CAMPARI GROUP

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

TOASTING LIFE TOGETHER

CAMPARI GROUP

ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

TOASTING LIFE TOGETHER

INDEX

Disclaimer
This document is only a 'pdf printed graphic version' and is not the original annual financial report included in the 'ESEF compliant single report package' with the audited financial statements pursuant to article 361 of Book 2 of the Dutch Civil Code.
The latter, which includes the audited financial statements and the auditor's report thereto is included in the 'ESEF compliant single report package' which can be found on the Company's website https://www.camparigroup.com/en/page/investors/financial-reports under 'annual report at 31 December 2021', 'ESEF compliant single report package'.
In case of any discrepancies between this 'pdf printed graphic version' and the 'ESEF compliant single report package', the single report package prevails.
This document was not made available to the public with a signed version, which is retained at the Group corporate office.

ABOUT THIS REPORT

NOTE ON PRESENTATION

The annual report for the year ended 31 December 2021 was prepared in accordance with the International Financial Reporting Standards ('IFRS'), issued by the International Accounting Standards Board ('IASB'), as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code. The designation IFRS also includes International Accounting Standards ('IAS') as well as all the interpretations of the International Financial Reporting Standards Interpretation Committee ('IFRS IC'), formerly the Standard Interpretations Committee ('SIC').

In accordance with articles 15 and 18 of Consob Regulation 20249 of 28 December 2017 concerning 'Conditions for the listing of shares of parent companies that control companies incorporated under and regulated by the law of countries other than EU Member States', the parent company Davide Campari Milano N.V. has identified its significant subsidiaries as defined article 15, paragraph 2, of the above-mentioned Regulation, and verified that the conditions set out in paragraphs b) and c) of article 15 have been met.

FORWARD-LOOKING STATEMENTS

Campari Group's annual report contains forward-looking statements that reflect management's current view of the Group's future development. All statements other than statements of historical fact set forth in this annual report regarding Campari Group business strategy, such as future operations and businesses, management's plans and objectives, are forward-looking statements. In some cases, words such as 'may', 'will', 'expect', 'could', 'should', 'intend', 'estimate', 'anticipate', 'believe', 'outlook', 'continue', 'remain', 'on track', 'design', 'target', 'objective', 'goal', 'plan' and similar expressions are used to identify forward-looking statements that contain risks and uncertainties that are beyond the control of the Group and call for significant judgement. Should the underlying assumptions turn out to be incorrect or if the risks or opportunities described materialise, the actual results and developments may materially deviate (negatively or positively) from those expressed by such statements. The outlook is based on estimates that Campari Group has made on the basis of all the information available at the time of completion of this annual report. The actual impact of Covid-19 and its associated operating environment may be materially different from management's expectations.

Factors that could cause the actual results and developments to differ from those expressed or implied by the forward-looking statements are included in the section 'Risk management and Internal Control System' of this annual report. These factors may not be exhaustive and should be read in conjunction with the other cautionary statements included in this report. Forward-looking statements made in this annual report shall be evaluated in the context of these risks and uncertainties.

Campari Group does not assume any obligations or liability in respect of any inaccuracies in the forward-looking statements made in this annual report or for any use by any third party of such forward-looking statements. Campari Group does not assume any obligation to update any forward-looking statements made in this annual report beyond statutory disclosure requirements.

INFORMATION ON THE FIGURES PRESENTED

All references in this annual report are expressed in 'Euro' or '€'.

For ease of reference, all the figures in this annual report are expressed in millions of Euro to one decimal place, whereas the original data is recorded and consolidated by the Group in Euro. Similarly, all percentages relating to changes between two periods or to percentages of net sales or other indicators are always calculated using the original data in Euro. The use of values expressed in millions of Euro may therefore result in apparent discrepancies in both absolute values and data expressed as a percentage.

For information on the definition of the alternative performance measures used, see paragraph 'Definitions and reconciliation of the Alternative Performance Measures (APMs or non-GAAP measures) to GAAP measures' in the dedicated paragraph of this annual report.

The language of this annual report is English. Certain legislative references and technical terms have been cited in their original language so that the correct technical meaning may be ascribed to them under applicable law.

EUROPEAN SINGLE ELECTRONIC FORMAT REQUIREMENTS

The Transparency Directive[1], requires all natural and legal person with securities listed on a European stock exchange to prepare their annual financial reports in compliance with the European Single Electronic Format, or ESEF. The entire annual financial report, i.e. including ad minima the audited financial statements and the management board report, shall be prepared in xHTML format. Specifically, issuers preparing IFRS consolidated financial statements shall mark up those using Inline XBRL and prepare a single report ESEF compliant package. To facilitate the introduction of the new rules, only the consolidated primary financial statements and certain administrative information shall meet the ESEF requirements for the first year of application.

During December 2020, the European Parliament and the Council included an amendment to the Transparency Directive allowing for a 1-year postponement to 1 January 2021 of the obligation for listed companies to draw up and publish their annual financial reports in accordance with ESEF. The ESEF postponement was adopted as a supplementary measure to help the recovery from the Covid-19 pandemic.

Campari Group managed ESEF by leveraging on a dedicated IT software, allowing to comply with the new regulation. In accordance with ESEF Regulation, Campari Group implemented the 2020 ESEF XBRL Taxonomy file as reference taxonomy for the 2021 annual accounts. This annual report is therefore ESEF compliant.

(1) Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC.

CAMPARI GROUP'S IDENTITY AND BUSINESS OVERVIEW

CAMPARI GROUP AT A GLANCE

Campari Group, a leading company in the global branded spirits industry, was founded in Milan in 1860, when Gaspare Campari created the world-famous red aperitif.

With a portfolio of more than 50 premium and super premium brands owned and with leadership positions in Europe and the Americas, Campari Group is today the sixth-largest player in the global premium spirits industry.

DISTRIBUTED IN
190 MARKETS

THROUGH A DIRECT DISTRIBUTION NETWORK IN
22 COUNTRIES

MANUFACTURING IN
22 PRODUCTION FACILITIES
AROUND THE WORLD

WITH AN OFFICIAL SEAT IN THE NETHERLANDS
HEADQUARTERED IN ITALY:
SESTO SAN GIOVANNI (MILAN)

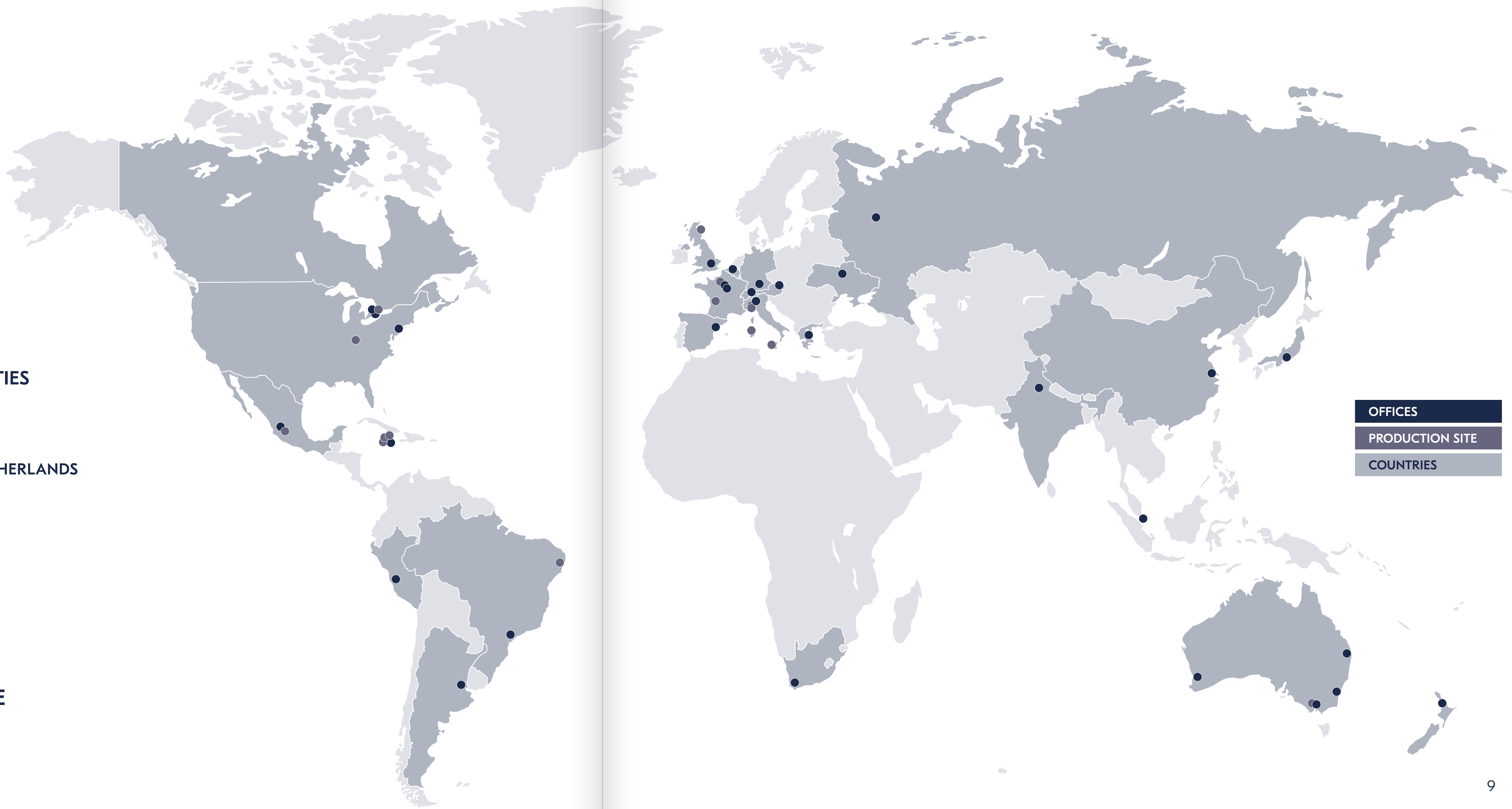
EMPLOYS APPROXIMATELY
4,000 PEOPLE
AROUND THE WORLD

FULL YEAR 2021 RESULTS - KEY HIGHLIGHTS

Campari Group achieved double-digit sales organic growth in 2021 driven by continued strong and healthy brand momentum. Despite the challenges of logistic constraints and the initial effect of cost inflation towards the year end, full year 2021 results showed a strong recovery versus the year before and benefitted from also an overall increased consumption and penetration of its brands compared to pre-pandemic levels.
In terms of profitability, it achieved a strong EBIT growth and margin expansion mainly driven by favourable sales mix and operating leverage thanks to strong topline growth, which enabled in particular sustained brand building investments to fuel strong brands.

Thanks to the very healthy cash flow generation driven by the solid business performance, Campari Group achieved a significant de-leverage with net debt to EBITDA-adjusted ratio down to the current 1.6 times at year end.

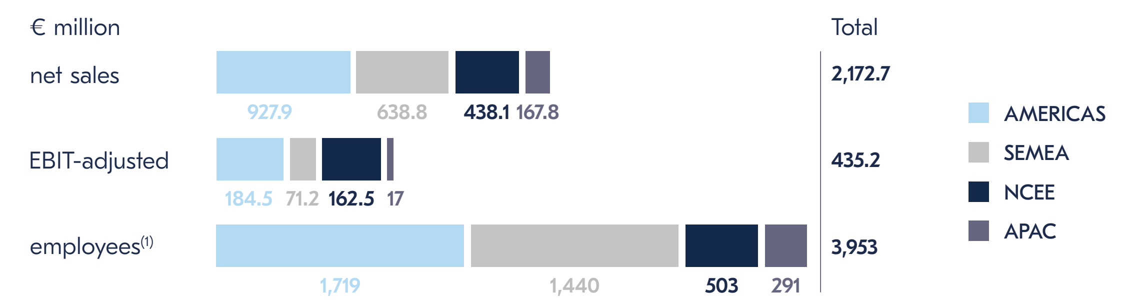
The Board of Directors proposed a full year dividend of €0.06 per share.



KEY FINANCIAL

	for the year ended 31 December			
	2021	2020		
	€ million	€ million	% total change	% organic change
Net sales [1]	**2,172.7**	**1,772.0**	**22.6%**	**25.6%**
EBITDA	480.6	309.8	55.1%	
EBITDA-adjusted	**514.9**	**399.9**	**28.8%**	**34.7%**
EBIT	400.8	231.8	72.9%	
EBIT-adjusted	**435.2**	**321.9**	**35.2%**	**42.3%**
Group net profit	284.8	187.9	51.6%	
Group net profit-adjusted	**307.9**	**202.1**	**52.4%**	
Basic earnings per share (€)	0.25	0.17		
Diluted earnings per share (€)	0.25	0.16		
Basic earnings per share (€) adjusted [2]	**0.27**	**0.18**		
Diluted earnings per share (€) adjusted [2]	**0.27**	**0.17**		
Average number of employees	**3,842**	**3,784**		
Free cash flow	332.3	168.6		
Free cash flow adjusted	**407.5**	**261.7**		
Net financial debt	**830.9**	**1,103.8**		

(1) Sales net of excise duties.
(2) For information on the definition of alternative performance measures, see the paragraph 'Definitions and reconciliation of the Alternative Performance Measures (APMs or non-GAAP measures) to GAAP measures' of this annual report.



(1) Number of employees as of 31 December 2021.

The shares of the parent company, Davide Campari-Milano N.V. (Reuters CPRI.MI-Bloomberg CPR IM), have been listed on the Italian Stock Exchange since 2001.

Campari stock	2021	since IPO[2]
Absolute share performance	37.6%	1558.7%
Total shareholder return[1]	38.4%	2096.2%

(1) Total return with dividend reinvested (annualised). Source: Bloomberg.
(2) Initial public offering date: 6 July 2001.

KEY NON FINANCIAL

OUR PEOPLE

6.7%

voluntary people turnover in 2021 (4.0% in 2020)

51.6%

Camparistas who decided to join the ESOP during 2021 (Employee Share Ownership Plan).

RESPONSIBLE PRACTICES

100%

communication containing Responsible Drinking Messages (RDMs) in 2021 (unchanged compared with 2020).

Responsible communication e-learning for

100%

marketing community activated in 2021 (in 2020 the project was approved and planned for 2021).

ENVIRONMENT

-24%

MJ/L energy consumption[2] in 2021 (-4% MJ/L in 2020)

-26%

L/L water consumption[3] in 2021 (-16% L/L in 2020)

(2) Between FY 2021 and FY 2020
(3) Between FY 2021 and FY 2020

CAMPARI GROUP EMERGING STRONGER FROM COVID-19

The Covid-19 ('Coronavirus') pandemic, which began in 2020 and had a huge impact on the world, still persists. The global recovery continues with different paths country by country, mainly thanks to progress of vaccination campaigns, nonetheless uncertainty remains due to the continued emergence of new appearing variants. Specifically, in many regions where vaccination rates remain low, such as some emerging markets, new localised lockdowns and renewed uncertainty occurred. Trade has largely returned to pre-pandemic levels, but tensions have emerged over supplies of commodities and intermediate inputs, partly due to the rapidity of the recovery, as well as logistics services, currently facing significant constraints across global markets. The health situation seems to be improving overall despite the periodic onset of new pandemic waves, thanks largely to greater awareness of the prophylaxis to be followed to treat the disease and the ability of government policies to manage specific emergencies in a patchy way instead of applying global measures.

In July 2021 the regulation on the European Covid Digital Certificate ('EUDCC'), also known as 'green pass', came into force in the European Union, allowing safe travelling among EU Member States. The green pass was also used by some governments to allow safe access to indoor spaces, including restaurants and bars as well as workplaces. Progressively during the year consumers started overall to return to enjoy a renewed conviviality that is characterized by a new awareness linked to the way of being together in a safe environment. The on-premise channel trend demonstrated the human desire to socialise remains strong and the physical distancing rules have prompted the development of new occasions for consumption as people attempt to make bar-quality drinks at home as a new source of entertainment. The off-premise channel remains resilient and solid; with the home mixology trend accelerating, more consumers have shown interest in buying sprits online and this trend has led to unprecedented levels of e-commerce development, driving the shift to digital marketing strategies. In addition, ready-to-drinks ('RTD's'), which in terms of channel pivoted to home consumption, showed strong resilience and development driven by the trend towards flavour, lower-ABV, refreshment and convenience, with spirits companies launching RTDs brands with a premium price positioning. Meanwhile, as international travel remains largely subdued due to various limitations still in place, the Global Travel Retail channel continued to be severely hit by the effects of the pandemic with respect to pre-Covid-19 levels, although it showed some signs of improvement starting from the second half of 2021, thanks to greater mobility for people, both for work and holidays, particularly among European countries.

