Half-year financial report

December 31, 2024

2024

Pernod Ricard

Créateurs de convivialité

General summary

1 CERTIFICATION BY THE PERSON ASSUMING RESPONSIBILITY FOR THE HALF-YEAR FINANCIAL REPORT

I certify that to the best of my knowledge the half-year consolidated condensed financial statements included in this document have been prepared in accordance with the applicable accounting standards and present a true picture of the assets, financial situation and results of all the companies included within the Pernod Ricard Group, and that the enclosed half-year activity report is a true reflection of the important events arising in the first six months of the financial year and their impact on the annual financial statements, a statement of the principal transactions between related parties, as well as a description of the principal risks and uncertainties for the remaining six months of the financial year.

Alexandre Ricard
Chairman and CEO

2 HALF-YEAR ACTIVITY REPORT

2.1. Key figures and business analysis

Sales for H1 FY25 totaled €6,176m, an organic decline of -4% and -6% reported, with unfavourable Foreign Exchange impact of -€177m mainly linked to Argentinian Peso, Turkish Lira and Nigerian Naira, partly offset by positive perimeter impact of +€29m.

By region:

- **Americas -4%,**
  - **USA -7%,**
    - H1 US Spirits market growth c.+1% inc. RTD
    - PR Sell-Out c.-6%
    - OND sees improving sell-out performance on key brands, notably Jameson
    - Expect to see continuing improvement in sell-out through H2
  - **Canada** good growth, particularly RTD growth, gaining share
  - **Brazil** in growth with favourable comparison basis & consumer demand recovery, gaining share
  - **Mexico** declining though with flat sell-out, gaining share in Off-Trade

- **Asia-RoW -5%,**
  - **India +6%,**
    - Strong, broad-based growth reflecting underlying market demand
    - Very strong growth of Jameson and good performance on Ballantine's, The Glenlivet and Royal Salute
    - Good growth on Seagram's whiskies, notably Royal Stag
    - Continued strong momentum expected in H2

  - **China -25%**
    - Ongoing challenging macro-economic environment, and weak consumer demand
    - Sharp declines on Martell and Royal Salute. Good growth on premium brands Absolut, Olmeca, Jameson
    - Early signs of a very soft CNY, significant decline in gifting
    - Leading to a deeper decline than expected for the full year
    - MSD price increase for Martell post CNY
  - Very good growth in Japan and Vietnam, gaining share, sales decline in Taiwan market while gaining share, Korea decline in both sales and share
  - Very strong organic and reported sales results in Turkey, with strong performance of Chivas and Ballantine's
  - South Africa in slight growth and share gains, amidst difficult macro-economic conditions

- **Europe -2% (ex-Russia +1%),**
  - Resilient sales in Europe excluding Russia, with growth in Poland, France and Ireland
  - Spain in slight decline, growing share in Off Trade
  - Germany in sharper decline with consumer spending pressures, growing share
  - Good brand performance on Bumbu, Ballantine's, Kahlúa, Absolut, Jameson and Chivas plus strong RTD performance

- **Global Travel Retail -9%,**
  - Growth in Europe driven by air travel and in Americas by cruises
  - Weakness in China further deteriorated by technical suspension of duty-free regime on Cognac due to anti-dumping measures starting early December, expected to heavily impact H2
  - Weakness in Korea impacted by political crisis and weak macro environment

By brands:

- **Strategic International Brands -6%,**
  - Martell, in strong decline contributing to c. 90% of total Group Net Sales decline, due to China and Global Travel Retail
  - Jameson broadly flat with positive volumes, strong growth in India
  - Absolut positive 'halo effect' from RTDs, good growth in Europe
  - Strong performance of Scotch brands Ballantine's and Chivas Regal

- **Strategic Local Brands +2%,**
  - Seagram's whiskies enjoying good growth, led by Royal Stag
  - Kahlúa strong, broad-based momentum across regions
  - Olmeca double-digits growth, off a low basis of comparison

- **Specialty Brands -5%,**
  - Bumbu in strong growth, but overall category impacted by US exposure

- **RTDs +15%,**
  - Solid growth across the portfolio of brands, led by Absolut RTDs

2.1.1. Profit from Recurring Operations

Group (€ million)	31.12.2023	31.12.2024	Reported growth		Organic growth[1]	
Net sales	6,590	6,176	(414)	(6)%	(267)	(4)%
Gross margin after logistics expenses	4,081	3,773	(309)	(8)%	(178)	(4)%
Advertising and promotion expenses	(980)	(857)	+123	(13)%	+112	(11)%
Contribution after advertising and promotion	3,101	2,916	(185)	(6)%	(66)	(2)%
Profit from Recurring Operations	**2,144**	**1,985**	**(159)**	**(7)%**	**(46)**	**(2)%**

(1) At constant forex and Group structure (organic growth)

H1 FY25 PRO reached €1,985m, an organic decline of -2%, a reported decline of -7%
- Gross Margin -20bps organic decline, impacted by negative market mix, increased promotions and despite COGS decrease benefitting from efficiency programs
- A&P c.14% of net sales, adapted to softer market conditions in China
- Strict discipline and continuous improvement on Structure costs, reduced organically by -2%
- Operating Margin expands organically +65bps, but declines on a reported basis by -39bps to 32.1%
- Reported Operating Margin impacted by adverse foreign exchange impact of -€110m, and a -€2m Perimeter impact with favourable hyper-inflation offset by disposal of Clan Campbell and Becherovka
- Foreign Exchange impact largely on Turkish Lira, Nigerian Naira and Argentinian Peso. H2 FX expected to be favourable

Business activity by geographic area

Americas (€ million)	31.12.2023	31.12.2024	Reported growth		Organic growth[1]	
Net sales	1,860	1,738	(122)	(7)%	(81)	(4)%
Gross margin after logistics expenses	1,232	1,155	(78)	(6)%	(50)	(4)%
Advertising and promotion expenses	(374)	(322)	+53	(14)%	+46	(12)%
Contribution after advertising and promotion	858	833	(25)	(3)%	(3)	— %
Profit from Recurring Operations	**555**	**547**	**(8)**	**(1)%**	**+10**	**2 %**

(1) At constant forex and Group structure (organic growth)

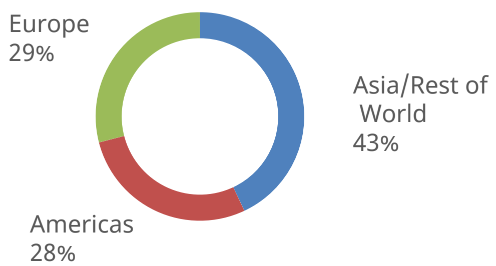
Asia/Rest of World (€ million)	31.12.2023	31.12.2024	Reported growth		Organic growth[1]	
Net sales	2,850	2,619	(231)	(8)%	(156)	(5)%
Gross margin after logistics expenses	1,699	1,523	(176)	(10)%	(98)	(6)%
Advertising and promotion expenses	(357)	(297)	+61	(17)%	+56	(16)%
Contribution after advertising and promotion	1,342	1,226	(116)	(9)%	(42)	(3)%
Profit from Recurring Operations	**997**	**892**	**(105)**	**(11)%**	**(33)**	**(3)%**

(1) At constant forex and Group structure (organic growth)

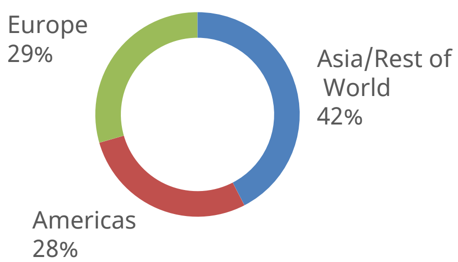
Europe (€ million)	31.12.2023	31.12.2024	Reported growth		Organic growth[1]	
Net sales	1,880	1,819	(62)	(3)%	(30)	(2)%
Gross margin after logistics expenses	1,150	1,095	(55)	(5)%	(30)	(3)%
Advertising and promotion expenses	(248)	(238)	+10	(4)%	+10	(4)%
Contribution after advertising and promotion	902	857	(45)	(5)%	(20)	(2)%
Profit from Recurring Operations	**591**	**546**	**(46)**	**(8)%**	**(23)**	**(4)%**

(1) At constant forex and Group structure (organic growth)

