**2,615,507**

Market risks

Market risk is the risk that changes in market prices – primarily interest rates – will affect the Company's income or the value of its holdings of financial instruments.

PRIF is a special purpose financing company which relies on payments from affiliated companies, subsidiaries of its primary shareholder PR SA., to provide it with funds to meet its obligations under the bonds payable. PRIF manages interest rate risk by ensuring proper matching of fixed rate assets with fixed rate liabilities. All financial and investment decisions are ultimately approved by the parent company, PR SA.

5. RELATED PARTY TRANSACTIONS

On October 1, 2020, Distilled Innovation AB ("DIAB"), a wholly owned subsidiary of PR SA, issued $2,215,486 promissory notes to PRIF (see Note 4). At June 30, 2021, the balances are as follows:

		Amount	Maturity Date	Accrued Interest	Rate		Total
Loan 250 Million USD	$	250,000	October 1, 2035	1,042	LIBOR + 1.46%	$	251,042
Loan 600 Million USD		595,124	April 1, 2028	2,280	1.650%		597,404
Loan 900 Million USD		888,749	April 1, 2031	4,286	2.047%		893,035
Loan 500 Million USD		483,155	October 1, 2050	3,900	3.300%		487,055
						$	2,228,536

During the year ended June 30, 2021, PRIF earned interest income of $36,138 on the promissory notes receivable.

The promissory notes receivable are secured through a subscription and credit support agreement provided by Pernod Ricard USA Finance, Inc. ("PRUF"), a Delaware corporation and owner of all the shares of DIAB, and Austin, Nichols & Co., Incorporated ("ANCO") a Delaware corporation and indirect owner of all the shares of PRUF and DIAB, whereby PRUF and ANCO will provide necessary capital if DIAB is unable to comply with any payment obligation under the promissory notes. PRUF and ANCO are wholly owned subsidiaries of PR SA.

In addition to the above transaction, PR SA has provided a guarantee of bonds payable. During the year, PRIF paid guarantee fees to PR SA of $2,993.

Other than the promissory notes receivable, balances outstanding with affiliates are due within 60 days, are to be settled in cash and are unsecured.

		June 30, 2021
Advances receivable from member	$	2,878
Loans and advances payable to affiliated companies	$	1,925

6. CAPITAL MANAGEMENT

The Company's primary objective when managing capital is to ensure sufficient capital exists to support cash requirements of bonds payable.

Shareholder's capital includes the following:

		June 30, 2021
Member capital	$	250,000
Accumulated other comprehensive income		-
Retained earnings		3,594
Net capital under management	$	253,594

7. ACCRUED LIABILITIES

		June 30, 2021
Accrued interest on bonds payable	$	8,969
Other accrued liabilities		238
Accrued liabilities	$	9,207

8. BONDS PAYABLE

	Maturity Date	Rate		Bond Payable
Bond 600 Million USD Issued October 1, 2020	April 1, 2028	1.250%	$	595,211
Bond 900 Million USD Issued October 1, 2020	April 1, 2031	1.625%		888,760
Bond 500 MillionUSD Issued October 1, 2020	October 1, 2050	2.750%		483,031
			$	1,967,002

Interest is paid bi-annually each April 1st and October 1st. Interest not yet paid and accrued on the bonds payable is recorded in accrued liabilities and amounted to $8,969 at June 30, 2021.

9. INCOME TAXES

For the year-end June 30, 2021, the effective tax rate approximates the statutory taxation rate of 21%.