While all Campari Group plants and distilleries continue to be fully operational, a new hybrid way of working has been launched globally for office-based Camparistas, where remote working and a safe return to the workplace coexist in the right balance. Togetherness, which is fundamental to the Group's culture and success, is made possible by spaces that have been designed to support collaboration and relationship building. In this 'way of working evolution' technology has played a crucial role as it enables the inclusion of everyone who is virtually or physically present. 'Togetherness' is one of the key corporate values and is in the company's DNA, which helps focus, productivity as well as collaboration and bonding between social individuals. In addition, in 2021 the Extra-Mile Bonus Plan ('EMB') was given to all permanent employees, who worked at the Group for at least 6 months during the challenging year of 2020 to reward Camparistas for their resilience, while the Employee Stock Ownership Plan ('ESOP'), launched in the fourth quarter of 2021, is yet another testimony of Campari Group's ever stronger and long-lasting commitment towards its people, enabling them to benefit from the powerful effects of the transformation and evolution of the Group to which they contribute on a daily basis.

The upheaval generated by the pandemic was devastating, but at the same time it also generated new opportunities for those who were able to see them. Campari Group is continuing to monitor the developments of the pandemic and their effects on the macroeconomic scenario and on the markets in which it operates, with special focus on how they affect the behavioural patterns of its consumer base, the Group's financial position and the results of its operations, despite the objective difficulty to forecast in a context constrained by numerous and new variables that are beyond the Group's control. The Group demonstrated remarkable agility and learning ability to create new opportunities in uncertain times, engaging with new consumers on-line and leveraging social and digital media initiatives to further strengthen its brands actively, while gaining market share in the premium spirits segments and consolidating its leadership in the aperitifs category. Innovative brand experiences have been generated through distinguished activations and events in outdoor spaces, which also benefitted from overall good weather in key markets, particularly during the key summer tourist season and in compliance with all regulations. Resources continue to be monitored in a very timely manner to ensure an efficient allocation capable of optimising every opportunity identified and enhancing the innovation initiatives that are dynamically identified to strengthen the value of the Group's product and brand portfolio, also through a strong push towards a digital transformation capable of facilitating the identification of the ideal product for each geography, to be offered to the consumer in the most attractive way and in the appropriate moment of consumption, to generate a memorable consumption experience with our brands. At the same time, healthy work practices as well as secure premises have succeeded in protecting Camparistas whilst ensuring business continuity.

Thanks to an excellent execution of its strategy across key markets during 2021, Campari Group succeeded in recovering its performance above pre-pandemic levels.

OUR **WORLD**

The defining aspects of Campari Group's culture and the constituent elements of its identity are: Corporate tagline, Mission, Values and Behaviours.

CORPORATE TAGLINE

'Toasting Life Together' is at the core of the Group's culture. It is what unites Camparistas and is deeply felt by all employees worldwide. It revolves around Campari Group's story made of celebrations that have been achieved through time by individuals who are passionate about what they do and put their efforts to ensure the business success. However, 'Toasting Life Together' is more than just that. It also means recognising the role that the Group's brands and drinks play in convivial moments, celebrating life in a positive and responsible way.

MISSION

'The smallest big company in the spirits industry building iconic brands and superior financial returns together with inspired and passionate Camparistas'

VALUES

Passion
Camparistas are passionate about the Group's industry, company and brands. They are passionate about everything that is done to build the brands and Camparistas go the extra mile to ensure a very positive experience to the consumers, customers and partners with the Group's brands and people, every day.

Integrity
Campari Group recruits, develops and rewards employees that work with the utmost integrity and transparency. Integrity means being a responsible corporate citizen and treating all of the Group's stakeholders correctly and with respect. Most importantly, it means ensuring that fairness, honesty and consistency are the hallmarks of the business transactions and the guiding light for the employee's professional lives.

Pragmatism
The Group encourages and rewards pragmatic problem solving in all functions at all levels. Simplicity is at the heart of all actions and this unique structure enables all Camparistas to take decisions as close to the customer and consumer as possible, whilst benefiting from synergies and know how throughout the Group.

Together
'Together' is a team philosophy: it underlines both the nature of the Group's business and the joint effort of Camparistas (including partners and customers) around the world, working with passion behind every brand or cocktail being served. Together means avoiding silos, proactively breaking any cultural, organisational and geographical barriers, working cross functionally and moving in the same direction, to reach a shared goal.

BEHAVIOURS

Be humble and hungry
The world is changing fast. Camparistas do not rest on their laurels, and they know when it is time to move forward. They are constantly looking for opportunities to do things better, without fear of making mistakes. Success must be earned every day.

Build more value together
Talent wins games, but teamwork and intelligence win championships. Camparistas believe diversity of thought creates value and supports innovation, and good advice can come from anybody. In such a team there are only two options: make progress or make excuses. In the Campari Group organisation, accountability is key and it ties commitment to the result. Although doing things alone is quicker, it does not achieve the same results as doing them together; studies show that work in isolation causes inefficiencies affecting the whole organisation. Everyone embraces his own responsibilities, but a job is considered incomplete if it is not supported by others' knowledge, experience, advice, or just encouragement. Sharing knowledge and best practices with others is the way Camparistas work, accepting failures and helping others to do the same, with honesty and courage.

Embrace the challenge and drive the change
In new ideas the Group sees potential opportunities, not threats. Camparistas enjoy meeting high standards that are within reach and do not strive for impossible goals. The pursuit of excellence is gratifying and healthy, the pursuit of perfection is frustrating and a terrible waste of time. A defensive towards change is attitude self-defeating.

Keep it simple and do more with less
Prioritising the necessary and eliminating the un-necessary is a condition to reduce overload and work more effectively, avoiding excess of inputs and procedures. According to Pareto's Principle only 20% of factors produce roughly 80% of results. Every day Camparistas strive to keep under control what the 20% is: this also includes looking for best practices and scalable solutions, in order to achieve excellent results, while optimising time.

Respect others and the planet
Camparistas behave as proper members of the Company community and responsible citizen of this planet, and proactively commit to their development. Camparistas value diversity, respect every opinion and firmly believe that diverse teams of non-experts perform better than non-diverse teams of experts.

OUR BUSINESS IN A NUTSHELL

The Campari Group traces its roots back to 1860 when Gaspare Campari developed the red, bittersweet aperitif that bears his name. From the opening of Café Campari in Milan in 1867 through the 1920s, the Campari Group expanded its product offerings to include a broad range of spirits and other drinks. For the next several decades, the Campari Group concentrated on expansion through carefully selected acquisitions designed to enhance its brand portfolio and global reach.

The Group currently aims to continue achieving profitable growth with strong cash generation, and to be a leading player in the global spirits industry by combining its passion for brand building with entrepreneurial drive and functional efficiency. The Company's management believes that the Group's performance demonstrates the strength of its core brands, reflecting a consistent commitment to long-term goals. Overall, management believes that the Group is strongly positioned for future growth, leveraging on the expansion of the international footprint of its enhanced brand portfolio and on external growth through acquisitions. Moreover, the Group benefits from its ability to leverage its extended distribution network, in which the Group has increasingly invested in recent years, in both developed and emerging economies, as well as its strengthened business infrastructure.

Campari Group's goal is to create and share long-term value with stakeholders. On the one side, the economic value generated and distributed provides an indication on how wealth is created, on the other, there are plenty of intangible resources and initiatives that contribute to the value creation processes. In this regards, community engagement and involvement with the local territory are of fundamental importance.

A HISTORY OF ENTREPRENEURSHIP

* Distribution Company ** Contract beverage Packer *** JV with Moët Hennessy with an overall stake of 62.1%

Campari Group's expansion was also achieved over the years through intense acquisition activity, which, together with organic growth, is one of the two pillars of Campari Group's growth strategy. The Group made its first acquisition in 1995, marking the start of a strategy that today still combines half organic growth with half external growth. Since then, with

30 AQUISITIONS SINCE 1995 — FOR A TOTAL VALUE OF OVER **€3.3** BILLION

more than 50 premium brands have joined the Group bringing with them a unique history and identity.

While the Group remains an active player in industry consolidation, in recent years it has also started to gradually streamline its business through disposals of non-core assets, in line with its strategy of focusing on its core high-margin spirits business: since 2013 it has completed

OVER **10** DISPOSALS — FOR A TOTAL AMOUNT OF ~ **€500** MILLION

Over the past decade, the Group has gone through a significant transformational process. In an increasingly challenging economic environment, other than being very active in acquisitions and continuing to invest in brand building and portfolio enhancement, the Group maintains its focus on mid to long-term opportunities and continues to strengthen internal capabilities also via expansion in its production capabilities, enhance integrated planning processes and leveraging on digitalisation and new technologies to make the business more scalable, agile and cost effective. Moreover, the Group has made substantial investments in ageing liquids over the past few years, based on the positive expectations of future demand for its aged product portfolio and in line with the Group's premiumisation strategy, in order to fuel long-term future growth.
At 31 December 2021 Campari Group distribution capabilities consist of 22 markets worldwide accounting for 89% of Group revenues. Over the years the Group has significantly expanded its supply chain capabilities, increasing the number of production sites to 22 units.

ORGANISATION ROLES AND RESPONSIBILITIES

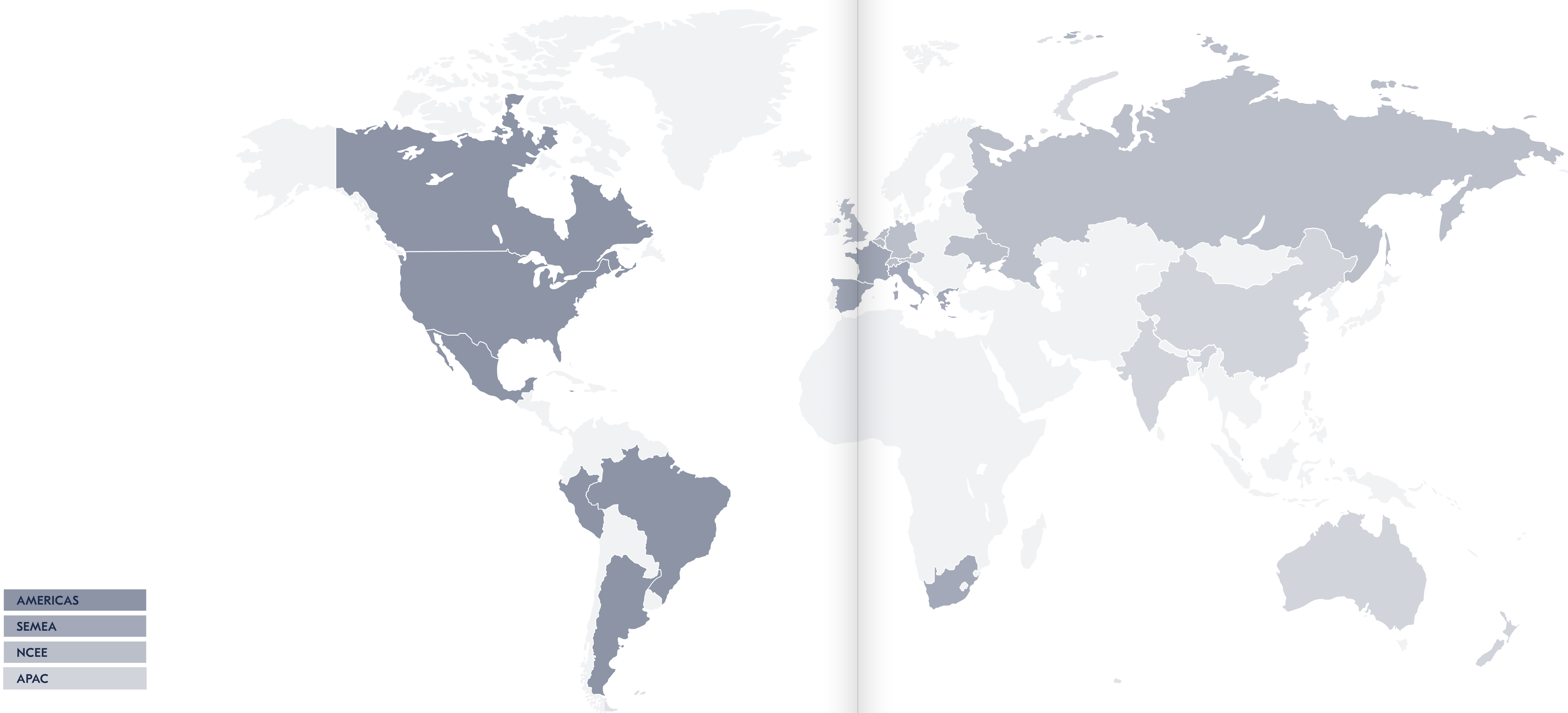
Headquartered in Milan, Italy, today Campari Group is organised along centrally based corporate functions and regional business units.

The formers play the role of defining, guiding, coordinating and supervising the implementation of corporate strategies and ensure that the entire organisation complies with the Group guidelines and policies. Centralisation includes the grouping of excellences covering the areas of global strategic marketing, global commercial capabilities, global supply chain as well as governance, group finance, tax, global business services, legal affairs, business development, internal audit, human resources, IT and corporate communications.

The Group's business includes sales of spirits on the markets that are affected by economic factors influenced by homogeneous elements, although markets have different sizes and maturity profiles. These elements are primarily attributable to geographical areas' features and the related breakdown by countries and secondarily attributable to the development of brand clusters (global, regional and local) and the related breakdown by brands. For Campari Group the four operating areas managed in terms of resource allocation, particularly investment in brand-building and distribution capabilities, are Americas ('AMERICAS'), Southern Europe, Middle East and Africa ('SEMEA'), Northern, Central and Eastern Europe ('NCEE'), and Asia-Pacific ('APAC'). The in-market companies, organised alongside these regional business units, have the task of implementing the Group's strategy and the key policies and guidelines defined centrally to support the international development of its global brands; moreover, their objective is to promote an excellent execution of brand building strategies for local and regional brands in their portfolios.

CAMPARI GROUP: A GREAT PLACE TO WORK

Camparistas are first and foremost Campari Group ambassadors, holding the corporate values and being the key ingredient to the Group's growth. In 2020 the bi-annual Global Camparistas Survey was launched, conducted in partnership with the Great Place to Work® Institute. This survey provides valuable insights into employee engagement, what works well in the organisation, and what can be improved. With a 94% response rate the survey confirmed that 83% of respondents would recommend Campari Group as a great place to work. Based on this 2020 results, during 2021 the Group promoted specific initiatives responding to the main Camparistas needs. For more information, please refer to the Sustainability performance section.



OUR AMBITION

1 GROWTH STRATEGY AND AMBITION ROADMAP

Campari Group's growth strategy aims to combine organic growth through strong brand building with shareholder value enhancing acquisitions in the long term. Spirits are the company's core business and where it focuses its acquisition efforts. The Group's strategic thinking is driven by the desire to reach or enhance critical mass in key geographic markets.

ORGANIC GROWTH

Campari Group aims to drive faster growth of Global Priorities, incubate Regional Priorities with best-in-class marketing, innovation and brand building, generate steady growth in key Local Priorities through periodical renewals. It aims to continuously leverage rigorous cost discipline to reinvest savings in strategic brand building and develop the Group's presence in high-potential markets.

EXTERNAL GROWTH

Key Group objectives are to seek acquisitions in markets where Campari Group controls its distribution, acquire local brands with strong equity to build new distribution platforms and identify specialty brands with strong equity and pricing power, whilst maintaining financial discipline. In addition to acquiring businesses that have reached a meaningful scale on a stand-alone basis in given markets, thus giving the Group the critical mass to build new distribution capabilities, the Group also remains committed to achieving potential synergies from acquiring brands and/or businesses in markets where the Group has already established a strong presence.

Campari Group's growth ambition focuses on five key strategic priorities, embedding the most relevant goals and initiatives for its success in the medium term:

- **boost organisation agility to drive superior performance**
  the new post-pandemic world recently experienced, characterised by high volatility, uncertainty and new consumption trends, combined with the trust deriving from Campari's continuous investments in ambitious strategic initiatives, make agility an essential element to be rooted in the Group's culture to take full advantage of business opportunities where it is expected to invest in a disciplined and careful way, constantly tracking progresses and taking immediate corrective actions also through new technologically advanced solutions;
- **expand the Group's global leadership in Italian icons, with its Aperitif and Amari brands, in both alcoholic and non-alcoholic segments:**
  the experience of the Covid pandemic is changing consumer habits, the path towards the market and the assortment of brands and the Group feels the need to evolve its strategy to be more agile and successful. Recruiting new young customers and exploit with courage emotional moments defined by social dynamics to discover the opportunities, geographical areas and categories of new consumers, is a 'must-have' to be fulfilled through the Group's fantastic premium brands in the aperitifs, amari and non-alcoholic segment;
- **establish world-class spirit brands focusing on top global priorities and a premium offering:**
  one effect discovered during the pandemic was the trend to drink 'less-but-better' and enjoy everyday treats via home-made premium cocktails: the leading trend is premiumisation, fuelled by home mixology, which will continue in some key categories and markets for the Group, and customers are expected to return to well-known brands. In this context it is crucial to achieve relevant market positions and to maximise the return on investment and profitability of the Group's world-class spirits brands, winning the moment of truth for consumers and buyers to build the Group's brand preferences, by creating an unforgettable experience with extraordinary liquids;
- **build brand preference and drive conversion in the omnichannel area:**
  the path of the consumer and the buyer has evolved thanks to the disruptive role played by e-commerce and digital media and this has been identified as the omnichannel journey that can start from any channel and mature in the others. Consumers and buyers discover the Group's brands and create a relationship with them. In this context, it is essential to define for each channel a clear role, clear objectives and targets, a clear strategy to provide coherent experiences across channels: brands are a key element in building the equity of those moments;
- **accelerate business development in the APAC region to boost the Group's market position:**
  accelerating business development in APAC is essential to strengthen the Group's position in the marker via a combination of winning in existing battlegrounds and identification of key brands/markets/initiatives, in a context characterized by millions of new potential consumers every year.