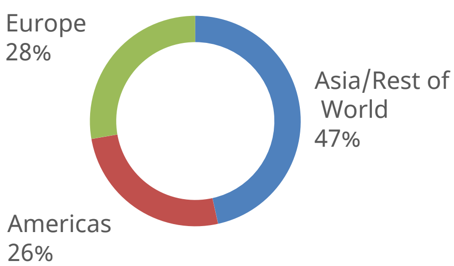
Net sales by region, 31.12.2023 (6 months)



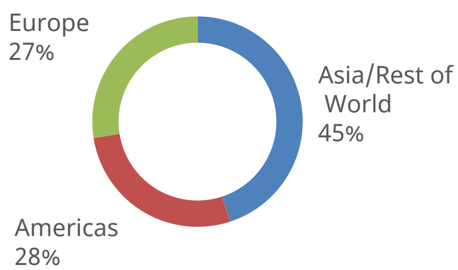
Net Sales by region, 31.12.2024 (6 months)



Profit from Recurring Operations by region, 31.12.2023 (6 months)



Profit from Recurring Operations by region, 31.12.2024 (6 months)



2.1.2. Group share of Net Profit from recurring operations

(€ million)	31.12.2023	31.12.2024
Profit from Recurring Operations	2,144	1,985
Financial income/(expenses) from recurring operations	(200)	(240)
Corporate income tax on recurring operations	(475)	(438)
Net Profit from discontinued operations, non-controlling interests and share of net profit from equity associates	(30)	(34)
Group share of Net Profit from Recurring Operations [(1)]	**1,439**	**1,274**
Group Net Profit per share from recurring operations – diluted (in euro)	**5.68**	**5.06**

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

Group share of Net PRO was €1,274m, down -11%. Higher interest rates led to increased Recurring Financial Expenses with an average cost of debt at 3.4%. Reduction in Income Tax on Recurring Operations is in line with the reduction of Profit from Recurring Operations.

Earnings Per Share in decline of -11% at €5.06, reflecting lower Group Share of Net Profit from Recurring Operations and higher financial expenses.

Free Cash flow and Net debt

Free Cash Flow at €440m, +€139m vs H1 FY24, driven by improved working capital with lower increase in receivables and continued improvement in finished goods inventory level. Slight decrease in strategic inventories and Capex starting to normalise following last year's peak investment level.

Capex spend is driven notably by capacity expansion in Ireland, US and Scotland and by casks and maturation warehouses. For FY25, expect Capex spend of €700m for the full year and strategic inventories increase comparable to last year.

Net debt up €1,099m vs. 30 June 2024 to **€12,050m**. **The Net Debt/EBITDA** ratio at average rate[1] increased to **3.5x** at 31 December 2024 reflecting lower Reported PRO and higher Net Debt. Leverageratio expected to improve as Reported PRO growth and Strategic investments coming down from their peak last year normalise and with proceeds from announced disposals. H1 M&A mainly includes the Ste Marguerite vineyard acquisition and exercise of call options on recent M&A. H2 is expected to have a positive contribution from announced M&A proceeds.

2.1.3. Group share of Net Profit

(€ million)	31.12.2023	31.12.2024
Profit from Recurring Operations	2,144	1,985
Other operating income and expenses	142	(88)
Operating profit	**2,285**	**1,897**
Financial income/(expenses) from recurring operations	(200)	(240)
Other financial income/(expenses)	(18)	(8)
Corporate income tax	(466)	(433)
Net Profit from discontinued operations, non-controlling interests and share of net profit from equity associates	(32)	(27)
Group share of Net Profit	**1,569**	**1,190**

Group Share of Net Profit was €1,190m, down -24%. Non-Recurring Operating Expenses include mainly costs of Group Transformations projects and Restructuring.

[1] *Based on average EUR/USD rates: 1.082 CY24*

2.2. Major risks and uncertainties for the second half of the financial year

The main risks and uncertainties facing the Pernod Ricard Group are detailed in the "Risk management" chapter of the Universal Registration Document, available on the Autorité des Marchés Financiers website and on the Pernod Ricard website.

2.3. Outlook

Ongoing challenging macroeconomic environment and intense geopolitical uncertainties continue to impact the Spirits market, particularly the worsening context in China and Travel Retail Asia, notably impacting Martell. This leads us to revisit our outlook for FY25 and beyond.

Anticipating low single digit decline in Organic Net Sales for FY25 and sustaining our Organic Operating Margin.

Conditional on the challenges posed by the global tariff environment, FY26 is expected to be a transition year with improving trends in Organic Net Sales. Amid extraordinary trade tensions, we are focused on defending Organic Operating Margin to the fullest extent possible. Cash conversion to improve.

From FY27 to FY29, projecting stronger Organic Net Sales growth, aiming for a range, on average of +3% to +6%, accompanied with Organic Operating Margin expansion.

Delivering continuing efficiency initiatives that optimize Operations and simplify the organisational structure, expected to deliver c.€1bn in efficiencies from FY26 to FY29.

Throughout these periods we aim to maintain consistent investments behind our brands with c.16% A&P/NS, with agility and responsiveness to maximise opportunity by brand and market.

Focusing on strong cash generation aiming for c.80% and above cash conversion, to fund our financial policy priorities, with strategic investments[2] normalizing to c. €1bn from FY26.

We are confident in our strategy, in our operating model's ability to deliver and in the engagement of our teams. We are determined to navigate with agility these cyclical headwinds.

2.4. Definitions and link-up of alternative performance indicators with IFRS indicators

Definitions and reconciliations of alternative performance indicators with IFRS indicators are described in the management report of the 2023/2024 Universal Registration Document.

2.5. Main related party transactions

Information related to related parties transactions are detailed in note 6.6 related parties of the notes to the condensed consolidated interim financial statements included in this document.

[2] *Strategic investments = Capex and increase of strategic inventory*

3 CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3.1. Half-year consolidated income statement

(€ million)	31.12.2023	31.12.2024	Notes
Net sales	6,590	6,176	2
Cost of sales	(2,509)	(2,403)	2
Gross margin after logistics expenses	**4,081**	**3,773**	2
Advertising and promotion expenses	(980)	(857)	2
Contribution after advertising and promotion expenses	**3,101**	**2,916**	2
Structure costs	(958)	(931)	
Profit from recurring operations	**2,144**	**1,985**	2
Other operating income/(expenses)	142	(88)	3.1
Operating profit	**2,285**	**1,897**	
Financial expenses	(249)	(287)	
Financial income	31	39	
Financial income/(expenses)	**(218)**	**(248)**	3.2
Corporate income tax	(466)	(433)	3.3
Share of net profit/(loss) of associates	(2)	(3)	
Net profit of discontinued and held for sale activities	–	–	
Net profit	**1,599**	**1,214**	
o/w:			
- Non-controlling interests	30	24	
- Group share	**1,569**	**1,190**	
Earnings per share - basic (in euros)	6.20	4.73	3.4
Earnings per share - diluted (in euros)	6.19	4.72	3.4

3.2. Half-year consolidated statement of comprehensive income

€ million	31.12.2023	31.12.2024
Net profit for the period	**1,599**	**1,214**
Non-recyclable items		
Actuarial gains/(losses) related to defined benefit plans	**(52)**	**(3)**
Amounts recognised in shareholders' equity	*(69)*	*(4)*
Tax impact	*17*	*1*
Equity instruments	**(7)**	**14**
Unrealised gains and losses recognised in shareholders' equity	*(10)*	*32*
Tax impact	*3*	*(18)*
Recyclable items		
Net investment hedges	**3**	**(13)**
Amounts recognised in shareholders' equity	*3*	*(18)*
Tax impact	*(1)*	*5*
Cash flow hedges	**(1)**	**(1)**
Amounts recognised in shareholders' equity (1)	*(1)*	*(1)*
Tax impact	—	—
Translation adjustments	**(219)**	**232**
Other comprehensive income for the period, net of tax	**(277)**	**228**
COMPREHENSIVE INCOME FOR THE PERIOD	**1,321**	**1,443**
Of which:		
• Group share	1,308	1,389
• non-controlling interests	13	54

(1) No impact recycled to result for the period.