These ambitions, sustained by the Group's key strengths, ensure a consistent resource allocation and integration in the Group's business planning cycle and working attitude. The collective commitment represents the togetherness, which is fundamental to the Group and key pillar for its success.

2 KEY STRENGTHS

In order to achieve its medium-term ambitions, Campari Group leverages the following key strengths:

a *Business agility*	**f** *Increased business scale*
b *Digital transformation*	**g** *Strengthened Global supply chain*
c *Brand building, innovation and marketing capabilities*	**h** *Solid track record in acquisitions*
d *Enhanced brand portfolio with growth potential*	**i** *Strong cash flow generation and financial debt profile*
e *Increased global reach*	

a

Business agility

The Group continues to leverage its capability of promptly adapting to and taking advantage of changing circumstances, despite its increased business scale, both with respect to its acquisition strategy and its strategic brand building activities. The swift refocus of its strategic brand building investments on digital media, to continue fuelling sustained brand momentum in unprecedented times, demonstrates Campari Group's agility in mastering new challenges whilst confirming its long-term objectives. The Group responded to the challenges of the persisting Covid-19 emergency with remarkable agility, combining the strength of a large group with agility and entrepreneurial spirit: the company did not only rapidly adapt to changing consumer profiles and habits, strongly impacted by restrictions, but it also succeeded in creating new business opportunities.

A key enabler of Campari Group's agility is its digital transformation.

b

Digital transformation

The Group has undertaken meaningful investments in a digital transformation process permeating the Company as a whole, and in particular in marketing, commercial, finance, supply chain, HR, IT and global business service center. This transformation pursues the aim to boost agility, ability and speed in strategic business decision making and to drive superior performances throughout the organisation: it foresees the centralisation of skills through the creation of centres of excellence at corporate level in charge for performing activities which are delivered to the Group's subsidiaries in a harmonised and automated manner thanks to an enhanced use of advanced technology. In so doing, the digital transformation allows local markets to devote energy and efforts to the core business activities, thus focusing on delivering high quality strategy execution and scouting new development opportunities. During 2021 Campari Group has started to deploy an upgrade of the Group's IT infrastructure to SAP S/4HANA, a complete enterprise resource planning (ERP) system with built-in intelligent technologies, including AI, machine learning, and advanced analytics. Leveraging these new technologies, the Global Business Services (GBS) organisation, which provides services to all Group legal entities with a standard accounting model and system, represents a key accelerator of the overall group digital transformation. By standardising, automating and digitalising the transactional processes at global level, through the creation of intelligent and technology based operations, it plays a crucial role in Campari Group's evolution towards an agile and cost effective business infrastructure. Moreover, the digital transformation and the development of advanced analytics techniques are key enablers of data driven decisions in the Finance function for effective business partnership thanks to improved data analysis and reduced complexity.

The Group also continues to leverage the outsourcing of selected standard IT and back-office functions to third-party providers, thus enabling the continuous refocusing of the Group's central functions to value-added activities, while ensuring high quality and efficient levels of everyday support services for business. Particularly, effectiveness and efficiency was increased, decreasing overall application maintenance costs at the same time through synergies and economies of scale.

Brand building, innovation and marketing capabilities

The Group considers its brand portfolio to be its strategic asset. As shown by a number of the Group's key brands, such as Aperol, Campari, Wild Turkey, Grand Marnier and Appleton Estate, when properly developed, the Group believes that the brand life can exist indefinitely. Intangible assets are a key component of the market value of spirits products, reflecting the power of brands built up over many years. Advertising and promotional investments build and protect the value of the brands in the long-term. The Group has an ongoing commitment to investments in marketing designed to strengthen the recognition and reputation of iconic and distinctive brands in the key markets, as well as launching and developing them in new high-potential geographical regions. Brand image is a critical factor in a consumer's choice of spirits products. Consumers are willing to pay higher prices for brands they like and trust, and the strength of these brands allows companies to build a premium positioning, improve the price mix and therefore generate higher returns in the mid- to long-term.

The Group has a strong history of long-term brand building and development and strives to grow and maintain its market share by positioning its brands clearly and consistently across all their markets and distribution channels. The Group's main marketing focus for the coming years is to devise a clear, distinctive and enduring strategy to build, increase the visibility of and develop each of the Group's products, concentrating on global priorities, as a premium, dynamic and contemporary brand across diverse international markets, usage occasions and consumer audiences to further benefit from continuing trends towards premium spirits and maximising profitability.

With the rise of new technologies, the Group has increased its use of diverse media to build and communicate its marketing message and create awareness of the Group's various brands in distinct markets. While traditional media (including TV, press, bill-boards and sponsorship) still play an important role in activating, building and strengthening the image of its brands, the Group is developing its strategies to include new communications tools, especially the digital and online media, which is considered strategic thanks to its interactive, customisable and measurable properties and with an increasing focus on the on-premise distribution channel, deemed to be the key to brand-building with the aim of engaging consumers by making them have a live memorable experience with the Group brands and become the preferred choice of bartenders, turning them into advocates in a omnichannel user journey. The pandemic experience made it necessary to accelerate the Group's marketing transformation in digital marketing in order to quickly respond to the changed circumstances and consumer requirements.
Channel wise, whilst the on-premise distribution channel continues to be considered key in the Group's brand building and activation, with a great emphasis on experiential marketing, in the context of the pandemic, the role of e-commerce has also become increasingly important and effective for brand building purposes.

In marketing its international brands, the Group first develops a central strategy that globally reflects its group identity and strategic guidelines and then customises an approach for each brand that it views as appropriate to the local market in terms of target audience, consumer preferences and advertising regulations. This central strategy is developed by the Group's global strategic marketing team, and internationally by local markets. Local markets are also responsible for marketing local brands in their respective markets.

Growth in the spirit industry is becoming more and more dependent on innovation, which, like advertising and promotion investments, is critical in driving price and volume. Innovation has become increasingly important for brand building, attracting new consumers, driving sales growth and sales mix improvement in the spirits sector. Spirits consumers are increasingly attracted by new products and, based on experience, are likely to pay a higher price for distinctiveness in terms of premium positioning, quality and consumption usage. The Global Strategic Marketing team is responsible for product innovation, which includes the development and launch of new products and limited editions, as well as the re-launch of existing products and/or the introduction of new products for carefully thought-out brand line extensions. Moreover, strengthened distribution networks allow the Group to quickly identify emerging consumption trends in individual markets and react quickly in terms of product development as a result of its enhanced global supply chain.

Besides visitor centres, 'Brand houses' are one further strategic brand building tool in which the Group has started to invest in recent years In 2019 the iconic Camparino bar, the birthplace of the Milanese aperitif, re-opened under the Campari Group management, debuts in the prestigious World's 50 Best Bars, ranking in 27th position in 2021. Moreover, in August 2021, a range of exclusive activations and events were held to mark the opening of Terrazza Aperol, the first Aperol branded flagship by Campari Group, in the heart of Venice (Campo Santo Stefano). Terrazza Aperol celebrates a deep connection with one of the city's most characteristic rituals, the Italian aperitivo, which is revisited in a contemporary version through the orange lens of Aperol Spritz.

In 2021 Campari Group launched RARE, a new dedicated division with the ambition to become a leading purveyor of luxury offerings in key global markets. Through this strategic initiative, Campari Group aims to unlock and accelerate the growth of its existing and future portfolio of super premium products and above, seeking a new dedicated approach to brand-building and route-to-market.
In the United States, where the project has kicked off targeting three States with the objective to gradually branch out in the following years, RARE focuses on opulent, top tier luxury offerings that allow Campari to engage with high net-worth individuals; boutique, niche products that allow Campari to engage with 'in the know' consumers, spirits connoisseurs and bartenders; signature, foundational super premium offerings, with award-winning propositions in the largest and fastest growing categories in the United States.
Beyond the United States, a deployment of the RARE initiative, via an increased focus of existing sales organisations, is planned in selected European and Asian markets as well as in e-commerce, enriched by the finest expressions of the Group's portfolio of leading brands.
In terms of initiatives under the RARE division during 2021, The GlenGrant brand partnered with the Fort Lauderdale International Boat Show for the official launch of The GlenGrant 60 year old, taking place at a small private event at the Boat show aiming to build a luxury brand experiential footprint to drive awareness, consideration and a liquid to lips trial of its award winning portfolio.

d

Enhanced brand portfolio with growth potential

The Group has a strongly diversified brand portfolio with more than 50 premium brands covering a wide range of categories, including Aperitifs, Vodka, Liqueurs, Bitters, Whisky (including American whisky, Canadian whisky and Scotch whisky), Tequila, Rum, Gin and Cognac. The Group also has a presence in the champagne category and it is growing in the non-alcoholic aperitifs segment. They span across all major consumption occasions, including aperitifs, dinner, after dinner and night.

The Group categorizes its brands into three main clusters (global priorities, regional priorities and local priorities) based on the geographic scale, business priority and growth potential of the brands.
The six Global Priorities (Aperol, Campari, SKYY, Wild Turkey, Grand Marnier and Jamaican rums) consist of high-margin brands, currently enjoying strong market positioning in their core markets with further penetration opportunities, and have the potential to expand their footprints internationally.
Moreover, the Group manages a pool of regional priority brands, which currently still have limited scale but potential to expand within their regions. In addition, the Group has a portfolio of local priority brands that operate primarily in their domestic markets but can offer the strongest potential upside in terms of sales growth and mix improvement.
The rest of portfolio category includes agency brands and other non-strategic own brands, which the Group has progressively streamlined and divested in recent years to focus on its owned core spirit brands.

BRAND PORTFOLIO AND MAIN MARKETING INITIATIVES IN 2021

Global priorities

APEROL

Aperol is about joy of life. Bright orange in colour, it is low in alcohol content and it has a unique bittersweet taste deriving from a secret recipe that has remained unchanged since its creation. Aperol Spritz is the quintessential social signature drink that perfectly expresses the brands 'Contagious joy of life'.
Aperol was founded in 1919 in Padova, an invention of brothers Silvio and Luigi Barbieri. Aperol became part of the Campari Group's brand portfolio in 2003 through the acquisition of Barbero 1891 S.p.A., achieving new records of popularity and diffusion at the international level. Thanks to its easy taste and versatile consumption occasions as well as the continuous marketing support behind it, Aperol has grown by over ten times since its acquisition, while developing positively both in Italy and in international markets. The brands' core markets are Italy, Germany, the United States, France and Russia.
Aperol: main brand-building activities during the year 2021
Throughout 2021 multiple initiatives were launched to recruit and educate consumers with the perfect serve, strengthening the link with food and generating digital engagement to reinforce home consumption of Aperol Spritz as well as the pleasure of celebrating 'together' again. **Together We Can Cheer activation, Aperitivo a Casa, and Together We Can Cook** were launched in Italy, while in the United States starting from May 2021, the **Aperol 360° Summer Programme** was launched to drive awareness, recognition and tasting of Aperol Spritz. In Germany, the **Aperol Bar Walking Tour** and the **Aperol Pool Concert Tour** were launched in selected cities and at year-end an above-the-line Aperol campaign was launched to de-seasonalise the brand's consumption. Finally, from October 2021 the **Aperol Spritz Summer communication plan** was developed in Australia aimed at increasing awareness of the brand.
In August 2021, following Camparino flagship reopening in Milan in 2019, a range of exclusive activations and events were held to mark the **opening of Terrazza Aperol**, the first Aperol branded flagship by Campari Group, **in the heart of Venice** (Campo Santo Stefano).

GLOBAL

CAMPARI

Campari is the iconic, unforgettable Italian red spirit with its ethos of Red Passion. Vibrant red in colour ,Campari has a unique and multi layered taste and is extremely versatile, offering boundless and unexpected possibilities. As a source Campari is the Group's signature brand. With a history which began in 1860, it is a historic, sophisticated, high class and quality brand, but at the same time always evolving and avant-garde, representing a symbol of Italian excellence. Today the brand is sold in over 190 countries and, with its unmistakable red colour, the base for many famous classic cocktails around the world, including the Negroni and Americano. In recent years, consumers have been increasingly embracing bitters and showing growing interest in classic cocktails. Campari, being a key ingredient and easy to mix, is leveraging this positive trend for further expansion.
The brand has a well-diversified geographic exposure. Key international markets for the Campari brand include Italy, the United States, Germany, Jamaica and Brazil.
Campari: main brand-building activities during 2021
During 2021 many activations were implemented to strengthen the quintessential aperitif with its unmistakable red colour. The **Campari Red Passion campaign** was launched globally to generate brand awareness and to establish the brands' ethos of Red Passion through the voice of the bartender. In September 2021 for the 9th consecutive year, CampAri and Imbibe magazine have partnered together for the **Negroni Week**, over one shared charitable goal. Throughout the year the Campari brand's bond with cinema continued to get stronger, with multiple initiatives and partnerships being implemented, including the following:

- the **Campari Red Diaries 2021 Fellini Forward** short film, which had its globally premier at the Campari Boat-In Cinema during the **78th Venice International Film Festival**, for which Campari was the main sponsor for the 4th consecutive year.
- Campari was the **exclusive spirits partner for the 59th New York Film Festival**.

In terms of awards, the unique expression Campari Cask Tales received the Gold Medal in the 2021 Speciality Spirits Master, which recognises and rewards outstanding products and is a stamp of approval that guarantees the highest quality of bitters.
The 2020 edition of the Barawards, awarded Camparino as the bar revelation of the year, while its bartender Mattia Capezzuoli was awarded Best Bartender Under 30.

WILD TURKEY

Wild Turkey is an American icon. It has been the authentic Kentucky Straight Bourbon Whisky since 1855, with the original distillation and maturing process of which not having changed since it was first introduced. The brand was acquired by Campari Group in 2009 and under the guidance of Master Distiller Jimmy Russell, who has worked in the distillery for over 60 years, the Wild Turkey Bourbon offering has seen extraordinary growth.
The Group's key focus area to further develop the Wild Turkey portfolio is to premiumise the offering through the introduction of more premium extensions and limited editions. The United States is the biggest market for the Wild Turkey portfolio, followed by Australia, South Korea, Japan and Canada.
Wild Turkey portfolio: main brand-building activities during 2021
The initiatives executed during 2021 were aimed at strengthening the portfolio's premiumisation through packaging upgrades and introducing more premium extensions and limited editions. Very positive feedback was highlighted through the recognition of multiple awards in the United States in the context of the **2021 Drinks International Annual Brand Report**, the **2021 San Francisco World Spirits Competition** and the **2021 Ultimate Spirit Challenge**. Focusing on the extensions, the 7th edition of Wild Turkey's annual exclusive premium release **Master's Keep** was launched globally. Starting from Agust 2021 the **Trust Your Spirit** campaign was launched introducing the brand's new tagline in the United States, Australia and Japan, featuring creative director Matthew McConaughey and master distiller Jimmy Russell, while in May 2021 the new iconic packaging design of **Wild Turkey 101** was launched, as well as the new limited-edition **Russell's Reserve 13 year old**, one of the boldest, yet smoothest bourbons ever.

SKYY

Created in San Francisco in 1992, SKYY transmits the spirit of an optimistic approach to life. SKYY Vodka revolutionised the spirits industry with its proprietary state-of-the-art quadruple distillation and innovative triple-filtration process. With its iconic, cobalt-blue bottle, which reflects the name of the product, SKYY was the first vodka to introduce packaging as a 'style image'. SKYY was acquired by the Group in 2001. The United States has been the biggest market for SKYY. At the same time, SKYY has expanded into many international markets which now represent key growth drivers for the brand. Key markets outside of the United States include Argentina, China, South Africa and Germany.
SKYY: main brand-building activities during 2021
In June 2021 **SKYY** was **relaunched** with a global campaign executed digitally, first introduced in the United States and then extended to Canada and Germany. To support the brand relaunch, in June 2021 the largest US national paid media campaign **Born from the Blue** was initiated across digital and social media, online search as well as out of home, establishing the new liquid's claims and credentials, along with the new positioning, which leans into the brand's San Franciscan roots. Among other key initiatives for the brand, the **coming soon** campaign was launched in South Africa from October 2021, across major social media platforms as well as targeted influencers, combined with 15" TV advertisements.
The brand also continued its support of the LGBTQIA+ community by becoming an official sponsor of New York City Pride and launching a sponsorship campaign in the United States: the campaign titled **Coming Out (Again)**.