3.3. Consolidated balance sheet

Assets

€ million	30.06.2024	31.12.2024	Notes
In net values			
NON-CURRENT ASSETS			
Intangible assets	12,234	12,403	4.1
Goodwill	6,806	6,927	4.1
Property, plant and equipment	3,982	4,266	
Non-current financial assets	932	996	4.4
Investments in associates	58	73	
Non-current derivative instruments	–	–	
Deferred tax assets	1,713	1,684	
Total non-current assets	**25,725**	**26,349**	
CURRENT ASSETS			
Inventories and work in progress	8,255	8,423	4.2
Trade receivables and other operating receivables	1,581	2,203	4.3
Income taxes receivable	122	97	
Other current assets	416	420	4.5
Current derivative instruments	8	19	
Cash and cash equivalents	2,683	1,916	4.7
Total current assets	**13,065**	**13,079**	
Assets held for sale	395	367	4.10
TOTAL ASSETS	**39,185**	**39,795**	

Liabilities

€ million	30.06.2024	31.12.2024	Notes
SHAREHOLDERS' EQUITY			
Capital	393	391	6.1
Share premium	3,052	3,052	
Retained earnings and currency translation adjustments	10,828	11,911	
Group net profit	1,476	1,190	
Group shareholders' equity	**15,749**	**16,543**	
Non-controlling interests	1,048	1,089	
Total shareholders' equity	**16,797**	**17,632**	
NON-CURRENT LIABILITIES			
Non-current provisions	313	316	4.6
Provisions for pensions and other long-term employee benefits	277	261	4.6
Deferred tax liabilities	3,153	3,232	
Bonds - non-current portion	10,907	11,014	4.7
Non-current lease liabilities	352	391	4.7
Other non-current financial liabilities	133	135	4.7
Non-current derivative instruments	11	8	4.8
Total non-current liabilities	**15,146**	**15,358**	
CURRENT LIABILITIES			
Current provisions	158	149	4.6
Trade payables	2,930	2,727	
Income tax payables	149	280	
Other current liabilities	1,607	1,039	4.9
Bonds - current portion	1,778	1,110	4.7
Current lease liabilities	96	96	4.7
Other current financial liabilities	352	1,188	4.7
Current derivative instruments	21	36	4.8
Total current liabilities	**7,091**	**6,625**	
Liabilities related to assets held for sale	151	180	4.10
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**39,185**	**39,795**	

3.4. Statement of changes in shareholders' equity

€ million	Capital	Additional paid-in capital	Consolidated reserves	Actuarial gains and losses	Changes in fair value	Currency translation adjustments	Treasury shares	Equity attributable to equity holders of the Parent	Non-controlling interests	Total shareholders' equity
Opening position on 01.07.2023	**396**	**3,052**	**13,055**	**(301)**	**(27)**	**3**	**(462)**	**15,717**	**998**	**16,715**
Comprehensive income for the period	–	–	1,569	(52)	(8)	(200)	–	1,308	13	1,321
Capital variation	–	–	–	–	–	–	–	–	–	–
Expenses related to share-based payments	–	–	26	–	–	–	–	26	–	26
(Acquisition)/ disposal of treasury shares	–	–	(23)	–	–	–	(161)	(184)	–	(184)
Dividends and interim dividends distributed	–	–	(664)	–	–	–	–	(664)	(5)	(669)
Other transactions with minority interests	–	–	(6)	–	–	–	–	(6)	10	4
Other movements	–	–	(3)	–	–	–	–	(3)	–	(3)
Closing position on 31.12.2023	**396**	**3,052**	**13,957**	**(354)**	**(35)**	**(198)**	**(623)**	**16,193**	**1,016**	**17,209**

€ million	Capital	Additional paid-in capital	Consolidated reserves	Actuarial gains and losses	Changes in fair value	Currency translation adjustments	Treasury shares	Equity attributable to equity holders of the Parent	Non-controlling interests	Total shareholders' equity
Opening position on 01.07.2024	**393**	**3,052**	**12,836**	**(275)**	**(19)**	**82**	**(319)**	**15,749**	**1,048**	**16,797**
Comprehensive income for the period	–	–	1,190	(3)	14	189	–	1,389	54	1,443
Capital variation	(2)	–	(150)	–	–	–	150	(2)	–	(2)
Expenses related to share-based payments	–	–	20	–	–	–	–	20	–	20
(Acquisition)/ disposal of treasury shares	–	–	(64)	–	–	–	57	(7)	–	(7)
Dividends and interim dividends distributed	–	–	(591)	–	–	–	–	(591)	(5)	(596)
Other transactions with minority interests	–	–	(18)	–	–	–	–	(18)	(8)	(25)
Other movements	–	–	2	–	–	–	–	2	–	2
Closing position on 31.12.2024	**391**	**3,052**	**13,224**	**(278)**	**(5)**	**271**	**(112)**	**16,543**	**1,089**	**17,632**

3.5. Consolidated cash flow statement

€ million	31.12.2023	31.12.2024	Notes
CASH FLOW FROM OPERATING ACTIVITIES			
Group net profit	1,569	1,190	
Non-controlling interests	30	24	
Share of net profit/(loss) of associates, net of dividends received	2	3	
Financial (income)/expenses	218	248	
Tax (income)/expenses	466	433	
Net profit from discontinued operations	–	–	
Depreciation of fixed assets	217	211	
Net change in provisions	(42)	(30)	
Net change in impairment of goodwill, property, plant and equipment	14	–	
Changes in fair value of commercial derivatives	3	2	
Changes in fair value of biological assets and investments	–	–	
Net (gain)/loss on disposal of assets	(213)	(7)	
Expenses related to share-based payments	26	22	
Self-financing capacity before financing interest and taxes	**2,291**	**2,094**	
Decrease/(increase) in Working Capital Requirements	(1,169)	(836)	5.1
Interests paid	(194)	(296)	
Interests received	18	38	
Taxes paid/received	(254)	(195)	
Net change in cash flow from operating activities	**691**	**805**	
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure	(393)	(370)	
Proceeds from disposals of property, plant and equipment and intangible assets	2	5	
Purchases of financial assets and activities	(213)	(157)	5.2
Disposal of financial assets and activities	195	16	5.2
Net change in cash flow from investing activities	**(409)**	**(506)**	
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends and interim dividends paid	(1,199)	(1,194)	
Other changes in shareholders' equity	–	4	
Issuance of long-term debt	1,692	851	5.3
Repayment of debt	(601)	(824)	5.3
Repayment of lease liabilities	(67)	(58)	
(Acquisitions)/disposals of treasury shares	(184)	(11)	
Net change in cash flow from financing activities	**(360)**	**(1,232)**	
Cash flow from non-current assets held for sale	–	–	
Increase/(decrease) in cash and cash equivalents (before foreign exchange impact)	**(77)**	**(933)**	
Effect of exchange rate changes	107	167	
Increase/(decrease) in cash and cash equivalents (after foreign exchange impact)	**30**	**(767)**	
Cash and cash equivalents at start of period	**1,609**	**2,683**	
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	**1,639**	**1,916**	

3.6. Notes to the consolidated financial statements

Pernod Ricard is a French Company (Société Anonyme), subject to all laws governing commercial companies in France, including in particular the provisions of the French Commercial Code. The Company is headquartered at 5, cours Paul Ricard, 75008 Paris, France and is listed on the Euronext exchange. The condensed consolidated interim financial statements reflect the accounting position of Pernod Ricard and its subsidiaries (hereafter the “Group”). They are reported in millions of euros (€), rounded to the nearest million. The Group manufactures and sells wines and spirits.

On 12 February 2025, the Board of Directors approved the condensed consolidated interim financial statements ended 31 December 2024.

NOTE 1. ACCOUNTING POLICIES AND SIGNIFICANT EVENTS

Note 1.1. Accounting policies

1.1.1 Policies and accounting standards governing the preparation of the financial statements

Because of its listing in a country of the European Union (EU), and in accordance with EC regulation 1606/2002, the condensed consolidated interim financial statements of the Group for the first half-year ended 31 December 2024 have been prepared in accordance with IAS 34 (interim financial reporting) of the IFRS (International Financial Reporting Standards) as adopted by the European Union.

The Group has not anticipated any standards, amendments or interpretations published by the IASB but not yet approved or not yet mandatory in the European Union, as of 31 December 2024.

Note that:

- the Group's financial year runs from 1 July to 30 June;
- condensed consolidated interim financial statements were prepared in accordance with the same accounting principles and methods as those used in the preparation of the annual consolidated financial statements at 30 June 2024 ; except for the income tax charge which was calculated based on a forecast for the fiscal year;
- the condensed consolidated interim financial statements do not include all the information required in the preparation of the consolidated financial statements and must be read in conjunction with the consolidated financial statements at 30 June 2024.
- OECD Pillar Two rules providing for a 15% minimum tax per jurisdiction for multinational corporations have been adopted by the EU and therefore apply to the Group for fiscal years opened as from 1st July 2024. The corresponding European Directive was transposed into French law in December 2023. Based on Group internal analysis and geographical footprint, the impact in the consolidated financial statements is not material. As of December 31st, 2024, the Pillar 2 charge was recognized in accordance with IAS 34 principles.

Estimates — The preparation of consolidated financial statements in accordance with IFRS requires that Management makes a certain number of estimates and assumptions, which have an impact on the Group's assets, liabilities and shareholders' equity 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. At 31 December 2024, the Management was not aware of any factors likely to call into question estimates and assumptions used in the preparation of full-year consolidated financial statements at 30 June 2024.

Judgement — In the absence of standards or interpretation applicable to specific transactions, Group management used its own judgement in defining and applying accounting policies which would provide relevant and reliable information within the framework of the preparation of financial statements.

1.1.2 Seasonality

Wines and spirits sales are traditionally affected by a seasonality factor, in particular products associated with end-of-year celebrations in key markets. Sales in the first six months of the financial year are generally higher than in the second half-year.

Note 1.2. Significant events of the semester

1.2.1. Bond issues and redemption

On September 27, 2024, Pernod Ricard SA redeemed in full a 650 million euro bond issued on September 17, 2014, which had reached maturity and carried a 2,125% coupon.

Following the Autorité des Marchés Financiers' approval of the base prospectus, on May 26, 2020, Pernod Ricard set up a Euro Medium Term Notes (EMTN) program, updated annually and lately on October 24, 2024 (the "Program"). Under the terms of the Program, the Group may issue bonds through private placements in various currencies. The securities may be admitted to trading on Euronext Paris. The maximum nominal amount of securities outstanding under the Program is set at 7 billion euros (or its equivalent in any other currency).

NOTE 2. Operating segments

The Group is focused on the single business line of Wines and Spirits sales. The Group is structured into three primary operating segments constituted by the following geographical areas: Europe, Americas and Asia/Rest of World.

The Group Management Team assesses the performance of each segment on the basis of sales and its Profit from Recurring Operations, defined as the gross margin after logistics, advertising, promotional and structure costs. The operating segments presented are identical to those included in the reporting provided to Managing Directors, in particular for the performance analysis.

Items in the income statement and the balance sheet are allocated 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. Intra-segment transfers are transacted at market prices.

Group (€ million)	31.12.2023	31.12.2024	Variation (M€)	Variation (%)
Net sales	6,590	6,176	(414)	(6)%
Gross margin after logistics expenses	4,081	3,773	(309)	(8)%
Advertising and promotion expenses	(980)	(857)	+123	(13)%
Contribution after advertising and promotion	3,101	2,916	(185)	(6)%
Profit from Recurring Operations	**2,144**	1,985	**(159)**	**(7)%**

Americas (€ million)	31.12.2023	31.12.2024	Variation (M€)	Variation (%)
Net sales	1,860	1,738	(122)	(7)%
Gross margin after logistics expenses	1,232	1,155	(78)	(6)%
Advertising and promotion expenses	(374)	(322)	+53	(14)%
Contribution after advertising and promotion	858	833	(25)	(3)%
Profit from Recurring Operations	**555**	547	**(8)**	**(1)%**

Asia/Rest of World (€ million)	31.12.2023	31.12.2024	Variation (M€)	Variation (%)
Net sales	2,850	2,619	(231)	(8)%
Gross margin after logistics expenses	1,699	1,523	(176)	(10)%
Advertising and promotion expenses	(357)	(297)	+61	(17)%
Contribution after advertising and promotion	1,342	1,226	(116)	(9)%
Profit from Recurring Operations	**997**	892	**(105)**	**(11)%**

Europe (€ million)	31.12.2023	31.12.2024	Variation (M€)	Variation (%)
Net sales	1,880	1,819	(62)	(3)%
Gross margin after logistics expenses	1,150	1,095	(55)	(5)%
Advertising and promotion expenses	(248)	(238)	+10	(4)%
Contribution after advertising and promotion	902	857	(45)	(5)%
Profit from Recurring Operations	**591**	546	**(46)**	**(8)%**

Breakdown of net sales by brands

€ million	31.12.2023 published	31.12.2023 restated	31.12.2024	Variation (M€)	Variation (%)
International Strategic Brands	4,209	4,209	3,858	(351)	(8)%
Local Strategic Brands	1,149	1,103	1,098	(5)	— %
Strategic Wines	232	232	233	+2	+1 %
Specialities	447	462	437	(25)	(5)%
Other products	553	585	550	(35)	(6)%
TOTAL	**6,590**	**6,590**	**6,176**	**(414)**	**(6)%**

Since the 2024/2025 financial year, the 'Local Strategic Brands' and 'Specialities' segments have changed to reflect the active portfolio management, notably with disposals of some non-strategic local brands. This segmentation change has been applied to the period ended December 31, 2023 for comparison purposes.

NOTE 3. Notes to the income statement

Note 3.1. Other operating income and expenses

Other operating income and expenses are broken down as follows:

€ million	31.12.2023	31.12.2024
Impairment of property, plant and equipment and intangible assets	(15)	(9)
Gains or losses on asset disposals and acquisition costs	202	(7)
Net restructuring and reorganisation expenses	(48)	(42)
Disputes and risks	2	(19)
Other non-current operating income and expenses	–	(12)
Other operating income and expenses	**142**	**(88)**

At December 31, 2024, other operating income and expenses primarily consisted of restructuring costs for (42) million euros and disputes and risks for (19) million euros.

Note 3.2. Financial income/(expense)

€ million	31.12.2023	31.12.2024
Interest expenses on net financial debt	(211)	(255)
Financial expenses on lease liabilities	(8)	(8)
Interest income on net financial debt	31	39
Net financing cost	**(187)**	**(224)**
Structuring and placement fees	(1)	(1)
Net financial impact of pensions and other long-term employee benefits	(7)	(6)
Other net current financial income (expenses)	(5)	(9)
Financial income/(expense) from recurring operations	**(200)**	**(240)**
Foreign currency gains/(loss)	(15)	(3)
Other non-current financial income/(expenses)	(3)	(5)
FINANCIAL INCOME/(EXPENSE)	**(218)**	**(248)**

At December 31, 2024, the cost of net financial debt includes financial expenses relating to bonds (158) million euros, commercial paper (12) million euros, factoring and securitization contracts (38) million euros, interest on rental debt (8) million euros and other expenses (9) million euros.

Note 3.3. Income tax

Analysis of effective tax rate

€ million	31.12.2023	31.12.2024
Operating profit	2,285	1,897
Financial income/(expense)	(218)	(248)
Taxable profit	**2,067**	**1,649**
Theoretical tax change at the effective income tax rate in France	(534)	(426)
Impact of tax rate differences by jurisdiction	86	81
Other impacts	(18)	(87)
Effective tax charge	**(466)**	**(433)**
Effective tax rate	**23 %**	**26 %**

The income tax expense for the period is calculated by applying the estimated effective income tax rate for the fiscal year, based on the information available as of the interim reporting date (see Note 1.1.1 - Policies and accounting standards governing the preparation of the financial statements).

Note 3.4. Earnings per share

Numerator (€ million)	31.12.2023	31.12.2024
Group share of net profit	1,569	1,190
Denominator (in number of shares)		
Average number of outstanding shares	252,792,605	251,472,451
Dilutive effect of bonus share allocations	521,141	441,805
Dilutive effect of stock options and subscription options	75,853	3,479
Average number of outstanding shares - diluted	**253,389,599**	**251,917,734**
Earnings per share (€)		
Earnings per share - basic	6.20	4.73
Earnings per share - diluted	6.19	4.72

NOTE 4. Notes to the balance sheet

Note 4.1. Intangible assets and goodwill

		Movements in the year					
€ million	30.06.2024	Acquisitions	Allowances	Disposals	Translation adjustments	Other movements	31.12.2024
Goodwill	6,893	31	–	–	91	(1)	7,014
Brands	14,106	–	–	–	236	1	14,343
Other intangible assets	586	12	–	(1)	3	(12)	587
Gross value	**21,584**	**43**	**–**	**(1)**	**330**	**(12)**	**21,944**
Goodwill	(87)	–	–	–	–	–	(87)
Brands	(2,056)	–	–	–	(50)	–	(2,106)
Other intangible assets	(402)	–	(32)	1	(1)	12	(422)
Amortisation/impairment	**(2,545)**	**–**	**(32)**	**1**	**(51)**	**12**	**(2,615)**
INTANGIBLES ASSETS AND GOODWILL, NET	**19,039**	**43**	**(32)**	**–**	**279**	**–**	**19,330**

Goodwill mainly comes from the acquisitions of Allied Domecq in July 2005 and of Vin&Spirit (« V&S ») in July 2008. The main brands recognized in the balance sheet are: Absolut, Ballantine's, Beefeater, Bumbu, Chivas Regal, Kahlúa, Luc Belaire, Malibu and Martell, most of which were recognised upon the acquisition of Seagram, Allied Domecq, Sovereign Brands and V&S.