GRAND MARNIER

Grand Marnier liqueur is the iconic spirit of vibrant French lifestyle around the world. In its unique and timeless bottle, which evokes the silhouette of the Cognac copper still, it is made from the unique combination of the finest French cognacs and essence of exotic oranges. Created in 1880, Grand Marnier is one of the world's most recognised and storied spirits brands with a rich history and strong presence in premium on-trade outlets. It was acquired by Campari Group in 2016 and since its acquisition, the Group has relaunched the brand through the introduction of a new packaging and a new marketing campaign emphasising the heritage and quality of the brand as well as redefining the brand's drinking strategy by focusing on mixology, classic cocktails, particularly the Grand Margarita which leverages the buoyant trend of premium tequila, and long drinks. Aiming to further premiumise the offerings, the Group also launched a selection of high-end expression of Grand Marnier, like Grand Marnier Cuvée du Centenaire and Grand Marnier Cuvée Louis Alexandre. The United States is the biggest market for the brand, followed by Canada, France, Italy and Germany.

Grand Marnier: main brand-building activities during 2021

Several initiatives were launched in the key United States market during the 2021 summer period. Grand Marnier was the **Official Liqueur of New York Fashion Week**, whilethe **Grand Margarita activation** was implemented in the United States across multiple channels such as paid media, social media, digital influencers and PR activations.

JAMAICAN RUMS

The Jamaican sumptuous rums characteristics are: alive, vivid and rich with complex flavours and aromas. The portfolio was acquired by the Group in 2012. It includes mainly Appleton Estate and Wray&Nephew Overproof, a high-proof white rum, continuing to develop its reputation as a mixologist's favourite due to the depth of its flavour, versatility and quality. The rum category continues to innovate and increase its premium positioning through the launch of more high-end propositions. The Jamaican rum portfolio has grown positively in recent years both in its domestic Jamaican market and in international markets, such as the United States, the United Kingdom, Canada and Mexico.

Jamaican rums: main brand-building activities during 2021

With regard to the Jamaican rums portfolio, the **relaunch of Appleton Estate Core Range** (Signature, 8 Year Old Reserve and 12 Year Old Rare Casks) continued across the world in 2021, with rollouts in most European and Asian markets. In addition, the new **Appleton Estate 15 Year Old Black River Casks** and the relaunch of **Appleton Estate 21 Year Old Nassau Valley Casks** were activated in key international markets. In terms of brand premiumisation, luxurious limited edition **Hearts Collection** was launched in December. It includes **Appleton Estate Hearts Collection 1984** and **Appleton Hearts Collection 2003**, two single marque rums aged for a minimum of 37 and 18 tropical years, respectively.

Moreover, during 2021 the Jamaican rums portfolio was honoured with multiple awards in the context of the prestigious **2021 Beverage Tasting Institute Competition**, the **Spirits Business Rum Masters Competition 2021** and the **2021 Drinks International Annual Brand Report**.

Regional priorities

ESPOLÒN

Espolòn is a handcrafted super premium tequila with 100% pure blue agave, distilled and bottled at the San Nicolas distillery in Los Altos, in the Jalisco region of Mexico. Founded in 1998, San Nicolas embodies the environment and culture of the ancient Mexican distillery combined with the most modern and advanced production technologies. Acquired by the Group in 2008, Espolòn has been re-launched as a super-premium tequila brand. The core market for Espolòn is the United States, where the brand has been among the fastest growing brands in the market with strong momentum. Moreover, it is continuing to expand to other international markets, such as Australia, Canada, Russia, Italy and the United Kingdom.

THE GLENGRANT

The GlenGrant is a delicate but complex single malt Scotch whisky brand, dating back to 1840. It was acquired by the Group in 2006. The brand has reached a fairly diversified geographic exposure and in recent years, the Group has decided to increase its long term strategic focus on higher margin and longer aged premium expressions of the brand. Today the key markets for the brand are Italy, France and Germany.

BULLDOG

Bulldog London Dry Gin is an innovative gin with a fresh and fruity taste, which was launched in 2007 in the United States. The twelve constituent ingredients come from eight different countries and are perfectly blended following four distillation processes. Since 2014, Campari Group has distributed the brand via its own distribution network, obtaining full ownership in 2017. Today the key markets for the brand are Germany, Spain, Belgium and Italy.

FORTY CREEK WHISKY

Forty Creek Whisky is a high-end, handcrafted Canadian whisky brand, characterised by its delicate and sophisticated taste. It was acquired by the Group in June 2014. Currently approximately 90% of the brand's net sales is generated in Canada and 10% in the United States.

ITALIAN BITTERS AND LIQUEURS (Averna, Braulio, Frangelico, Cynar)

This portfolio includes Frangelico, Averna, Braulio and Cynar. With consumers increasingly embracing the bitter taste, the Group's management confirms its belief that this portfolio represents an opportunity and can be further developed, leveraging the Group's distribution capabilities.

Averna represents a true hymn to the Sicilian way of life and the beauty of the island, a celebration of a multi-dimensional land, built by its openness to a rich mix of welcoming people and cultures. It is made with 100% natural ingredients with a secret recipe that has been unchanged for 150 years. It has a premium price positioning and is among the leading bitter brands in Italy and in some central European countries such as Germany, Switzerland and Austria.

Braulio is produced on the basis of an ancient traditional secret recipe, which has remained unchanged since 1875. It envisages the infusion of roots and alpine herbs that are aged in oak barrels for two years. It is a very popular bitter brand in the Alps region of Italy and it is currently expanding throughout the rest of the country.

Averna and Braulio were both acquired by the Group in June 2014 as part of the acquisition of Fratelli Averna S.p.A..

Frangelico is a very distinctive brand with a hazelnut taste, produced in the Piedmont region of northern Italy and its origins date back more than 300 years. It is a

REGIONAL

specialty brand, acquired by the Group in 2010. The key markets for Frangelico are the United States, Germany, Australia and Spain.
Cynar is an artichoke based liqueur with a sweet and bitter taste, known for its versatility and distinctive flavour. Its taste is enriched with an infusion of 13 herbs and plants. Created by Angelo Dalle Molle, a Venetian entrepreneur and philanthropist, Cynar was launched in Italy in 1952. It was acquired by the Group in 1995. The key markets for the brand include Italy, Switzerland, the United States and Brazil.

CINZANO
The Cinzano portfolio includes on the one hand sparkling wines and on the other hand vermouth and therefore offers a wide range of quality products that are suitable for different occasions and tastes. The portfolio was acquired by the Group in 1999. The key markets for Cinzano sparkling wines are Germany, Italy and Russia. The key markets for Cinzano Vermouth are Argentina, Russia and Australia.

MONDORO AND RICCADONNA SPARKLING WINES
Mondoro is an Italian superior quality sparkling wine brand. Its elegant taste and prestigious, sensual bottle design are a symbol of taste and quality.
Riccadonna is one of Campari Group's historical brands and is offering a range of dry and sweet sparkling wines. The brand was founded in 1921 and acquired by the Group in 2003.
The key markets for Mondoro and Riccadonna are Russia, France, South America and Asia Pacific.

MONTELOBOS
Montelobos stands for the methodical pursuit of true perfection. The brand has emerged from centuries of ancient mezcalero craft, artisanally produced and strikingly balanced. The key markets for Montelobos are the United States and Mexico.

LALLIER
Champagne Lallier stands as a modern and respected Champagne House. The distinctive winemaking philosophy aims at enhancing the individuality of a terroir. The brand was founded in 1906 in Aÿ, one of the few villages classified as 'Grand Cru'. The brand was acquired by the Group in 2020. The key markets are France, Canada and Italy.

REGIONAL PRIORITIES: MAIN BRAND-BUILDING ACTIVITIES DURING 2021
Among regional brands portfolio, particularly interesting initiatives were launched with reference to some brands in their core markets. With respect to **Espolòn**, during the summer season a new global communication platform was launched including impactful out of home advertising in selected cities in the United States. In terms of new propositions, the new expression made of 100% blue weber agave with a touch of extra Añejo artfully filtered through charcoal, named Espolòn Cristalino, was launched in Mexico. With the objective of raising awareness and reinforcing authentic Mexican heritage, Day of the Dead (Dia de Muertos) campaign was launched in both the United States and Italy. In terms of awards, Espolòn received the Impact Hot Brand 2020 award for the 5th year in a row and was named one of the Impact's Blue Chip brands, the drinks industry's best long-term performers.

In terms of **The GlenGrant**, in April 2021 Dennis Malcolm, The GlenGrant's Master Distiller, celebrated 60 years in the industry and his tenure as Scotland's longest serving Master Distiller: To support this milestone achievement, the Dennis Malcolm 60th Anniversary Edition was launched in a global press and influencer event at the Rolls Royce showroom in London. In terms of honours, The GlenGrant portfolio received multiple awards during 2021 in the context of the Editors' Choice in the 2021 spring issue of Whiskey Advocate, the 2021 San Francisco World Spirits Competition and the Ultimate Spirits Challenge.

With regard to **Bulldog**, in April 2021, a new Digital Native Campaign 'Begin Bold' was launched, featuring a new digital storytelling series of short films to champion the entrepreneurial attitude towards life.

With respect to recent acquisitions, in September 2021 the **Lallier** Série R was launched in the core Italian and French markets. The variant is a brut non-vintage, reflecting the uniqueness of a harvest since it is made with a majority of grapes coming from a single harvest in 2018.

Local priorities

CAMPARI SODA
Campari Soda is a single-serve alcoholic aperitif with its unique and incomparable flavour. This icon of the Italian aperitivo is presented in its signature bottle designed in the 1930s by Fortunato Depero. It was created in 1932 and is considered the first pre-mixed drink in the world. Italy is its core market.

CRODINO
Crodino is a single-serve non-alcoholic aperitif, produced since 1964. It was acquired by the Group in 1995. Over the years the brand has gradually expanded to some international markets and the Group is expecting to further expand the brand both domestically and internationally leveraging the positive trend of low-alcohol/no-alcoholic drinks. The top market for this brand is Italy.

APEROL SPRITZ RTE
Aperol Spritz Ready to Serve is a convenient Aperitivo drink made with selected and high-quality ingredients. Each ready to serve bottle features the unchanged and secret Aperol recipe made with citrus oil infused with precious herbs and roots, as well as dry sparkling wine and a dash of soda. The top market for this brand is Italy. Moreover, the brand is being progressively introduced in new markets, such as Germany and Australia.

WILD TURKEY READY-TO-DRINK
Wild Turkey ready-to-drink is a genuine drink with its authentic bourbon characteristic. The core markets of this brand is Australia.

X-RATED
X-Rated is an exotic fusion of ultra-premium vodka and oranges, fused with mango and passion fruit. The core markets of this brand are South Korea and China.

LOCAL PRIORITIES: MAIN BRAND-BUILDING ACTIVITIES DURING 2021

With the reopening of the on-trade and the lifting of restriction measures, a roll-out programme for **Crodino** aimed at strengthening awareness of the brand as 'the' non-alcoholic aperitivo and increasing its distribution outside Italy was accelerated in multiple markets such as Switzerland, Austria, Belgium, Germany, the United Kingdom, as well as Greece, Romania and Bulgaria. With regard to **Aperol Spritz RTE** (ready-to-enjoy), in January 2021 the brand was launched in Australia with an engaging teaser througha multi-channel activation, coupled with off- and on-premise trade media activations to drive mass awareness and expand consumption moments.

LOCAL

e

Increased global reach

The Group has invested significantly in recent years with the aim of reinforcing its distribution capabilities across on-premise and off-premise channels in its international markets. Currently, it has direct distribution networks in 22 markets, including seven in the Americas (the United States, Jamaica, Canada, Brazil, Mexico, Argentina and Peru), four in SEMEA (Italy, France, Spain and South Africa), eight in NCEE (Germany, Russia, Switzerland, Austria, Belgium, Luxembourg, the United Kingdom and Ukraine), and three in Asia Pacific (Australia, China and South Korea). Establishing direct markets does not only allow the Group to increase its focus on own brands in a given market from a marketing as well as from a commercial standpoint: it also enables to improve working capital management and to achieve financial benefits. Today Campari Group's distribution network largely reflects the structure of the four regional business units, and broadly covers core markets in Europe and the Americas, where the company is now well positioned to leverage these strengthened platforms to accelerate its growth. During 2021 a number of initiatives were carried out to support the Group's strategy to further develop its presence in the high-potential Asian-Pacific markets with the consequent strengthening of the route-to-market and distribution channels in these areas to unlock future growth.
The Group's strategy foresees to establishing its own distribution network in each country (so called direct market) and selling to retailers and wholesalers through its internal sales organisation whenever the critical mass, reached by the Group in a given market, makes a direct investment financially attractive. In markets where the Group does not have its own local sales organisations (so-called third-party markets), the Group works with carefully selected local third-party distributors and importers to ensure high-quality distribution and brand development in these markets. Moreover, over the Covid pandemic, the spirits sector became digital as purchasing largely moved on-line. The e-commerce channel has significantly expanded offering spirits players additional growth and providing an effective platform to pursue new premiumisation and brand building opportunities. Today e-commerce has become engrained for many consumers, including both conventional shoppers and consumers looking for interesting or premium brands and willing to pay for rapid delivery. As such, e-commerce has cemented its place as the third sales channel for spirits purchases. Campari Group has taken significant advantage of the changing consumer shopping behaviour to expand its business online and further building momentum for its premium portfolio.

f

Increased business scale

The Group generated €2.2 billion in revenues in 2021, almost doubling its revenues as compared with ten years ago. Over the years, the Group has gradually reduced the weight of third-party brands in its portfolio, accounting for approximately 4% of the Group's net sales in 2021, while focusing more and more on its own brands. This has enabled the Group to progressively increase its critical mass in several individual markets where the Group has established its own routes-to-market in line with its strategy. While benefitting from an increased scale at a global level, the Group remains committed to pursuing a growth strategy that gives it the opportunity to build and maintain a leading position in all the markets where it has a direct presence.
The Group now has a scalable business model, which can be leveraged across the whole organisation. In 2021, the net sales achieved in direct markets accounted for approximately 89% of the Group's net sales.

g

Strengthened global supply chain

Over the years the Group significantly expanded its supply chain capabilities, bringing bottling activities in the core markets of the US and Australia in-house sector and increasing the number of production sites to 22 at 31 December 2021 across Italy, France, Scotland, Greece, United States, Canada, Jamaica, Mexico, Brazil, Argentina and Australia.
The organisational structure of Global Supply Chain (GSC), including the various central and regional roles created in the previous years, is optimised to allow the focus of the design of GSC solutions to be owned and delivered by central functions, while the execution of the design is managed locally in regions. This structure ensures a more consistent approach, reduced IT complexity and spend, a 'design once and execute many' adoption of initiatives and, ultimately, a more efficient and effective GSC.
The production and logistic organisational structure ensures the separation of roles and responsibilities between marketing and sales organisations, responsible for sales and marketing activities, vis-á-vis the GSC organisation, responsible for coordinating all supply chain activities. The Campari Group's GSC operates an end-to-end supply solution covering the functions of Planning, Logistics and Engineering, Manufacturing&Transformation, Quality&Environment and Global Research&Development (R&D).

GSC's strategy is to provide a superior quality customer centric supply chain solution that is globally leveraged and cost competitive and to oversee external co-packing operations. In addition, the role of GSC is to control Demand Planning to provide the most accurate future demand forecast with the objective of minimising inventory while still providing the highest levels of customer service and ability to respond to the customers' demand.
Externally the role of GSC is to provide products of the right quality to consumers that are following all regulatory requirements and Food Safety and Quality standards, guaranteed through rigorous inspection controls and chemical, microbiological and sensory analysis. Also, the monitoring and actioning of consumer complaint data is part of its role, aiming to ensure the right level of customer service.
Moreover, the Group's continuously confirmed ambitions to streamline processes with the use of minimum resources and low impact on the environment, reduce the consumptions of energy, water and waste, as well as meeting local regulatory environmental requirements, in line with the corporate environmental strategy.
Internally the role of the GSC is to continue to ensure levels of efficiency in the Group's manufacturing, procurement and logistics operations, while recognising the importance of this area and its impact on the cost of goods sold (COGS). The aim of keeping costs below inflation and supporting the margin accretion becomes more and more important, due to the induced logistic constraints and intensified input cost pressure worldwide.

h

Solid track record in acquisitions

The Group has been very active in the industry consolidation process with a solid track record of acquisitions. Since 1995, the Group has completed a total of over 30 acquisitions, which significantly strengthened the Group's brand offerings and extended its geographic reach. The Group has a strong history of developing and further expanding the acquired brands via efficient marketing tools and leveraging its enhanced route-to-market. With the transfer of the registered office to the Netherlands in 2020, the Group aimed to enhance its increased voting mechanism in favour of long-term shareholders and, therefore, the adoption of a more flexible capital structure that can further support the Group in pursuing growth opportunities also via transformational deals.