Note 4.2. Inventories and work-in-progress

The inventories and work-in-progress are broken down at closing as follows:

		Movements in the year				
€ million	30.06.2024	Change in gross values	Change in impairment	Translation adjustments	Other movements	31.12.2024
Raw materials	274	(27)	–	–	5	253
Work-in-progress	6,779	232	–	54	46	7,110
Goods in inventory	828	(69)	–	1	(5)	756
Finished products	469	(73)	–	2	(10)	389
Gross value	**8,350**	**64**	**–**	**58**	**37**	**8,508**
Raw materials	(16)	–	6	–	–	(10)
Work-in-progress	(29)	–	7	–	(1)	(23)
Goods in inventory	(28)	–	–	(1)	–	(29)
Finished products	(21)	–	–	–	–	(22)
Impairment	**(94)**	**–**	**12**	**(1)**	**(2)**	**(84)**
Net Inventories and work in progress	**8,255**	**64**	**12**	**57**	**35**	**8,423**

As at 31 December 2024, 86% of work-in-progress relate to maturing inventories intended to be used for whisky and cognac production. The Group is not significantly dependent on its suppliers.

Note 4.3. Transfers of financial assets

In the first half of the period 2024/25, the Group continued its programs to sell receivables due from various subsidiaries, resulting in outstanding receivables of 1,617 million euros at December 31, 2024 and 1,124 million euros at June 30, 2024. As substantially all risks and rewards associated with the receivables were transferred, they were deconsolidated.

Note 4.4. Non-current financial assets

Non-current financial assets are broken down as follows:

€ million	30.06.2024	31.12.2024
Shareholder equity instruments	502	570
Net value of IAS surplus plans	233	218
Loans, guarantees and deposits	192	202
Other financial assets	5	6
NON-CURRENT FINANCIAL ASSETS	**932**	**996**

Note 4.5. Other current assets

Other current assets are broken down as follows:

€ million	30.06.2024	31.12.2024
Tax accounts receivable, excluding income taxes	225	231
Prepaid expenses	113	106
Advances and down payments	56	66
Other Receivables	23	17
TOTAL OTHER CURRENT ASSETS	**416**	**420**

Note 4.6. Provisions

4.6.1 Breakdown of provisions

The breakdown of provision at the balance sheet date is as follows:

€ million	30.06.2024	31.12.2024
Non-current provisions		
Provisions for pensions and other long-term employee benefits	277	261
Other non-current provisions for risks and charges	313	316
Current provisions		
Provisions for restructuring	66	54
Other current provisions for risks and charges	92	95
TOTAL PROVISIONS	**748**	**726**

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 adjustment. The main disputes are described in Note 6.5 – Disputes.

At 31 December 2024, the amount of provisions booked by the Group in respect of disputes or risks in which it is involved amounted to €411 million, excluding uncertain tax positions presented within "Income taxes payables". 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.

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

	Movement of the period							
€ million	30.06.2024	Allowances	Used reversals	Unused reversals	Reclassification	Translation adjustments	Other movements	31.12.2024
Other non-current provisions	313	33	(19)	(9)	3	(4)	–	316
Provisions for restructuring	66	17	(25)	(2)	–	(1)	(1)	54
Other current provisions	92	6	(5)	(3)	–	3	2	95
TOTAL	**471**	**57**	**(49)**	**(14)**	**3**	**(2)**	**1**	**465**

4.6.3 Provisions for pensions and other long-term employee benefits

The Group grants pension and retirement benefits and other post-employment benefits (medical insurance or life insurance), in the form of defined contribution or defined benefit plans.

- 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 funded pension plans guaranteed to employees as well as unfunded post-employment medical plans;
- in Ireland, the United Kingdom and the Netherlands, benefit obligations mainly consist of pension plans granted to employees.

The table below presents a reconciliation of the provision between 30 June 2024 and 31 December 2024 for both periods:

	30.06.2024			31.12.2024		
€ million	Pension commitments	Health care and other employee benefits	Total	Pension commitments	Health care and other employee benefits	Total
Opening net (assets)/liabilities	12	106	119	(55)	98	44
Expenses for the year	25	10	35	24	4	28
Actuarial (gains)/losses (1)	(27)	(5)	(32)	5	–	5
Employer contributions	(54)	–	(54)	(24)	–	(24)
Benefits paid directly by the employer	(8)	(8)	(16)	(4)	(3)	(7)
Change in scope of consolidation	–	(5)	(5)	–	–	–
Exchange differences	(3)	–	(3)	(3)	1	(2)
Net (assets)/liabilities at end of period	**(55)**	**98**	**44**	**(57)**	**100**	**43**
Amount recognized as an asset	(233)	–	(233)	(218)	–	(218)
TOTAL PROVISION FOR PENSION	**178**	**98**	**277**	**161**	**100**	**261**

*(1) Recognised as items of *other comprehensive income**

At December 31, 2024, the (218) million euros in plan surpluses relating to employee benefit obligations are recognized in non-current financial assets (see Note 4.4 Non-current financial assets).

The net financial impact recognised in income statement in respect of pensions and other long-term employee benefits is broken down as follows: :

Charge for the year (€ million)	31.12.2023	31.12.2024
Benefits accrued during the year	15	14
Interest on provisions	1	–
Fees/taxes/premiums	6	5
Impact of plan amendments/reductions in future entitlements	–	(1)
Impact of liquidation of commitments	–	10
NET EXPENSE/(INCOME) RECOGNIZED IN INCOME STATEMENT	**21**	**28**

Note 4.7. Financial assets and liabilities

Net financial debt, as defined and used by the Group, corresponds to total gross debt (translated at the closing rate), including lease liabilities and fair value and net foreign currency assets hedged derivatives (hedging of net investments and similar), less cash and cash equivalents.

4.7.1 Breakdown of net financial debt by nature and maturity

	30.06.2024			31.12.2024		
€ million	Current	Non-current	Total	Current	Non-current	Total
Bonds	**1,778**	**10,907**	**12,685**	**1,110**	**11,014**	**12,124**
Syndicated loans	–	–	–	–	–	–
Commercial paper	196	–	196	1,043	–	1,043
Other loans and financial debts	156	133	288	145	135	280
Other financial liabilities	**352**	**133**	**485**	**1,188**	**135**	**1,323**
Gross financial debt	**2,130**	**11,040**	**13,170**	**2,298**	**11,149**	**13,447**
Fair value hedge derivatives instruments - assets	–	–	–	–	–	–
Fair value hedge derivatives instruments - liabilities	–	10	10	–	8	8
Fair value hedging derivatives	–	10	10	–	8	8
Net investments hedging derivative instruments - assets	–	–	–	–	–	–
Net investment hedging derivatives instruments - liabilities	6	–	6	24	–	24
Net investment hedge derivatives	6	–	6	24	–	24
Financial debt after hedging	**2,136**	**11,050**	**13,186**	**2,323**	**11,157**	**13,479**
Cash and cash equivalents	**(2,683)**	**–**	**(2,683)**	**(1,916)**	**–**	**(1,916)**
Net financial debt excluding lease liability	**(547)**	**11,050**	**10,503**	**407**	**11,157**	**11,563**
Lease liabilities	**95**	**352**	**448**	**96**	**391**	**487**
Net financial debt	**(451)**	**11,402**	**10,951**	**502**	**11,548**	**12,050**

4.7.2 Breakdown of debt excluding rental debt by currency before and after currency hedging instruments at June 30, 2024 and December 31, 2024