The Group's acquisition strategy is driven by the objective of reaching or enhancing its critical mass in key geographic markets. The Group focuses its acquisition efforts on premium spirits brands and has a strong track record for re-launching and developing acquired brands outside their domestic markets through further expanding the global footprint of these brands and leveraging the Group's enhanced distribution capabilities.

i

Strong cash flow generation and financial debt profile

The Group concentrates its investments in the areas in which it is assessed that they will generate the greatest benefits in support of the long-term growth vision of creating more value and return for shareholders: people ('the Camparistas'), brand building strategies, innovation and e-commerce initiatives, investments in ageing liquid after the Group's expansion to brown spirits, route-to-market and technological evolution to simplify and automate the processes of the Group and systems to enable faster and better decision making, capital spending and mergers and acquisitions (M&A) processes.
Campari Group's financial profile reflects this objective and has been confirmed and continues to be very strong and sound, with the purpose of constantly creating efficiency in spending and resource allocations. The Group's strong track record of cash flow generation aimed at fuelling business growth and obtained thanks to a sustained operating performance as well as the continuous commitment to an efficient management of working capital has allowed the Group to rapidly deleverage after acquisitions, while maintaining a disciplined approach to financial management and staying focused on a conservative leverage profile.

Over the year Campari Group generated a rigorous approach to financial management across the whole organisation. Net financial position management is characterised by the following features, steadily striving for improvements, while remaining focused on the Group's long-term growth strategy:

- predominant medium and long-term exposure balanced by positive short-term net financial position;
- rapid action of mitigating costs to preserve liquidity and create savings;
- focus on an optimised leverage profile, internally measuring the indebtedness ratio with the aim to retain it at a manageable level;
- flexibility guaranteed namely by no covenants on existing debts and strong financial structure boosted by liquidity and available credit lines;
- credit profile alignment with the best market opportunities in terms of yield and safety; the current profile, which is mainly at a fixed rate, enabled to minimise the exposure to risks and face the significant market volatility that was experienced as a consequence of the pandemic.

MANAGEMENT BOARD REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

INDEX

MANAGEMENT BOARD REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

SIGNIFICANT EVENTS OF THE YEAR

ACQUISITIONS, COMMERCIAL AGREEMENTS AND ENHANCEMENT OF DISTRIBUTION CAPABILITIES

2021

MOËT HENNESSY AND CAMPARI GROUP PARTNERED IN A 50/50 JOINT-VENTURE

Moët Hennessy and Campari Group signed the closing for the formation of a 50/50 joint-venture ('JV') with the purpose of investing in wines&spirits e-commerce companies and building a European e-commerce pure player in this growing business.
As part of this partnership, Campari contributed its stake in Tannico, the leading e-commerce platform for wines and premium spirits in Italy, to the JV (in 2020 Campari completed its initial investment of 49% in Tannico for a consideration of €23.4 million).
Tannico also owns a majority stake of 68.5% in Ventealapropriete.com ('VAP'), following the closing taken place on 8 July 2021. This transaction was funded via a capital increase underwritten, among other shareholders, by Campari for €25.4 million. Tannico will have the possibility to increase its interest to 100% of VAP from 2024. VAP is a major e-commerce platform selling premium domestic and international wines, as well as high-end spirits in France. In 2020, VAP obtained net sales of €34.5 million (under local GAAP).
Tannico and Ventealapropriete.com have complementary business models, territories and capabilities in terms of technology, marketing and logistics and generated pro-forma aggregated sales of over €70 million in 2020.
The combined business will be led by a seasoned management team led by Marco Magnocavallo, current Chief Executive Officer of Tannico, who remains a key minority shareholder in the business. The transaction confirms the Group's commitment to the strategic e-commerce channel, set to continue to grow strongly thanks to the positive trend of the home consumption of spirits cocktails.

ROUTE-TO-MARKET DEVELOPMENTS IN ASIA PACIFIC

During 2021 a number of initiatives were realized supporting the Group's strategy to further develop its presence in the Asian-Pacific markets.
In January 2021, Campari Group increased its interests in the South Korean joint-venture Trans Beverages Company Ltd., from 40% to 51% of share capital. As a result, the company, previously represented as a joint-venture investment, has been consolidated since 4 January 2021. Campari Group has the right to exercise a call option on the remaining share capital from 2024.
In April 2021, the Group acquired an interest in a New Zealand company, Thirsty Camel Ltd., a local player that is specialised in the marketing and distribution of alcoholic and non-alcoholic products in the territory. The aim of the agreement is to promote and develop the Group's aperitifs, bitters, liqueur, tequila, single malt and vodka products in New Zealand.
On 8 October 2021, Campari Australia and The Boston Beer Company, parent of Truly Hard Seltzer, entered into a partnership which will see Campari Australia locally manufacture and distribute Truly Hard Seltzer in Australia from February 2022. In the United States, the biggest hard seltzer market globally, Truly grew the most in terms of number of cases of all hard seltzer brands in the last 12 months leveraging its strong innovation pipeline and extensive range. Recently, seltzer RTDs have been experiencing exceptional growth in Australia as well. This partnership will enable Campari Group to play a key role with Truly in this growing business.
On 17 November 2021, Campari Group signed an agreement with Taiwan Hsin Lin Enterprise Company Limited ('THL') to acquire an initial interest stake of 40% in Spiritus Co Ltd., a newly incorporated joint-venture in Taiwan, with a path to control of the company in the medium term. Spiritus Co Ltd. was incorporated on 15 December 2021 and started its operations in January 2022. In line with Campari Group's ambition to continue to expand into Asian markets, this partnership will provide the Group with a significant platform to accelerate the growth of the business and to promote and develop Campari Group's brand portfolio in Taiwan, leveraging THL's talented team, expansive sales force and distribution network.

TERMINATION OF THE DISTRIBUTION AGREEMENTS

With the aim of focusing more on the premium offering and the portfolio of brands owned by the Group, at the beginning of 2021 the agreement to distribute the William Grants&Sons brands in Germany was terminated. The portfolio's sales represented around 2% of the Group overall sales in 2020. Furthermore, the distribution agreement for the Jägermeister brand in Italy, expired in December 2021, will not be renewed. The termination of this agreement has been effective since 1 January 2022 and is not expected to generate material effects on the Group's accounts (brand sales accounted for less than 1% of consolidated sales in 2020).

CORPORATE ACTIONS

ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting of Shareholders ('AGM') held on 8 April 2021 adopted the 2020 annual financial statements and agreed the distribution of a cash dividend of €0.055 per outstanding share, in line with the dividend distributed in the previous fiscal year. The total dividend, calculated on the outstanding shares and excluding own shares held by the Company at the date of the General Meeting (41,061,670 shares), amounted to €61,629,608.15 and was paid on 21 April 2021.

EMPLOYEE SHARE OWNERSHIP PLAN

The AGM approved the resolution to implement an Employee Share Ownership Plan ('ESOP') aimed at encouraging employees to share the Company's values, strengthening the sense of belonging and encouraging active participation in the Group's long-term growth. The ESOP is intended for all Group employees, with the exception of members of the Board of Directors. These employees will be offered the opportunity to allocate certain amounts to the plan. Their contributions will be used to purchase shares of Davide Campari-Milano N.V. (the 'Purchased Shares') by the plan administrator and, after a three-year vesting period, complementary free shares will be awarded. This initiative will start having an impact on the Group's accounts from the first quarter of 2022. After the closing of the enrolment period between 18 October and 17 December 2021, the participation rate of eligible Campari Group's employees amounted to 51.6%. The first of its kind since the Company's listing on the Italian stock market 20 years ago, the ESOP is yet another testimony of the Group's ever stronger and long lasting commitment towards its people, in line with the long-term perspective which has always characterized its strategic vision.

Moreover, in the context of the ESOP, the AGM approved the resolution to introduce an Extra-Mile Bonus Plan ('EMB') to reward all permanent employees, who worked at the Group for at least 6 months during 2020, with the exception of the Group Leadership Team, for their participation in the Group's performance. Eligible employees will be awarded the right to receive a number of Campari shares for free, subject to their continued employment during a vesting period of three years. This beforementioned initiative started having an impact on the Group's accounts from the third quarter of 2021.

The ESOP and EMB Information Documents, drafted in accordance with applicable legislation, are available on the Company's website: www.camparigroup.com/en/page/group/governance.

SIMPLIFICATION OF THE GROUP'S STRUCTURE

In the course of 2021, as part of the ongoing process of optimising and streamlining the corporate structure of the Group, Di.Ci.E. Holding B.V has been incorporated into Davide Campari-Milano N.V. and the merger was effective from 14 December 2021. The transaction was carried out pursuant to Section 333 paragraph 1 juncto Section 309 of Book 2 of the Dutch Civil Code, on the basis of the statements of financial position of the Dutch company at 13 December 2021.

GROUP SIGNIFICANT EVENTS

SHARE BUYBACK PLAN AND COMMITMENT TO SUSTAINABILITY

The AGM held on 8 April 2021 authorised the Board of Directors for the purchase of own shares, mainly aimed at the replenishment of the own shares portfolio to serve the current and future stock option plans for the Group's management and other incentive plans currently in force. The authorisation is granted until 8 October 2022. The repurchase can take place for a minimum price, excluding expenses, of the nominal value of the shares concerned and a maximum price of an amount equal to 5% above the average closing price over a period of 5 days preceding the day of the agreement to acquire the shares.
On 31 May 2021 Davide Campari-Milano N.V. announced the launch of a programme covering the period from 8 April 2021 to 8 October 2022 coordinated by Exane BNP Paribas by 31 March 2022 at the latest. Moreover, the programme includes a contractually-agreed reward mechanism. An amount deriving from the outperformance(4) in the purchase cost of the shares during the programme will be allocated by Campari to an energy efficiency project, namely the installation of photovoltaic panels at Campari's main plant located in Italy (Novi Ligure), allowing the Company to insource the production of renewable electricity and reduce emissions, in line with Campari Group's energy efficiency and decarbonation agenda. Since the outperformance generated by the share buyback programme is higher than what was originally expected, it is possible to extend the financing of the environmental sustainability photovoltaic transformation project also to the Italian plant in Canale, in addition to the plant in Novi Ligure (Italy). By introducing this share buyback programme linked to an ESG commitment, Campari further confirms its strong commitment to the responsible use of resources and reduction of the environmental impact of its production activities, one of the four pillars of Campari Group's sustainability roadmap.
As a result of the exercise of stock option plans, between 1 January and 31 December 2021, the Company sold 19,009,546 own shares, for a total cash-in of €68.3 million, corresponding to the average exercise price multiplied by the number of own shares sold to the stock option beneficiaries. Additionally 5,908 shares were transferred in the context of other forms of share matching plans. In the same period, the Company purchased 5,931,376 shares at an average price of €12.0, for a total amount of €71.0(5) million. Considering the spot price per share at 31 December 2021 of €12.9, a theoretical gain of €5.1 million on these purchases is implied within Group equity. At 31 December 2021, the Company held 29,109,729 own shares, equivalent to 2.5% of the share capital.

OTHER ESG INITIATIVES - VACCINATION HUB COLLABORATION IN ITALY

In Milan, Italy, in collaboration with one of the largest Italian healthcare providers, Gruppo MultiMedica, a vaccination hub was created to support both Camparistas and other company employees, as well as local citizens during the critical months of the Covid-19 Italian vaccination campaign.

(4) The outperformance is the difference between the purchase price and the average VWAP (Volume Weighted Average Price) during the execution period.
(5) The amount does not include the payable of €0.1 million to be collected in connection with the share buyback programme.

GLOBAL GUIDELINES ON 'NEW WAYS OF WORKING'

Campari Group introduced guidelines for the new ways of working deriving from the specific regulations that each country has enforced as a consequence of the pandemic.

The new ways of working are based on two key principles: a togetherness connection, which is fundamental to support the Group culture and success, and flexibility, to combine personal and work activities in the most suitable place at the most appropriate time. The right office environment will be a place in which Camparistas can achieve great things working, creating and collaborating together. The Group will continue to invest more over time on designing the right environments for Camparistas to work together. The office space will acquire a new meaning and will remain a core component of the working philosophy while, at the same time, Camparistas will embrace remote working and exploit relevant technology.

CAMPARI GROUP CELEBRATED 20 YEARS ON THE ITALIAN STOCK EXCHANGE

Since the initial public offering on the Italian Stock Exchange on 6 July 2001, Campari Group has evolved into a top global spirits player through nearly €3.4 billion in acquisitions, driving its market capitalisation from €0.9 billion in July 2001 to €14.9 billion in December 2021, approximately 17x the market capitalisation at IPO[6]. Having increased its net sales from €494.3 million in 2001 to €2,172.7 in 2021, Campari Group is a true success story. Over the last two decades, Campari Group has successfully built upon its proud history to become one of the leading players in the global branded beverage industry. In 2020, the Company transferred its registered office to the Netherlands with no impact on its operations or on its tax residence, which remain in Italy. Davide Campari-Milano N.V.'s ordinary shares continue to be listed solely on the Italian Stock Exchange.

SUBSEQUENT EVENTS

Subsequent events relating to corporate actions, significant events, acquisitions and commercial agreements and other significant events impacting results are reported in a dedicated note in the Campari Group consolidated financial statements, to which reference is made.

(6) All stock data references from 6 July 2001 to 31 December 2021. IPO date 6 July 2001.

GROUP FINANCIAL REVIEW

During the year ending 31 December 2021 certain adjustments on the purchase price allocation related to the acquisitions completed in 2020 were recorded. Those changes required some of the balances stated at 31 December 2020 to be shown differently, as detailed in the note 3 xi-'Reclassification of comparative figures at 31 December 2020' of the Campari Group's consolidated financial statements at 31 December 2021, to which reference is made. These adjustments did not have a significant impact on the profit or loss or cash flows for the period ending 31 December 2020.

SALES PERFORMANCE

In 2021, the Group's net sales amounted to €2,172.7 million, an overall increase of +22.6% as compared with 2020. The organic growth component reported a strong change of +25.6%, only partially offset by the adverse impact in both perimeter and exchange rate components, negative at -1.9% and -1.0% respectively.

	for the years ended 31 December										
	2021	2020	tot change	full year change %, of which				organic change % by quarter			
	€ million	€ million	€ million	total	Organic	Perimeter	exchange rate(1)	first	second	third	fourth
Net sales	**2,172.7**	1,772.0	**400.6**	22.6%	**25.6%**	-1.9%	-1.0%	17.9%	54.0%	12.8%	**20.9%**

(1) Includes the effects associated with hyperinflation in Argentina.

1 ORGANIC CHANGE

The organic performance in 2021 was very positive, registering double-digit growth (+25.6%). The fourth quarter continued to show a solid double-digit positive trend (+20.9%), despite the pandemic fourth-wave disruption at year-end affecting consumption and logistics. It was also boosted by a favourable comparison base in the fourth quarter of 2020 (-7.0%), which had been impacted by the re-introduction of restrictions in the on-premise channel. The very positive growth of 2021 confirmed the continued strong and healthy brand momentum across key markets, thanks to resilient off-premise dynamics and the on-premise bounce-back. In addition, the comparison base for the full year 2020 (-4.1% organic growth) had an overall positive impact on the performance registered in 2021.

If compared with 2019 results, an unaffected base with respect to Covid-19 and, hence, considered to be a reference benchmark, the net sales performance in 2021 was highly satisfactory with an overall organic increase of +20.5%[7], demonstrating a solid underlying business momentum driven by overall increased consumption and brands penetration vs. pre-pandemic levels.

(7) The organic percentage change in 2021 compared with 2019 is calculated as the sum of the overall values of organic performance in 2021 and 2020 (with respect to 2020 and 2019 respectively), divided by the overall net sales for the comparison period, i.e. 2019.

2 PERIMETER VARIATION

The perimeter variation of -1.9% in 2021, as compared with sales in 2020, is analysed in the table below.

perimeter variation		
breakdown of the perimeter effect	€ million	% on 2020
acquisitions (baron philippe de rothschild france distribution s.a.s.[1] and champagne lallier)	6.4	0.4%
total acquisitions	**6.4**	**0.4%**
new agency brands	1.1	0.1%
discontinued agency brands	(41.4)	-2.3%
total agency brands	**(40.4)**	**-2.3%**
total perimeter effect	**(34.0)**	**-1.9%**

(1) Baron Philippe de Rothschild France Distribution S.A.S. ('RFD'), re-named Campari France Distribution S.A.S. ('CFD'). Effective from 1 January 2021 CFD and Marnier-Lapostolle Bisquit SAS were merged. The name of the new company following the merge was Campari France SAS.

BUSINESS ACQUISITIONS

In 2021, the perimeter variation due to business acquisitions was positive at +0.4%. It was driven by the acquisitions of CFD from 28 February 2020 and of Champagne Lallier from 30 June 2020. With regard to the CFD acquisition, sales of the Campari Group's brands contributed to the organic sales change, as they were previously distributed by CFD, and were hence reported as Group sales, by virtue of the distribution agreement that had existed prior to the acquisition, whereas sales of agency brands are classified as perimeter variations. With respect to the inclusion of Trans Beverage Ltd. in the Group's perimeter at January 2021, sales of the Campari Group's own brands for 2021 was reported as an organic component in light of the previous distribution agreement in place for the South Korean market, whereby sales in that market were already represented as Group sales, whereas the agency brands of the legal entity included in the Group's figures following this acquisition were recorded as a perimeter effect.

AGENCY BRANDS DISTRIBUTION

The perimeter variation due to the distribution of agency brands in 2021 represented a net decrease of -2.3% and was mainly related to the termination of the agreement to distribute the William Grants&Sons portfolio in Germany from January 2021, which more than offset the sales generated by the agency brands distributed by Trans Beverage Ltd. as mentioned above.

3 EXCHANGE RATE EFFECTS

The exchange rate effect for the year ending 2021 was negative at -1.0%, mainly due to the devaluation of the US Dollar, one of the Group's key currencies, against the Euro, combined with the devaluation of the Jamaican Dollar, the Brazilian Real, the Argentina Peso, the Russian Ruble and the Swiss Franc. The exchange rate effect includes the impact of applying IFRS guidance on managing hyperinflation in Argentina.
The table below shows, for the Group's most important currencies, the average exchange rates for the year ending 2021, and the spot rates at 31 December 2021, with the percentage change against the Euro as compared with the same period in 2020 and at 31 December 2020.

	average exchange rates			spot exchange rates		
	for the year ended 31 December 2021	for the year ended 31 December 2020	revaluation/ (devaluation) vs. 2020	at 31 December 2021	at 31 December 2020	revaluation/ (devaluation) vs. 31 December 2020
	1 Euro	1 Euro	%	1 Euro	1 Euro	%
US Dollar	1.184	1.141	-3.6%	1.133	1.227	8.3%
Canadian Dollar	1.483	1.530	3.1%	1.439	1.563	8.6%
Jamaican Dollar	178.337	162.606	-8.8%	174.455	174.805	0.2%
Mexican Peso	23.990	24.514	2.2%	23.144	24.416	5.5%
Brazilian Real	6.381	5.890	-7.7%	6.310	6.374	1.0%
Argentine Peso[1]	116.362	103.249	-11.3%	116.362	103.249	-11.3%
Russia Ruble	87.232	82.654	-5.2%	85.300	91.467	7.2%
Great Britain Pound	0.860	0.889	3.4%	0.840	0.899	7.0%
Swiss Franc	1.081	1.070	-1.0%	1.033	1.080	4.6%
Australian Dollar	1.575	1.655	5.1%	1.562	1.590	1.8%
Yuan Renminbi	7.634	7.871	3.1%	7.195	8.023	11.5%

(1) The average exchange rate of the Argentine Peso for both 2021 and 2020 was equal to the spot exchange rate at 31 December 2021 and 31 December 2020 respectively.

4 COMMENTS ON SALES PERFORMANCE

The Group's revenues include sales of spirits on the markets. Their nature, amount, timing and uncertainty as well as the connected cash flows are affected by economic factors influenced by homogeneous elements, although markets have different sizes and maturity profiles. These elements are primarily attributable to geographical areas' features and the related breakdown by countries and, secondly, to the development of brand clusters (global, regional and local) and the related breakdown by brands.
For the Group the four operating segments managed in terms of resource allocation, particularly investment in brand-building and distribution capabilities are the following: Americas ('AMERICAS'), Southern Europe, Middle East and Africa ('SEMEA'), Northern, Central and Eastern Europe ('NCEE'), and Asia-Pacific ('APAC').
In order to highlight the main business performance drivers in a geographically diversified context, and assess the contribution of the newly acquired brands to the overall sales performance of the Group, further breakdowns by brand category (global, regional and local brands) and for major brands, are provided, to better explain their contribution to the region. The categorisation of brands into three main clusters (global priorities, regional priorities and local priorities) is based on the geographic scale, business priorities and growth potential of the brands themselves.

The sales performance of the four operating segments in 2021 in comparison to 2020 is provided in the table below.

for the years ended 31 december	2021		2020		total change	full year change %, of which				fourth quarter organic
	€ million	%	€ million	%	€ million	total	organic	perimeter	exchange rate[1]	change %
Americas	927.9	42.7%	773.9	43.7%	154.0	19.9%	23.0%	-	-3.1%	10.6%
Southern Europe, Middle East and Africa	638.8	29.4%	463.6	26.2%	175.2	37.8%	36.7%	1.0%	0.1%	51.4%
North, Central and Eastern Europe	438.1	20.2%	403.7	22.8%	34.4	8.5%	18.6%	-9.7%	-0.3%	15.5%
Asia-Pacific	167.8	7.7%	130.8	7.4%	37.0	28.3%	22.9%	0.8%	4.6%	6.6%
Total	**2,172.7**	**100.0%**	**1,772.0**	**100.0%**	**400.6**	**22.6%**	**25.6%**	**-1.9%**	**-1.0%**	**20.9%**

1) Includes the effects associated with hyperinflation in Argentina.

The total growth of the Group's main brands in 2021, as well as the organic performance of the portfolio and the key brands compared to 2019 unaffected by Covid-19 and hence considered to be a reference benchmark, is provided in the table below.
While the global priority includes brands with a more diversified geographic exposure, regional priorities are concentrated in a limited number of countries and local priorities are primarily one-market oriented.
In order to provide information on the contribution of the brand to each geography, the breakdown of the geographic areas and key markets is provided below, according to a scale that considers the contribution rate of the brands to each relevant geographic area/market.

	percentage of 2021 Group's net sales	full year change % compared with full year 2020, of which				fourth quarter organic change % compared with fourth quarter 2020	full year organic change % compared with full year 2019	main region/ markets for brands
		total	organic	perimeter	exchange rate			
global priority brands	**56.4%**	**24.4%**	**26.2%**	**-**	**-1.8%**	**22.0%**	**20.9%**	
 Aperol	20.3%	32.5%	32.8%	-	-0.3%	45.8%	32.2%	Italy, SEMEA Germany, NCEE US, AMERICAS France, SEMEA Russian Fed., NCEE
 Campari	10.1%	28.8%	30.1%	-	-1.3%	35.3%	23.4%	Italy, SEMEA US, AMERICAS Germany, NCEE Jamaica, AMERICAS Brazil, AMERICAS
 Wild Turkey portfolio[1][2]	7.4%	8.3%	10.9%	-	-2.6%	-9.6%	16.1%	US, AMERICAS Australia, APAC South Korea, APAC Japan, APAC Canada, AMERICAS
 Skyy[1]	5.9%	7.8%	8.2%	-	-0.5%	-0.3%	-9.4%	US, AMERICAS Argentina, AMERICAS China, APAC South Africa, SEMEA Germany, NCEE
 Grand Marnier	7.2%	39.3%	43.2%	-	-3.9%	42.8%	21.2%	US, AMERICAS Canada, AMERICAS France, SEMEA Italy, SEMEA Germany, NCEE
 Jamaican rums portfolio[3]	5.5%	17.4%	22.7%	-	-5.2%	10.2%	27.8%	Jamaica, AMERICAS US, AMERICAS United Kingdom, NCEE Canada, AMERICAS Mexico, AMERICAS

	percentage of 2021 Group's net sales	full year change % compared with full year 2020, of which				fourth quarter organic change % compared with fourth quarter 2020	full year organic change % compared with full year 2019	main region/ markets for brands
		total	organic	perimeter	exchange rate			
regional priority brands	**19.3%**	**29.2%**	**29.8%**	**0.5%**	**-1.2%**	**22.2%**	**31.7%**	
Espolòn	5.5%	33.3%	37.5%	-	-4.2%	28.3%	77.6%	AMERICAS
Bulldog	0.7%	36.9%	35.1%	-	1.8%	13.0%	18.7%	NCEE
The GlenGrant	1.1%	44.7%	44.0%	-	0.6%	55.9%	15.9%	SEMEA
Forty Creek	1.1%	8.1%	5.5%	-	2.6%	-4.9%	23.8%	SEMEA
Italian bitters(4)	3.2%	20.4%	20.6%	-	-0.2%	21.2%	1.5%	NCEE
Cinzano	2.9%	15.4%	12.1%	-	3.3%	-0.2%	1.2%	SEMEA
other(25	4.9%	42.8%	44.3%	2.2%	-3.6%	34.6%	58.0%	-
local priority brands(6)	**12.3%**	**24.7%**	**24.6%**	**-**	**0.1%**	**23.9%**	**20.7%**	
Campari Soda	3.3%	43.8%	43.8%	-	-	57.2%	21.3%	SEMEA
Crodino	2.4%	10.5%	10.5%	-	-	29.5%	-12.0%	SEMEA
Wild Turkey portfolio ready-to-drink(7)	2.1%	6.8%	1.6%	-	5.2%	-7.5%	24.4%	APAC
Dreher and Sagatiba	1.0%	17.1%	26.4%	-	-9.4%	9.2%	18.3%	AMERICAS
other(8)	3.5%	35.4%	36.0%	-	-0.7%	23.2%	58.9%	-
rest of the portfolio	**12.0%**	**5.0%**	**18.3%**	**-14.4%**	**1.1%**	**14.1%**	**5.7%**	
total	**100.0%**	**22.6%**	**25.6%**	**-1.9%**	**-1.0%**	**20.9%**	**20.5%**	

(1) Excludes ready-to-drink.
(2) Includes American Honey.
(3) Includes Appleton Estate, Wray&Nephew Overproof and Kingston 62.
(4) Includes Braulio, Cynar, Averna and Frangelico.
(5) Includes Bisquit&Dubouché, Riccadonna, Mondoro, Trois Rivières, Maison La Mauny, Ancho Reyes, Montelobos and Lallier.
(6) In light of the positive trends recorded over the past periods, starting from 1 January 2021 Aperol Spritz ready-to-enjoy and X-Rated were moved from the rest of the portfolio category and reported as local priority brands.
(7) Includes American Honey ready-to-drink.
(8) Includes Cabo Wabo, Ouzo, X-Rated and Aperol Spritz ready-to-enjoy. Aperol Spritz ready-to-enjoy is a stand-alone brand not included in the Aperol brand performance.

An in-depth analysis by geographical region and core market of sales registered in 2021 in comparison with 2020 is provided below. Unless otherwise stated, the comments relate to the organic change in each market. The performance of each region and the key markets compared to 2019, unaffected with respect to Covid-19 and hence considered to be a reference benchmark, is also provided.

AMERICAS

The region, broken down into its core markets below, recorded an overall organic increase of +23.0%. The region is predominantly off-premise skewed, particularly North America. If compared to the results of 2019, the performance of 2021 in the region confirmed the very positive double-digit trend, rising at +19.9%.

	% of Group total	for the years ended 31 December				tot change	full year change %, of which				fourth quarter organic change %	full year organic change % compared with 2019
		2021		2020								
		€ million	%	€ million	%	€ million	total	organic	perimeter	exchange rate(1)		
US	26.8%	581.3	62.7%	506.8	65.5%	74.5	14.7%	18.9%	-	-4.2%	6.8%	22.8%
Jamaica	4.9%	106.1	11.4%	90.9	11.7%	15.2	16.7%	28.0%	-	-11.3%	8.4%	15.4%
Canada	3.3%	72.7	7.8%	63.4	8.2%	9.3	14.7%	10.9%	0.4%	3.4%	11.5%	24.4%
Mexico	1.9%	41.1	4.4%	26.1	3.4%	15.1	57.9%	56.1%	-1.6%	3.4%	50.5%	3.8%
Brazil	1.9%	40.5	4.4%	33.0	4.3%	7.5	22.7%	32.9%	-	-10.2%	-3.8%	5.7%
Other countries of the region	4.0%	86.0	9.3%	53.6	6.9%	32.4	60.4%	45.1%	-	15.3%	26.9%	22.6%
Americas	**42.7%**	**927.9**	**100.0%**	**773.9**	**100.0%**	**154.0**	**19.9%**	**23.0%**	**-**	**-3.1%**	**10.6%**	**19.9%**

(1) Includes the effects associated with hyperinflation in Argentina.

• *United States*

The United States, the Group's largest market, accounting for 26.8% of total Group sales, closed 2021 with a very positive organic performance of +18.9% (+6.8% in the fourth quarter), benefitting from the progressive on-premise reopening and resilient off-premise consumption. The full year confirmed a sustained double-digit performance driven by the very solid premiumisation trend in spirit consumption supporting the performance of Grand Marnier, Espolòn and Wild Turkey, with high-end expressions outperforming, combined with good results from the aperitif segment (Aperol and Campari). SKYY was flattish, while the shipment performance of the Jamaican rums portfolio was slightly negative reflecting both a tough comparison base as well as supply constraints.
The result in the fourth quarter was very solid (+6.8%) despite the tough comparison base (+13.0% in the fourth quarter of 2020) and it was driven by the good performances of Grand Marnier, Espolòn and the Aperitifs, which offset the weakness in shipments of the Wild Turkey portfolio, affected by supply chain constraints.
Off-premise sell-out data reflected the very tough comparison base from last year, while the 2-year stack grew by +28.2% in value terms, ahead of the overall spirits market(8).

• *Jamaica*
Jamaica recorded an increase in sales of +28.0% (+8.4% in the fourth quarter) against an easy comparison base. Overall performance was driven by the strong growth of Wray&NephewOverproof, Appleton Estate, Campari and Magnum Tonic. Resilience in the off-premise channel was supported by sustained home consumption, while the on-premise channel began to show an improvement, following the reduction in curfew hours, particularly ahead of the year-end festive season, combined with an improvement in the tourism sector.

• *Canada*
Canada reported highly positive growth of +10.9% in 2020 (+11.5% in the fourth quarter), mainly driven by Forty Creek, Appleton Estate, Espolòn, Grand Marnier, SKYY Vodka and benefitting from the on-premise channel gradual reopenings.

• *Brazil*
Brazil registered solid growth of +32.9% mainly driven by Campari and Aperol, as well as the local brand Dreher, supported by an easy comparison base with the same period in the previous year (-15.2% in 2020). The trading environment remains volatile and still heavily affected by the pandemic.

• *Mexico*
Mexico showed sound organic growth of +56.1% (+50.5% in the fourth quarter) against a favourable comparison base on the same period in the previous year (-31.2% in 2020 and -25.2% in the fourth quarter), sustained by the lifting of restrictions in the summer period, leading to fully reopened on-trade premises at the end of the year. Both international and domestic tourism improved and gradually recovered during the year. SKYY ready-to-drink, Montelobos and Aperol showed very positive performances.

• *Other Countries*
The other countries reported an overall organic growth in sales of +45.1% with improved brand momentum in a volatile trading environment, also favoured by a low comparison base (-13.7% in 2020). Performance was boosted by the very positive results registered in **Peru, Chile and Argentina**. In the latter market, as a prudent measure to strip-out the effects of the local high inflation rate, the organic change includes only the component attributable to the volumes sold.

(8) *Source: Nielsen data XAOC+Liquor+Plus Conv CYTD, 52 weeks ended 1 January 2022*

SOUTHERN EUROPE, MIDDLE EAST AND AFRICA

The region, which is broken down by core markets in the table below, reported an organic increase of +36.7%. It is predominantly skewed to the on-premise channel. If compared to the results of 2019, the 2021 performance was up by double-digits (+15.5%). The overall performance of the period benefitted from favourable weather conditions during the key summer season for the aperitif portfolio and the bounce-back of consumption in the on-premise channel, thanks to the positive progression of the vaccination campaign. Nonetheless, uncertainty remains due to the continued emergence of new variants.

		for the years ended 31 December										
	% of Group total	2021		2020		tot change	full year change %, of which				fourth quarter organic change %	full year organic change % compared with 2019
		€ million	%	€ million	%	€ million	total	organic	perimeter	exchange rate		
Italy	19.1%	414.6	64.9%	303.8	65.5%	110.8	36.5%	36.4%	0.1%	-	60.0%	12.8%
France	5.9%	128.5	20.1%	102.5	22.1%	25.9	25.3%	22.1%	3.2%	-	22.5%	94.6%
GTR(1)	0.7%	14.9	2.3%	8.8	1.9%	6.1	68.8%	70.2%	-	-1.4%	172.4%	-48.3%
Other countries of the region	3.7%	80.9	12.7%	48.4	10.4%	32.5	67.0%	63.4%	2.0%	1.6%	56.2%	11.3%
Southern Europe, Middle East and Africa	**29.4%**	**638.8**	**100.0%**	**463.6**	**100.0%**	**175.2**	**37.8%**	**36.7%**	**1.0%**	**0.1%**	**51.4%**	**15.5%**

(1) Global Travel Retail.

• *Italy*
The performance in the on-premise skewed **Italian** market was very strong in 2021 (+36.4%), favoured also by an easy comparison base (-17.4% in 2020), and was mainly driven by the strong double-digit growth of both the aperitifs portfolio (Campari, Aperol) and the single-serve aperitif Campari Soda. Non-alcoholic single serve aperitif Crodino performed also well in 2021, although it has not yet fully recovered since pre-pandemic level. Aperol Spritz ready-to-enjoy was also very positive in the year. The overall performance was favoured by overall increased frequency of consumption across channels and the 'revenge conviviality' in the on-premise venues over the year, combined with an extremely favourable summer season also in terms of weather. This trend was further strengthened by the restart of the tourist flow (both domestic and international), combined with a still relevant staycation effect.
The 2021 fourth quarter growth of +60.0%, on the back of an easy comparison base (-32.6% in the fourth quarter 2020), reflects the strong brand momentum and the boost generated by the much-anticipated reopening of ski resorts and the local winter-tourism season.
The 2021 organic growth in Italy was very resilient even compared with 2019, showing a growth of +12.8% and +8.0% for the full year and the fourth quarter respectively.
Off-premise sell-out data was positive, outperforming the overall spirits market, growing at +38.0% in value terms compared with 2019's unaffected base in value terms, thanks to a strong performance from the aperitifs[9].