30.06.2024 *€ million*	Gross financial debt	Amount hedged	Debt after hedging	Cash	Net debt after hedging	% debt after hedging	% Net debt after hedging
EUR	9,776	(662)	9,114	(1,463)	7,651	69 %	73 %
USD	3,296	723	4,018	(276)	3,743	30 %	36 %
GBP	1	(107)	(106)	(156)	(262)	(1)%	(2)%
SEK	1	(123)	(122)	(38)	(161)	(1)%	(2)%
Other currencies	96	186	282	(750)	(468)	2 %	(4)%
FINANCIAL DEBT BY CURRENCY	**13,170**	**16**	**13,186**	**(2,683)**	**10,503**	**100 %**	**100 %**

31.12.2024 *€ million*	Gross financial debt	Amount hedged	Debt after hedging	Cash	Net debt after hedging	% debt after hedging	% Net debt after hedging
EUR	9,989	(611)	9,378	(671)	8,707	70 %	75 %
USD	3,396	838	4,234	(357)	3,877	31 %	34 %
GBP	1	(171)	(170)	(104)	(274)	(1)%	(2)%
SEK	–	(207)	(207)	(31)	(238)	(2)%	(2)%
Other currencies	61	184	245	(753)	(508)	2 %	(4)%
FINANCIAL DEBT BY CURRENCY	**13,447**	**32**	**13,479**	**(1,916)**	**11,563**	**100 %**	**100 %**

4.7.3 Breakdown of fixed/floating-rate debt excluding rental debt before and after interest-rate hedging instruments at June 30, 2024 and December 31, 2024

	30.06.2024				31.12.2024			
€ million	Debt before hedging		Debt after hedging		Debt before hedging		Debt after hedging	
Fixed-rate debt	12,871	98%	12,685	96%	12,292	91%	12,100	90%
Capped floating-rate debt	–	–%	–	–%	–	–%	–	–%
Floating-rate debt	314	2%	501	4%	1,187	9%	1,380	10%
FINANCIAL DEBT AFTER HEDGING BY TYPE OF RATE	**13,186**	**100%**	**13,186**	**100%**	**13,479**	**100%**	**13,479**	**100%**

At 31 December 2024, before taking into account of any hedges, 91% of the Group’s gross debt was fixed-rate and 9% floating-rate. After hedging, the floating-rate part was 10%.

4.7.4 Schedule of financial liabilities at 31 December 2024

The following table shows the maturity of future financial liability-related cash flows (nominal and interest). Variable interest flows have been estimated on the basis of rates at 30 June 2024 and 31 December 2024.

30.06.2024 *€ million*	**Balance Sheet value**	**Contractual flows**	**< 6 months**	**6 to 12 months**	**1 to 2 years**	**2 to 3 years**	**3 to 4 years**	**4 to 5 years**	**> 5 years**
Nominal value	13,170	13,051	918	1,070	1,187	29	1,683	1,363	6,801
Interest	–	2,616	170	125	281	254	254	222	1,310
Gross financial debt	**13,170**	**15,667**	**1,088**	**1,195**	**1,468**	**283**	**1,937**	**1,585**	**8,112**
Lease liabilities	**448**	**528**	**40**	**68**	**89**	**71**	**55**	**46**	**159**
Cross currency swaps	6	–	–	–	–	–	–	–	–
Flows payable	–	477	–	477	–	–	–	–	–
Flows receivable	–	(465)	–	(465)	–	–	–	–	–
Derivative instruments - liabilities	25	27	16	4	7	–	–	–	–
Derivative instruments - liabilities	**31**	**39**	**16**	**16**	**7**	**–**	**–**	**–**	**–**
TOTAL FINANCIAL LIABILITIES	**13,649**	**16,234**	**1,144**	**1,279**	**1,564**	**354**	**1,992**	**1,631**	**8,271**

31.12.2024 *€ million*	**Balance Sheet value**	**Contractual flows**	**< 6 month s**	**6 to 12 month s**	**1 to 2 years**	**2 to 3 years**	**3 to 4 years**	**4 to 5 years**	**> 5 years**
Nominal value	13,447	13,344	2,118	70	1,202	1,123	1,195	1,262	6,375
Interest	–	2,484	126	169	275	256	228	205	1,225
Gross financial debt	**13,447**	**15,828**	**2,244**	**239**	**1,477**	**1,379**	**1,423**	**1,467**	**7,600**
Lease liabilities	**487**	**618**	**46**	**70**	**92**	**73**	**59**	**47**	**231**
Cross currency swaps	24	–	–	–	–	–	–	–	–
Flows payable	–	492	492	–	–	–	–	–	–
Flows receivable	–	(465)	(465)	–	–	–	–	–	–
Derivative instruments - liabilities	20	20	15	3	3	–	–	–	–
Derivative instruments - liabilities	**44**	**47**	**41**	**3**	**3**	**–**	**–**	**–**	**–**
TOTAL FINANCIAL LIABILITIES	**13,978**	**16,493**	**2,332**	**312**	**1,571**	**1,452**	**1,482**	**1,514**	**7,831**

4.7.5 Credit lines

At 31 December 2024, credit lines comprised the multi-currency syndicated loan of €2,100 million, a bilateral line of €500 million and a Champagne loan of €260 million. No drawdowns have been made from these credit lines.

4.7.6 Bonds

Nominal amount	Interest rate	Issue date	Maturity	31.12.2024
1000 MEUR	1.13%	04.06.2020	04.07.2025	1,008
600 MEUR	1.50%	05.17.2016	05.18.2026	605
600 MUSD	3.25%	06.08.2016	06.08.2026	571
600 MEUR	3.75%	09.15.2023	09.15.2027	605
500 MEUR	0.50%	10.24.2019	10.24.2027	499
600 MUSD	1.25%	10.01.2020	04.01.2028	577
600 MEUR	3.25%	11.02.2022	11.02.2028	597
750 MEUR *	1.38%	04.07.2022	04.07.2029	750
500 MEUR	0.13%	10.04.2021	10.04.2029	494
1000 MEUR	1.75%	04.06.2020	04.08.2030	1,017
700 MEUR	3.38%	05.07.2024	11.07.2030	696
900 MUSD	1.63%	10.01.2020	04.01.2031	863
500 MEUR	0.88%	10.24.2019	10.24.2031	496
500 MEUR	3.75%	11.02.2022	11.02.2032	495
750 MEUR	3.75%	09.15.2023	09.15.2033	745
800 MEUR	3.63%	05.07.2024	05.07.2034	810
850 MUSD	5.50%	01.12.2012	01.15.2042	827
500 MUSD	2.75%	10.01.2020	10.01.2050	470
TOTAL BONDS				**12,124**

** Interest subject to the achievement of the key performance indicators to which this obligation is linked.*

Note 4.8. Financial instruments

		Breakdown by accounting classification				30.06.2024	
€ million	Measurement level	Fair value - profit	Fair value through Equity	Loans and receivables	Liabilities at amortised cost	Balance sheet value	Fair value
ASSETS							
Equity instruments	Level 1 and 3	–	502	–	–	502	502
Guarantees, deposits, investment-related receivables	Level 2	–	–	192	–	192	192
Trade receivables and other operating receivables	Level 2	–	–	1,581	–	1,581	1,581
Other current assets	Level 2	–	–	416	–	416	416
Derivative instruments - assets	Level 2	7	1	–	–	8	8
Cash and cash equivalents	Level 1	2,683	–	–	–	2,683	2,683
LIABILITIES							
Bonds	Level 1	–	–	–	12,685	12,685	11,804
Bank debt	Level 2	–	–	–	485	485	485
Financial lease debt	Level 2	–	–	–	448	448	448
Derivative instruments - liabilities	Level 2	25	7	–	–	31	31

€ million	Measurement level	Breakdown by accounting classification Fair value - profit	Fair value through Equity	Loans and receivables	Liabilities at amortised cost	31.12.2024 Balance sheet value	Fair value
ASSETS							
Equity instruments	Level 1 and 3	–	570	–	–	570	570
Guarantees, deposits, investment-related receivables	Level 2	–	–	202	–	202	202
Trade receivables and other operating receivables	Level 2	–	–	2,203	–	2,203	2,203
Other current assets	Level 2	–	–	420	–	420	420
Derivative instruments - assets	Level 2	19	1	–	–	19	19
Cash and cash equivalents	Level 1	1,916	–	–	–	1,916	1,916
LIABILITIES							
Bonds	Level 1	–	–	–	12,124	12,124	11,428
Bank debt	Level 2	–	–	–	1,323	1,323	1,323
Financial lease debt	Level 2	–	–	–	487	487	487
Derivative instruments - liabilities	Level 2	19	25	–	–	44	44

Including € 1 617 million of assets derecognised with continuing involvement as regards factoring and securitization deposits.