(9) *Source: IRI Liquid Data-Hypermarkets+Supermarket+Proximity stores/Superettes-YTD 26 December 2021.*

• ***France***
France registered an organic growth of +22.1%, mainly driven by the continued positive brand momentum of Aperol, Riccadonna, as well as the sound growth of Campari, Trois Rivieres and Grand Marnier.

• ***Global Travel Retail***
Global Travel Retail reported double-digit growth of +70.2% with an acceleration in the fourth quarter, against a favourable comparison base (-68.9% in 2020). The performance reflected the initial lifting of global travel restrictions, which were still disruptive and remained down by -48.3% compared with 2019.

• ***Other Countries***
The other countries in the region reported overall growth of +63.4%, favoured by an easy comparison base (-38.7% in 2020). In particular, **Spain**, which is an on-premise skewed market, benefitted from the recovery of this channel despite the lack of international tourism. The strong performance in **South Africa** was mainly supported by the progressive replenishment of stock levels against an easy comparison base. **Nigeria** showed a very good growth driven by the core brand Campari, still in a volatile scenario with ongoing socio-economic instability, while **Greece** recorded double-digit growth in the period.

NORTHERN, CENTRAL AND EASTERN EUROPE

The region reported highly positive overall organic growth (+18.6%) across its core countries. Predominantly off-premise skewed, it confirmed a very positive home consumption trend, combined with on-premise recovery in 2021. If compared with the results of 2019, the performance in 2021 in the region reflected positive double-digit growth of +25.8%.

for the years ended 31 December	% of Group total	2021		2020		tot change	full year change %, of which				fourth quarter organic change %	full year organic change % compared with 2019
		€ million	%	€ million	%	€ million	total	organic	perimeter	exchange rate[1]		
Germany	7.5%	163.1	37.2%	182.8	45.3%	(19.7)	-10.8%	10.7%	-21.5%	-	12.4%	20.0%
United Kingdom	3.2%	70.4	16.1%	49.0	12.1%	21.4	43.7%	39.1%	-0.1%	4.7%	29.2%	48.8%
Russia	2.8%	60.1	13.7%	50.7	12.6%	9.4	18.4%	25.0%	-	-6.6%	16.2%	33.4%
Other countries of the region	6.6%	144.4	33.0%	121.2	30.0%	23.3	19.2%	19.4%	-	-0.2%	14.2%	21.8%
North, Central and Eastern Europe	**20.2%**	**438.1**	**100.0%**	**403.7**	**100.0%**	**34.4**	**8.5%**	**18.6%**	**-9.7%**	**-0.3%**	**15.5%**	**25.8%**

• ***Germany***
Germany showed a very resilient performance with continued double-digit growth (+10.7%), despite a tough comparison base (+8.6% in 2020). Performance was mainly driven by the very favourable growth of Aperol and Aperol Spritz ready-to-enjoy, with the latter being recently launched in the market. In addition, Campari, Crodino and Grand Marnier also struck up positive performances. The strong business momentum continued into the fourth quarter (+12.4%) notwithstanding the less

pronounced staycation effect.
Off-premise sell-out data grew by +28.3% in value terms, over twice as fast as the overall spirits market compared with 2019's unaffected base[10].

• ***United Kingdom***
Sales in the United Kingdom reflected positive growth of +39.1%, benefitting from the good momentum in the on-premise channel, following the full reopening of venues and a strong consumer demand for social interaction, combined with sustained off-premise consumption. Performance was mainly driven by the very positive growth of Aperol, Campari, Wray&Nephew Overproof and Magnum Tonic. Moreover, the very solid performance of the fourth quarter (+29.2%) was sustained by a favourable comparison base (-20.4% in the fourth quarter 2020).

• ***Russia***
Russia registered a very positive growth of +25.0%. The performance in the period was driven by the double-digit growth of the sparkling wine Mondoro, Aperol and Campari.

• ***Other Countries***
Performance in the other countries of the region was up overall by +19.4%, thanks to the double-digit trends of **Switzerland**, **Austria** and **Belgium**, largely led by Aperol.

ASIA-PACIFIC

This region, which is predominantly off-premise skewed and whose market breakdown is shown in the table below, recorded a strong organic growth of +22.9%, supported by the Group's enhanced investments across all levels in the region. The overall environment is still volatile in the region, due to the high incidence of Covid-19 cases, triggering renewed localised lockdowns and affecting the recovery of the on-premise channel. If compared with the results of 2019, the performance for 2021 in the region showed strong organic growth of +27.9%.

for the years ended 31 december	% of Group total	2021		2020		tot change	full year change %, of which				fourth quarter organic change %	full year organic change % compared with 2019
		€ million	%	€ million	%	€ million	total	organic	perimeter	exchange rate		
Australia	5.0%	108.6	64.7%	103.4	79.0%	5.2	5.0%	-0.1%	-	5.1%	-12.5%	20.1%
Other countries of the region	2.7%	59.3	35.3%	27.5	21.0%	31.8	115.9%	109.4%	4.0%	2.5%	83.6%	45.0%
Asia-Pacific	**7.7%**	**167.8**	**100.0%**	**130.8**	**100.0%**	**37.0**	**28.3%**	**22.9%**	**0.8%**	**4.6%**	**6.6%**	**27.9%**

• ***Australia***
In Australia, the region's largest market, organic growth in the period was almost stable: the positive performance of Wild Turkey ready-to-drink, Campari and Aperol Spritz ready-to-enjoy helped offset the weakness of Espolòn and Wild Turkey, impacted by supply constraints linked to trans-oceanic shipments.
Performance in the fourth quarter (-12.5%) was impacted by a tough comparison base, very poor weather conditions, and the aforementioned supply constraints.
Off-premise sell-out in Australia remained strong growing by +25.8% in value terms compared with 2019's unaffected base[11].

(10) Source: Germany NielsenIQ RMS-Grocery+Drug (spirits incl. RTDs excluding. Crodino), YTD December 2021.
(11) Source: IRI, YTD 26 December 2021.

- ***Other Countries***

Sales in the other countries of the region grew by triple digits, also favoured by an easy comparison base (-29.7% in 2020), driven by the very positive performance in **China** (+126.4%), **New Zealand** and **South Korea**, which also benefitted from the Group's enhanced investments into business infrastructures. In China the Group continues to build its brands, with positive performance from X-Rated, SKYY Vodka and Aperol. In South Korea, the positive performance is mainly driven by X-Rated and high-end Wild Turkey offerings.

Focusing on the performance of the brands, in order to explain in more detail the reasons underlying the aforementioned performances by geography, the main drivers concerning the sales trends by brand category and by brand are reported below.

All brand clusters recorded double-digit growth in 2021. The performance of the global, regional and local brand clusters also confirmed double-digit growth when compared with 2019, thanks to the continued strong and healthy brand momentum.

- ***Global priority brands***

Global priority performance (+26.2%) was driven by the solid brand momentum.

Aperol registered organic growth of +32.8%with double-digit performance across all major markets as the brand continued to recruit consumers in the on-premise channel and also benefitted from sustained home consumption. Core markets such as Italy, the United States, France, the United Kingdom, Russia, Switzerland, Belgium, and Austria expanded by double digits, while Spain grew by triple-digits, aided by the strong recovery in the on-premise. Newer markets such as China and Mexico also grew triple-digits, while Latin American markets such as Brazil and Argentina grew by high double-digits. Compared with 2019 Aperol grew by +32.2%.

Campari was up by +30.1%, with a very positive performance in its core markets, recording double-digit growth in the Italian market and solid performances in United States, the United Kingdom, Nigeria, Jamaica, Brazil, Argentina and Germany. The performance benefitted from positive home mixology trends, as well as positive on-premise momentum. Strong appreciation for the liquid versatility as well as proprietary cocktails such as the Negroni, Boulevardier and Americano and the spread of Campari spritz in established markets are the key drivers of the brand's continued growth. Compared with 2019 Campari grew by +23.4%. The Wild Turkey portfolio, recorded very solid growth of +10.9%, driven by a solid category momentum and the premiumisation trend favouring the high-end offering, especially in the core United States market, offsetting the weakness of Australia, mainly impacted by logistic constraints. SKYY closed 2021 with growth of +8.2%, against an easy comparison base, driven by the double-digit performance of international markets, offsetting the soft performance in the core United States. Grand Marnier recorded a solid growth of +43.2%, mainly driven by the very positive trend in the core United States market, favoured by home-made cocktail consumption trends as well as the success of the Grand Margarita in both channels. The French and Canadian markets also reported a growth. The Jamaican rums portfolio registered organic growth of +22.7% with Appleton Estate (+31.0%) benefitting from the favourable category trend in premium rum, particularly in the United States, the United Kingdom, Jamaica and Canada while Wray&Nephew-Overproof (+17.1%) was driven by its core markets: Jamaica, the United Kingdom and Canada.

- ***Regional priority brands***

Regional priority brands notched up very sound figures (+29.8%), with Espolòn continuing to grow at double-digit rates, thanks to the solid premium tequila category momentum in its core United States market, combined with the very positive performance of The GlenGrant, growing by double digits thanks to the successful repositioning of the brand with increased focus on the long-term and high-end variants. The other brands such as Bulldog, the Italian bitters, the sparkling wines (Mondoro and Riccadonna) and Cinzano, Bisquit&Dubouché, Ancho Reyes, Montelobos and Lallier also delivered highly positive figures.

- ***Local priority brands***

The local priority brands grew by +24.6%, driven by the highly positive performance of Campari Soda across channels following a successful brand relaunch in core Italy, combined with the good results of Aperol Spritz ready-to-enjoy, which was sustained by sound growth in Italy and the first introduction of the brand in selected international markets such as Germany and Australia. The overall performance was further strengthened by the strong growth of X-Rated in China and South Korea, as well as the solid growth of Crodino**.**

- The ***rest of the portfolio*** reported double-digit growth of +18.3%, thanks to the positive results of Magnum tonic and SKYY ready-to-drink.

STATEMENT OF PROFIT OR LOSS

KEY HIGHLIGHTS

Profit or loss for the full year 2021 showed a very positive organic performance for all profitability indicators, confirming a very sustained recovery throughout the year. Specifically, in organic terms, net sales, gross profit, contribution margin and the result from recurring activities (EBIT-adjusted) showed unprecedent growth, in a still highly volatile context, of +25.6%, +28.5%, +28.3% and +42.3%, respectively. In particular, all indicators grew strongly compared to net sales, thus driving margin accretion, driven by the healthy brand momentum across key markets, despite the challenges of logistics constraints and the initial effect of cost inflation. Overall, these results were supported by a favourable comparison base with 2020 due to the pandemic. Focusing on the last quarter of 2021 the Group achieved a strong topline performance, despite the logistic constraints, whilst the EBIT-adjusted was up by +2.1% (-31.8% when compared to last quarter of 2019), reflecting enhanced advertising and promotional expenses investments during the peak season combined with intensified cost inflation.

When compared to 2019 results, unaffected by Covid-19, the organic performance of all indicators was very solid too, showing double digit growth across all indicators. This result was achieved thanks to strong business momentum over brand and geography combinations with overall increased consumption and penetration versus pre-pandemic level.

In the year 2021 the perimeter component was namely related to the termination of some distribution agreements from January 2021, only partially offset by the acquisition of Campari France Distribution SAS[12], finalised on 28 February 2020 and the acquisition of Champagne Lallier S.a.r.l. completed on 10 June 2020.

The exchange rate effect was unfavourable during 2021 mainly due to the devaluation of the US Dollar, one of the Group's key currencies, against the Euro.

(12) *Effective from 1 January 2021 Campari France Distribution SAS ('CFD') and Marnier-Lapostolle Bisquit S.A.S. were merged. The name of the new company following the merger is Campari France SAS.*

The table below shows the profit or loss[1] for 2021 and a breakdown of the total change by organic change, perimeter change and exchange rate effects.

for the years ended 31 December	2021		2020		tot change		of which organic		of which perimeter		of which due to exchange rates and hyperinflation	
	€ million	%	€ million	%	€ million	%	€ million	%	€ million	%	€ million	%
Net sales[2]	**2,172.7**	**100.0**	**1,772.0**	**100.0**	**400.6**	**22.6%**	**453.1**	**25.6%**	**(34.0)**	**-1.9%**	**(18.5)**	**-1.0%**
Cost of sales	(875.8)	(40.3)	(746.1)	(42.1)	(129.7)	17.4%	(160.6)	21.5%	29.5	-3.9%	1.4	-0.2%
Gross profit	**1,296.8**	**59.7**	**1,025.9**	**57.9**	**270.9**	**26.4%**	**292.6**	**28.5%**	**(4.5)**	**-0.4%**	**(17.2)**	**-1.7%**
Advertising and promotional expenses	(397.8)	(18.3)	(309.8)	(17.5)	(88.0)	28.4%	(90.2)	29.1%	(0.2)	0.1%	2.3	-0.8%
Contribution margin	**899.0**	**41.4**	**716.1**	**40.4**	**182.9**	**25.5%**	**202.4**	**28.3%**	**(4.7)**	**-0.7%**	**(14.8)**	**-2.1%**
Selling, general and administrative expenses	(463.8)	(21.3)	(394.2)	(22.2)	(69.6)	17.7%	(66.1)	16.8%	(3.6)	0.9%	0.1	-0.0%
Result from recurring activities (EBIT-adjusted)	**435.2**	**20.0**	**321.9**	**18.2**	**113.3**	**35.2%**	**136.3**	**42.3%**	**(8.3)**	**-2.6%**	**(14.7)**	**-4.6%**
Other operating income (expenses)	(34.3)	(1.6)	(90.1)	(5.1)	55.8	-61.9%						
Operating result	**400.8**	**18.4**	**231.8**	**13.1**	**169.0**	**72.9%**						
Financial income (expenses)	(17.1)	(0.8)	(38.9)	(2.2)	21.7	-55.9%						
Adjustments to financial income (expenses)	4.7	0.2	1.4	0.1	3.3	235.7%						
Put option, earn out income (expenses) and hyperinflation effect	0.2	-	18.1	1.0	(17.9)	-99.0%						
Profit (loss) related to associates and joint ventures	(0.1)	-	(2.8)	(0.2)	2.8	-97.7%						
Profit before taxation	**388.6**	**17.9**	**209.6**	**11.8**	**178.9**	**85.4%**						
Profit before taxation-adjusted	**415.3**	**19.1**	**278.9**	**15.7**	**136.4**	**48.9%**						
Taxation	(105.6)	(4.9)	(22.7)	(1.3)	(82.8)	364.4%						
Net profit for the period	**283.0**	**13.0**	**186.9**	**10.5**	**96.1**	**51.4%**						
Net profit for the period-adjusted	**306.1**	**14.1**	**201.1**	**11.3**	**105.0**	**52.2%**						
Non-controlling interests	(1.8)	(0.1)	(1.0)	(0.1)	(0.8)	77.9%						
Group net profit	**284.8**	**13.1**	**187.9**	**10.6**	**96.9**	**51.6%**						
Group net profit-adjusted	**307.9**	**14.2**	**202.1**	**11.4**	**105.8**	**52.4%**						
Total depreciation and amortisation	(79.7)	(3.7)	(78.0)	(4.4)	(1.7)	2.2%	(2.4)	3.1%	(0.5)	0.7%	1.2	-1.5%
EBITDA-adjusted	**514.9**	**23.7**	**399.9**	**22.6**	**115.0**	**28.8%**	**138.7**	**34.7%**	**(7.8)**	**-1.9%**	**(15.9)**	**-4.0%**
EBITDA	**480.6**	**22.1**	**309.8**	**17.5**	**170.8**	**55.1%**						

(1) For information on the definition of alternative performance measures, see the paragraph 'Definitions and reconciliation of the Alternative Performance Measures (APMs or non-GAAP measures) to GAAP measures' of this additional financial information.
(2) Sales after deduction of excise duties.

The table below illustrates the changes in the key profit or loss indicators for 2021 compared with the results of both 2020 and 2019. In particular, the margin changes (basis points), as a percentage of total net sales and organic sales, as well as the organic changes[1] are provided below.

	2021 compared to 2020			2021 compared to 2019	
margin accretion (dilution) in basis point[2] and organic	Total	Organic bps	% organic	Organic bps	% organic
Net sales	**-**	**-**	**25.6%**	**-**	**20.5%**
Cost of goods sold	180	140	21.5%	(150)	25.1%
Gross margin	**180**	**140**	**28.5%**	**(150)**	**17.6%**
Advertising and promotional costs	(80)	(50)	29.1%	(80)	26.0%
Contribution margin	**100**	**90**	**28.3%**	**(230)**	**14.2%**
Selling, general and administrative expenses	90	160	16.8%	90	15.5%
Result from recurring activities (EBIT adjusted)	**190**	**240**	**42.3%**	**(140)**	**13.0%**

(1) For information on the definition of alternative performance measures, see the paragraph 'Definitions and reconciliation of the Alternative Performance Measures (APMs or non-GAAP measures) to GAAP measures' of this additional financial information.
(2) There may be rounding effects given that the corresponding basis points have been rounded to the nearest ten.