The methods used are as follows:

- debt: the fair value of the debt is determined for each loan by discounting future cash flows on the basis of market rates at the balance sheet date, adjusted for the Group's credit risk; for floating rate bank debt, fair value is approximately equal to 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;
- derivative instruments: the market value of instruments recognized 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 for fair value disclosures below accord with the definitions in the amended version of IFRS 7 (Financial Instruments: Disclosures):

- Level 1: fair value based on prices quoted in an active market;
- Level 2: fair value measured based on observable market data (other than quoted prices included in Level 1);
- Level 3: fair value determined by 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 31 December 2024, the impact was not significant.

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

Note 4.9. Other current liabilities

Other current liabilities are broken down as follows:

€ million	30.06.2024	31.12.2024
Tax and social security liabilities	856	908
Other current liabilities	750	131
TOTAL OTHER CURRENT LIABILITIES	**1,607**	**1,039**

Other current liabilities decrease between June 30 and December 31, 2024 is mainly explained by the €591 million interim dividend paid on 19 July 2024. Most of these other current liabilities are due within one year.

Note 4.10. Assets held for sale and related liabilities

Assets held for sale, and related liabilities, relate in particular to the international strategic wine brands, for which the sale agreement is mentioned as a post-closing event in the Universal Registration Document 2024.

NOTE 5. Notes to the consolidated cash flow statement

5.1 Working capital requirement

The working capital requirement has increased by +€836 million. It is mainly explained as follows:

- Inventory: +€69 million;
- trade receivables: +€633 million;
- trade payables: +€214 million;
- others: €(80) million.

5.2 Acquisitions of financial assets and activities

Acquisitions of non-current financial assets and businesses net of disposals generated an impact of (141) million euros, mainly linked to acquisitions and disposals of businesses during the period.

5.3 Bond issues/repayment of debt

During the half-year, the Pernod Ricard Group redeem (824) million euros in new borrowings and did not issue any bond. These movements correspond mainly to bond subscriptions and redemptions, as described in paragraph 1.2.1 of Note 1.2 - Significant events of the year.

In addition, the Group increased the amount of short-term negotiable securities outstanding by 851 million euros.

The Group also paid €66 million in respect of its lease liabilities, of which €58 million related to repayment of the nominal amount and €8 million to interest payments reported in cash flow from operating activities.

NOTE 6. Additional information

Note 6.1. Shareholders' equity

6.1.1 Share capital

Changes in Pernod Ricard's share capital between 1st July 2024 and 31 December 2024 were as follow:

	Number of shares	Amount in millions of euros
30.06.2024	253,328,748	393
31.12.2024	252,269,195	391

All Pernod Ricard shares are issued and fully paid for a nominal value of 1,55 euro. Only one category of Pernod Ricard shares exists. These shares obtain double voting rights if they have been nominally registered for an uninterrupted period of 10 years.

6.1.2 Treasury shares

At December 31, 2024, Pernod Ricard and its controlled subsidiaries held 645,970 Pernod Ricard shares with a value of 111 million euros. These treasury shares are deducted from shareholders' equity at acquisition cost.

6.1.3 Dividends paid and proposed

Following the resolution agreed upon during the Shareholders' Meeting of 08 November 2024, the total dividend in respect of the financial year ended 30 June 2024 was €4.70 per share. An interim dividend payment of €2.35 per share having been paid on 19 July 2024, the balance amounting to €2.35 per share has been paid on 27 November 2024.

Note 6.2. Share-based payments

The Group recognised an expense of €20 million within operating profit relating to stock option and performance-based share applicable on 31 December 2024.

Stock option, performance-based share and free share plans are equity settled.

The number of options and outstanding shares changed as follows between 30 June and 31 December:

	Units
Number of outstanding options / shares at June 30, 2024	**1,285,601**
Number of options exercised / shares acquired during the period	(420,905)
Number of options / shares cancelled over the period	(54,830)
Number of options / shares newly granted over the period	416,554
Number of outstanding options / shares at December 31, 2024	**1,226,420**

Note 6.3. Off-balance sheet commitments

The Group's off-balance sheet commitments given amounted to € 3,797 million as of December 31, 2024, compared to € 4,075 million as of June 30, 2024.

Off-balance sheet commitments received from the Group amounted to € 3,128 million as of December 31, 2024, compared to € 3,067 million as of June 30, 2024.

Note 6.4. Contingent liabilities

Contingent tax liabilities

- Pernod Ricard has received several notices of tax adjustment for 2007 to 2021, specifically concerning the tax deductibility of promotion and advertising expenses for an amount of 10,882 million Indian rupees (equivalent to € 123 million, including interest as of the date of the reassessment) which includes the amount of promotion and advertising expenses reassessed during a special audit carried out in 2017. Such special audit covered other various topics for a total amount of 1,387 million Indian rupees (equivalent to € 16 million).
- It should be noted that the level and amount of this risk pertaining to promotion and advertising expenses have been gradually and significantly reduced in recent years and that the Company obtained two court rulings in its favour in 2020 for the period from 2007 to 2014. High Court has dismissed Tax Department’s appeal against these court rulings in 2024. These rulings further strengthen Pernod Ricard India’s position on the tax deductibility of advertising and promotion expenses. Reassured by these decisions and after consulting with its tax advisers, Pernod Ricard India will continue to dispute the merits of the reassessment proposal and believes it has a probable chance of success in litigation. Accordingly, no provision has been booked for this matter.

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

- In November 2021, the new Excise Policy applicable in the National Capital Territory of Delhi changed the alcohol distribution system, from government-run corporation model to private distributors and retailers.
- The context of the change in route to market were 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.
- In that context, on 2 February 2023, a Delhi Districk Court took cognizance of a change sheet filed by the Enforcement Directorate of India, claiming that, among others, Pernod Ricard India and one of its employees might have benefited from undue gains under the new Excise Policy, allegedly in breach of certain provisions of the Indian Prevention against Money Laundering Act.
- The 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. Pernod Ricard is preparing for the trials, which are yet to be scheduled. 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 comply 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 risks and charges" (see Note 4.6 – *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 31 December 2024 for all disputes and risks in which it is involved amounted to €411 million, compared with €405 million at 30 June 2024 (see Note 4.6 – *Provisions*), excluding uncertain tax positions recognised in income taxes payable. Pernod Ricard provides no further details (other than in exceptional circumstances), as disclosing the amount of any provision for ongoing litigation could cause the Group serious harm.

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

Disputes relating to brands

Havana Club

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

I. "Section 211" and "No Stolen Trademark Act"

- In 1998, the US Congress passed Section 211 (also known as the "Bacardi Bill" because it was adopted through intense lobbying by representatives of Bacardi). This law has two main effects: 1) it prohibits US courts from recognizing and enforcing the rights of Cuban companies over trademarks associated with goods nationalized by the Cuban government, and 2) it subjects the renewal of these trademarks to the obtaining of a specific license from the Office of Foreign Assets Control (OFAC), which has discretionary power to grant or refuse the license.
- As a result, since its entry into force, Section 211 has impacted Cubaexport in two ways:
  - Cubaexport has been deprived of any legal recourse against the illegal use of its trademark in the United States by Bacardi, which has been distributing since 1996 rum under the "Havana Club" brand produced in Puerto Rico.
  - In order to renew the registration of its trademark with the USPTO, Cubaexport must seek and obtain specific prior authorization from OFAC every 10 years.
- In 2002, the Dispute Settlement Body of the World Trade Organization (WTO) condemned Section 211 on the grounds that this law is incompatible with the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) and, in particular, with obligations regarding most-favored-nation treatment and national treatment. To date, the United States has not taken any measures to comply with this decision (i.e., modification or repeal of Section 211).
- In December 2024, the US Congress passed the "No Stolen Trademarks in America" Act (NST). The NST strengthens the effects of Section 211 by extending the prohibition on recognition of the Havana Club trademark from courts to all US federal agencies, including the USPTO and the OFAC, which technically makes it impossible for Cubaexport to renew its trademark in 2026. The bill was signed by president Biden and became law on December 1st 2024.
- This law applies exclusively to the US registered Havana Club trademark but has no impact at all on the Havana Club joint-venture's rights over the Havana Club trademark which is registered by the JV in over 200 countries worldwide.

II. Renewal of the Havana Club trademark in the US

- In 1976, Cubaexport obtained the registration of the Havana Club trademark in the United States from USPTO for 20 years.
- In 1996, Cubaexport applied for and obtained the renewal of its trademark from USPTO for 10 years.
- In 2006, Cubaexport applied for a further 10-year renewal of its trademark with USPTO but, on the basis of Section 211 adopted in 1998, the USPTO refused to record the renewal of the trademark registration in the absence of an OFAC license. Cubaexport also requested a license from OFAC, which OFAC denied. Cubaexport appealed OFAC's decision before the Federal Court of the District of Columbia, which dismissed it in 2009. Cubaexport appealed this decision to the Court of Appeals for the District of Columbia, which in 2011 upheld the decision of the lower court. Cubaexport filed a petition for a writ of certiorari asking the United States Supreme Court to review the case with the support of the French government, the National Foreign Trade Council, and the Washington Legal Foundation. In 2012, the Supreme Court denied Cubaexport's petition, thus ending Cubaexport's dispute with OFAC.
- Between 2006 and 2016, Cubaexport's Havana Club trademark registration remained in a "frozen" status with the USPTO while the USPTO Director considered Cubaexport's petition to review the decision not to record the renewal of the registration.
- In 2015, Cubaexport once again applied for a license from OFAC to renew its trademark registration and obtained it. On this basis, in 2016, Cubaexport applied and obtained from the USPTO the renewal of its trademark retroactively from 2006 to 2016 and for an additional period of 10 years until 2026.

- As a consequence of the enactment of the NST, Cubaexport will no longer be able to obtain an OFAC license to renew its US trademark registration for another 10 years, as it successfully did in 2016. As a result, Cubaexports' registration should definitively expire in July 2026 (Cubaexport remains the legitimate owner of the brand until that date), leading to its cancellation and allowing Bacardi to apply for the registration of its own Havana Club trademark in the US market.

III. Ongoing litigations in front of the US Federal Courts

1. Dispute over the ownership of the HC trademark in the US before the District of Columbia Court (DC Case)

- In 1995, Bacardi brought a case before the Trademark Trial and Appeal Board (TTAB), which is the judicial body of the United States Patent and Trademark Office (USPTO), seeking the cancellation of the registration of the "Havana Club" trademark registered since 1976 by Cubaexport in the United States.
- In January 2004, the TTAB rejected this claim, thereby refusing the cancellation of the registration. Bacardi appealed this decision to the Federal Court of the District of Columbia (DC Court). The proceedings before the DC Court were suspended after the USPTO refused to renew the trademark in 2006, and resumed in January 2016 after the renewal was granted. On this occasion, Bacardi filed additional claims to challenge the 2016 renewal, to which Cubaexport responded with two motions filed in August 2016: one motion seeking dismissal of all substantive claims made by Bacardi, and another motion seeking expedited proceedings on certain aspects.
- On March 6, 2023, the DC Court partially granted and partially denied Cubaexport' motions, referring the arguments rejected in the motions to analysis on the merits. On April 19, 2023, Cubaexport responded to Bacardi's initial claims and filed a counterclaim for infringement of its Havana Club trademark in the US. Bacardi filed a motion to dismiss Cubaexport's counterclaim.
- On October 15, 2024, the DC Court granted Bacardi's motion to dismiss Cubaexport's counterclaim. This decision does not impact the main substantive question of the ownership of the Havana Club trademark in the United States which remains to be resolved by the DC Court.

Current status and next steps:

- The DC Court proceedings are currently ongoing notably with the discovery procedure which is not expected to finalize before June 2025.
- The NST adopted on December 1st, 2024, may impact the procedure and outcome of this litigation. These implications are currently being assessed by PR legal teams.

2. Dispute over the validity of the renewal of the HC trademark in front of the District Court of Virginia (USPTO Case)

- In 2021, Bacardi filed a parallel lawsuit against the USPTO in the United States District Court for the Eastern District of Virginia to request the cancellation of the renewal of the trademark granted in 2016 on the grounds that the USPTO did not have the necessary authority to renew this trademark.
- In 2022, the District Court dismissed Bacardi's claims on jurisdictional grounds. Bacardi appealed this decision to the United States Court of Appeals for the Fourth Circuit.
- In June 2024, the Court of Appeals overturned the decision of the District Court that it lacked authority to hear the case and referred the case back to the District Court of Virginia for further analysis.
- In August 2024, the District Court of Virginia signed an order allowing Cubaexport to intervene in the litigation between Bacardi and USPTO.

Current status and next steps:

- In December 2024, the parties submitted to the Court their motions for summary judgment, and their respective oppositions and replies.
- On 24 January 2025, the Court heard oral arguments on both sides' motions for summary judgment and ruled in favor of USPTO and Cubaexport and dismissed Bacardi's claim seeking cancellation of USPTO's 2016 decision to renew Cubaexport's US Havana Club trademark. The Court's written order detailing the Court's reasoning is expected in February. Bacardi may appeal this decision to the competent Court of Appeal.
- The outcome of this case may impact the other pending litigation (DC Case). If, following this procedure, the Courts were to grant Bacardi's request and conclude that the USPTO acted beyond its authority in granting the renewal, this would mean that the registration of Cubaexport's trademark would be considered expired from 2006. On the contrary, if Bacardi's request is denied, the USPTO's decision will stand confirming Cubaexport's ownership of the US HC brand.

- The NST may also impact the procedure and outcome of this litigation. These implications are currently being assessed by PR legal teams.

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 and by the Group’s Tax Department, with the assistance of external counsel for the most material or complex cases. Provisions are recognised if necessary. Pernod Ricard provides no further details (other than in exceptional circumstances), as disclosing the amount of any provision for ongoing tax litigation could cause the Group serious harm.

India

- Pernod Ricard India 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 Ltd has already paid the corresponding amounts up to 2001. For the period between 2001 and December 2010, Pernod Ricard India Ltd has paid almost the entire differential duty as determined by customs in Delhi following the initial adjustment notice received in 2011. A second notice received in 2013 and confirmed by a court on 14 August 2017 has been suspended by the Supreme Court. As regards the Company’s CAB imports since 2011, Indian authorities have issued reports challenging the transaction values as well as three show cause notices dated 2022, but failed to disclose all the data underlying their allegations. The Group has filed court requests to obtain such data and continues to actively work with the authorities and courts to resolve pending issues. In addition, pending resolution of the dispute, the customs authorities have demanded bank guarantees for the additional adjusted duties. The company challenged this request before the Supreme Court and obtained a stay of execution in March 2023. Further, Common Adjudicating Authority (‘CAA’) has been appointed in New Delhi to adjudicate upon the case. On April 16, 2024, Pernod Ricard India has filed a common reply to all three show cause notices before CAA.
- Pernod Ricard India is also involved in a debate with the Indian customs authorities over the transaction value of international products imported into India. Discussions are ongoing with the relevant authorities and courts.
- Moreover, Pernod Ricard India received several notices of tax adjustment for 2007 to 2021 relating to the tax deductibility of advertising and promotion expenses (see Note 6.4 – Contingent liabilities). In 2020, Pernod Ricard India obtained two court rulings in its favour for the period from 2007 to 2014, strengthening its position on the tax deductibility of advertising and promotion expenses. High Court has dismissed Tax Department’s appeal against these court rulings in 2024.
- 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 4.6 – 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 2013/17 (2019 in the case of Valle and Antioquia).

Pernod Ricard intends to vigorously defend itself against such allegations. These complaints contains 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

During the first half-year ended 31 December 2024, relations between the Group and its associates remained the same as in the financial year ended 30 June 2024, as mentioned in the Universal Registration Document.

In particular, no transactions considered unusual with regards to their nature or amount occurred over the period.

Note 6.7. Subsequent Events

There are no post-closing events having significant impact on the Group’s financial statements.

NOTE 7. Consolidation scope

There is no significant change in the consolidation scope in the first half of the 2024/25 financial year.

4 STATUTORY AUDITORS' REVIEW REPORT ON THE HALF-YEAR FINANCIAL INFORMATION

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders of Pernod Ricard S.A.,

In compliance with the assignment entrusted to us by your Shareholders' meetings and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Pernod Ricard S.A., for the period from July 1 to December 31, 2024,
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements were prepared under the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Paris La Défense, February 13, 2025
The Statutory Auditors
French original signed by

KPMG S.A.

Sara Righenzi de Villers
Partner

Adrien Johner
Partner

Deloitte & Associés

Marc de Villartay
Partner

Loris Strappazzon
Partner