STATEMENT OF PROFIT OR LOSS IN DETAIL

The key profit or loss items for 2021 are analysed below, while a detailed analysis on 'sales performance' is included in the previous paragraph, to which reference is made.

GROSS PROFIT

€1,296.8 million

Gross profit for the period was €1,296.8 million, up +26.4% compared to the same period of 2020. The organic component of +28.5%, favoured by an easy comparison base (-8.5% in 2020), was slightly offset by exchange rate variations of -1.7% and an almost neutral perimeter effect of -0.4%. As a percentage of sales, profitability stood at 59.7%, higher than in 2020 (57.9%). In terms of basis points, total profitability increased as a percentage of sales by 180 basis points overall. The organic components accounted for the majority of the accretive effect, contributing 140 basis points, while the perimeter impact was positive at 70 basis points, more than offsetting the dilutive exchange rate component of 30 basis points. Overall, the gross margin accretion was driven by the key combinations of high margin brands and markets, mainly driven by the outperformance of aperitifs (particularly Aperol, Campari and Campari Soda), boosted by a solid trend in premium expressions (namely Grand Marnier) in their core geographies with exceptional performances in the United States.

The combination of a favourable sales mix, the removal of the United States import tariffs and a stronger absorption of fixed production costs driven by renewed demand have allowed a highly satisfactory margin recovery, closing half of the gross margin gap caused in 2020, as expected. These positive effects contributed to contain the intensifying inflationary pressure detected on input costs that began to occur especially with reference to logistic constraints. Moreover, the agave purchase price, which remains at the highest level, driven by a very strong demand in the tequila category, has continued to generate a dilutive effect on gross margins, despite lessening slightly also thanks to price increases passed on during the year. Compared to 2019, gross profit grew +17.6% organically, with a margin dilution of 150 basis points, due to the unfavourable sales mix mostly driven by the outperformance of Espolòn, with product costs still impacted by high agave prices, and the underperformance of SKYY, combined with Crodino which was hit by lockdowns in the Italian market.

ADVERTISING AND PROMOTIONAL EXPENSES

€397.8 million

Advertising and promotional expenses amounted to €397.8 million, up +28.4% overall with respect 2020. As a percentage of sales, advertising and promotional expenses moved from 17.5% in 2020 to 18.3% in 2021 with an overall dilution effect on sales of 80 basis points. The organic increase was +29.1%, which was partly impacted by negligible variations in the exchange rate of -0.8% and perimeter of +0.1%. The organic growth was higher than net sales organic growth (+25.6%), hence dilutive on margin by 50 basis points. During 2021, brand-building initiatives overall focused on digital activations, key to leverage new consumer behaviour, trends and preferences, and they were progressively targeted to the on-premise channel, once permitted by regulations and the Covid evolution. In terms of brand clusters, the organic enhancement in 2021, which was also sustained by a favourable comparison base (-2.2% in 2020), reflected accelerated marketing investments during the peak season in the last quarter to fuel strong brand momentum behind the key global priorities, including aperitifs, also to benefit from the gradual reopening of the on-premise channel, as well as selected regional and local priorities.

When compared with 2019, the advertising and promotional expenses in 2021 increased by +26.0% organically, with a margin dilution of 80 basis points.

CONTRIBUTION MARGIN

€899.0 million

The **contribution margin** was €899.0 million, an overall increase of +25.5% on 2020. As a percentage of sales, the contribution margin stood at 41.4%, showing an overall accretion of 100 basis points compared to 2020. The organic growth component was +28.3%, also aided by a favourable comparison base (-11.0% in 2020) and was higher than the organic sales growth, thus generating an improved profitability of 90 basis points. The perimeter effect was slightly negative at -0.7% with a positive impact on profitability of 40 basis points, and it was mainly attributable to the discontinuation of the distribution of agency brands. The exchange rate effect of -2.1% had a dilutive impact on margins of 30 basis points.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

€463.8 million

Selling, general and administrative expenses amounted to €463.8 million, up by +17.7% on 2020. As a percentage of sales, they amounted to 21.3% compared with 22.2% in 2020, with an overall accretive effect on margins of 90 basis points. At organic level, selling, general and administrative expenses increased by +16.8% compared with 2020, lower than the net sales trend, therefore, generating an accretion effect on margins of 160 basis points. The increase in selling, general and administrative expenses gradually accelerated throughout the year, and reflected investments mainly aimed at strengthening the Group's capabilities and business infrastructure. Moreover, it reflected the expected structure costs phasing (mainly incentives and hiring catch-up), against an unfavourable comparison base. In terms of performance compared to the previous year, during 2020 a series of overhead cost mitigation initiatives were activated to protect profitability, given the decrease in net sales during the initial lockdowns; they also involved a significant review of the estimates linked to target-based incentives which were, instead, broadly achieved in 2021 following the exceptional performance recovery recorded this year.

Compared to 2019, selling, general and administrative expenses rose by +15.5% organically, behind the strong sales growth (+20.5%) generating a margin accretion of 90 basis points.

THE RESULT FROM RECURRING ACTIVITIES (EBIT-ADJUSTED)

€435.2 million

The result from recurring activities (EBIT-adjusted) was €435.2 million, with an overall increase of +35.2% on 2020. The return on sales adjusted (ROS) stood at 20.0%, up from 18.2% in 2020. The organic growth component was +42.3%, which was higher than the organic sales growth, generating an improved profitability of 240 basis points. The impact of perimeter variations on EBIT adjusted was negative by €8.3 million or -2.6% (neutral in terms of margin on sales), mainly attributable to the discontinuation of certain agency brands. Moreover, the exchange rate effect was negative by €14.7 million or -4.6% (with a dilution of 50 basis points), namely generated by the devaluation of the US Dollar, one of the Group's key currencies, against the Euro, as well as the core Emerging Market currencies.

Compared to 2019, the EBIT adjusted grew by +13.0% organically, lower than net sales (+20.5%), therefore generating a margin dilution of 140 basis points.

OTHER OPERATING INCOME (EXPENSES)

€34.3 million

Other operating income (expenses) comprised a net expense of €34.3 million. This referred to costs associated with the restructuring projects, non-recurring last mile long-term incentive schemes with retention purposes to be potentially recognised to senior management(13), as well as brand impairment losses on Champagne Lallier and Rhum Agricole. These amounts were only partly mitigated by the positive adjustment resulting from the closure of a tax dispute regarding indirect taxes in Brazil following the final favourable opinion received from the local authorities, coupled with the insurance reimbursement of damages due to the malware attack suffered in 2020.

THE OPERATING RESULT (EBIT)

€400.8 million

The operating result (EBIT) in 2021 was €400.8 million, reflecting an increase of +72.9% on the same period in 2020. The ROS, which measures the operating result as a percentage of net sales, amounted to 18.4% (13.1% in 2020).

(13) *Pursuant to the Remuneration Policy, a last mile incentive scheme with retention purpose to be potentially awarded to the current CEO has been approved by the Parent Company's corporate bodies and therefore implemented as illustrated in the Remuneration Report in the 'Governance' section.*

DEPRECIATION AND AMORTISATION

€79.7 million

Depreciation and amortisation totalled €79.7 million, up by +2.2% on 2020, of which +3.1% was at organic level and +0.7% related to perimeter variations, partially offset by exchange rate variations of -1.5%.

EBITDA-ADJUSTED

€514.9 million

EBITDA-adjusted stood at €514.9 million, an increase of +28.8%, of which +34.7% was at organic level, partially offset by the exchange rate and the perimeter effect of -4.0% and -1.9% respectively.

EBITDA

€480.6 million

EBITDA was €480.6 million, an increase of +55.1% compared to 2020 (€309.8 million).

NET FINANCIAL EXPENSES

€17.1 million

Net financial expenses, which include exchange rate components, totalled €17.1 million compared to €38.9 million in 2020. The decrease of €21.7 million is attributable to the exchange rate components for €12.0 million, as positive variations generated by a gain of €7.9 million recorded in 2021 compared with a loss of €4.1 million reported in 2020. Excluding the aforementioned exchange components, net financial expenses stood at €25.0 million in 2021 and €34.8 million in 2020, recording a decrease of €9.8 million despite a higher level of average debt in 2021 (€998.7 million) compared with the same period of 2020 (€979.6 million). The average cost of net debt (excluding the exchange rate components) in 2021 was 2.5%, confirming a decreasing trend and a significant improvement compared to 3.5% reported in 2020. This decrease was mainly attributable to the lower average coupon on long-term debt obtained thanks to effective liability management transactions performed over the last years to benefit from favourable interest rates. This improvement was only partly offset by the negative carry effect in connection with the significant cash position held. A detailed analysis of net financial expenses is provided in the table below.

	for the years ended 31 December	
	2021	2020
	€ million	€ million
Total interest expenses bond, loans and leases	(28.3)	(35.4)
Bank and other term deposit interests income	7.2	6.3
Other net expenses	(3.9)	(5.7)
Total financial expenses before exchange gain (losses)	**(25.0)**	**(34.8)**
Exchange gain (losses)	7.9	(4.1)
Total financial income (expenses)	**(17.1)**	**(38.9)**

ADJUSTMENTS TO FINANCIAL INCOME (EXPENSES)

€4.7 million

In 2021 the **adjustments to financial income (expenses)** were positive at €4.7 million, due to the interest on the gain resulting from the final favourable opinion received from the local authorities related to the closure of a tax dispute in Brazil on indirect taxes; the €1.4 million adjustment reported in 2020 mainly related to a liability management transaction for a term loan subscribed in July 2019, to which minor amendments were made.

INCOME (EXPENSES) RELATING TO PUT OPTIONS, EARN-OUT AND HYPERINFLATION EFFECTS

€0.2 million

The **income (expenses) relating to put options, earn-out and hyperinflation effects** was slightly positive at €0.2 million (€18.1 million in 2020 mainly due to the liability revision of projected cash out from the Bulldog earn-out). It included net expenses totalling €0.3 million attributable to the non-cash effects of the remeasurement and discounting to present value of payables for future commitments relating to earn-out and minority shareholdings in the acquired businesses. The item also included amounts arising from the application of the hyperinflation management measures for the accounts of the Argentine company, generating net revenue of €0.4 million.

PROFIT (LOSS) RELATED TO ASSOCIATES AND JOINT-VENTURES

-€0.1 million

The profit (loss) related to associates and joint-ventures represented a net loss of €0.1 million, resulting from the combined effect of the reassessment of the Group's interests in the South Korean joint-venture, Trans Beverages Company Ltd., which was included in the Group's perimeter from 4 January 2021 after the acquisition of a controlling stake, completely offset by the loss arising from the results allocation from joint-venture companies.

PROFIT BEFORE TAXATION

€388.6 million

Profit before taxation (Group and non-controlling interests) was €388.6 million, an increase of +85.4% compared with 2020. Profit before taxation as a percentage of sales was 17.9% (11.8% in 2020).

TAXATION

-€105.6 million

Taxation totalled €105.6 million on a reported basis. The reported tax rate in 2021 was 27.2%, compared to a reported tax rate of 10.8% in 2020. The difference in the reported tax rate was mainly guided by the significant decrease of the overall tax adjustments reported in 2021, as fiscal year 2020 mainly benefitted from the positive tax adjustments resulting from the deferred tax remeasurement pursuant to the Italian tax Law Decree no. 104/2020.
The normalised tax rate, i.e. the ratio of normalised income taxation to the Group's profit before taxation, excluding the other operating income and expenses, the re-assessment of previously held joint-venture investments before their consolidation, the adjustments to financial and to tax income and expenses for the year, was 26.3% in 2021, below the normalised tax rate of 27.9% recognised in 2020 and mainly due to a different geographical mix. Excluding the impact of the non-cash component due to the deferred taxes relating to the amortisation of goodwill and brands eligible for tax purposes, the 2021 cash tax rate was 22.7%, broadly in line with the 23.2% reported in 2020 on a consistent basis. The aforementioned deferred taxes increased from €13.1 million to €15.1 million, as a result of the stepped-up value of brand and goodwill to their corresponding book values enabled by the above-mentioned Italian tax law, which was revised on 30 December 2021, pursuant to Law no. 234 (Budget Law) published in the Official Gazette on 31 December 2021. Following the introduction of the law, the terms of the amortization period of goodwill and trademarks for tax purposes only, were modified with the introduction of an extension, from the original 18 years to 50 years, with a consequent dilution of the expected tax benefits.

RESULT RELATING TO NON-CONTROLLING INTERESTS

-€1.8 million

Result relating to non-controlling interests for the period was marginal and corresponds to a loss of €1.8 million.

GROUP'S NET PROFIT

€284.8 million

The **Group's net profit** was €284.8 million in 2021, an increase of +51.6% compared to 2020, with a sales margin of 13.1% (10.6% reported in the same period of the previous year). Excluding the adjustments to operating and financial result, the re-assessment of previously held joint-venture investments before their consolidation and the related tax effects and tax adjustments, the Group's net profit was €307.9 million (€202.1 million in 2020 reported on a consistent basis).

BASIC AND DILUTED EARNINGS PER SHARE

€0,25 AND €0,27

Basic and diluted earnings per share[14] were both €0.25, and both amounted to €0.27 once adjusted for the afo-rementioned components. Adjusted basic earnings per share and adjusted diluted earnings per share were up by 53.3% and 53.7% respectively, compared to 2020 me-asured on a consistent basis.

The profit before taxation and the net profit, reported and adjusted to take into account other operating inco-me and expenses and adjustments to financial income and expenses, together with the related tax effects and other tax adjustments, are shown below.

	for the years ended 31 December			
	2021		2020	
	€ million		€ million	
adjustments to operating income (expenses), of which:		**(34.3)**		**(90.1)**
impairment loss on goodwill, trademark and on tangible assets	*(8.0)*		*(35.4)*	
restructuring and reorganisation costs	*(10.6)*		*(21.4)*	
other adjustments to operating income (expenses)	*(15.7)*		*(33.3)*	
adjustments to financial income (expenses)		**4.7**		**1.4**
adjustment related to income (expenses) related to put option and earn out		**-**		**19.4**
adjustment related to remeasurement in joint ventures and associates		**2.9**		**-**
total adjustments		**(26.7)**		**(69.3)**
tax adjustments, of which:		**3.6**		**55.1**
tax benefit from Italian Legislative Decree 104/2020	*-*		*29.9*	
tax adjustments	*(4.9)*		*2.2*	
tax effect on operating and financial adjustments	*8.6*		*23.0*	
total net adjustment		**(23.1)**		**(14.2)**

(14) *For information on the definition of alternative performance measures, see the paragraph 'Definitions and reconciliation of the Alternative Performance Measures (APMs or non-GAAP measures) to GAAP measures' in this management board report.*

	for the years ended 31 December							
	2021			2020			changes	
€ million	reported	adjustments	adjusted	reported	adjustments	adjusted	reported	adjusted
profit before taxation	**388.6**	(26.7)	**415.3**	**209.6**	(69.3)	**278.9**	85.4%	48.9%
total taxation	**(105.6)**	**3.6**	**(109.2)**	**(22.7)**	**55.1**	**(77.9)**	364.4%	40.3%
net profit for the period	**283.0**	(23.1)	**306.1**	**186.9**	(14.2)	**201.1**	51.4%	52.2%
tax rate (reported and adjusted)	**-27.2%**		**-26.3%**	**-10.8%**		**-27.9%**		
deferred taxes on goodwill and trademarks		(15.1)	(15.1)		(13.1)	(13.1)		
cash tax rate			**-22.7%**			**-23.2%**		

PROFITABILITY BY BUSINESS AREA

A breakdown of the four geographical regions in which the Group operates is provided below and shows the percentage of sales and the operating result from recurring activities for each segment for the two years under comparison.

Please refer to the 'Sales performance' paragraph of this management board report for a more detailed analysis of sales by business area for the year.

	for the years ended 31 December							
	2021				2020			
	net sales	% of total	result from recurring activities	% of total	net sales	% of total	result from recurring activities	% of total
	€ million	%	€ million	%	€ million	%	€ million	%
Americas	927.9	42.7%	184.5	42.4%	773.9	43.7%	139.7	43.4%
Southern Europe, Middle East and Africa	638.8	29.4%	71.2	16.4%	463.6	26.2%	32.4	10.1%
Northern, Central and Eastern Europe	438.1	20.2%	162.5	37.3%	403.7	22.8%	133.3	41.4%
Asia-Pacific	167.8	7.7%	17.0	3.9%	130.8	7.4%	16.5	5.1%
Total	**2,172.7**	**100.0%**	**435.2**	**100.0%**	**1,772.0**	**100.0%**	**321.9**	**100.0%**

• *Americas*

The Americas region made the largest contribution to the Group in terms of both sales and results from recurring activities, at 42.7% and 42.4% respectively.
The direct markets of the United States, Jamaica, Canada, Brazil, Mexico, Argentina and Peru together accounted for nearly all the region's sales. The results for 2021 are shown below.

	for the years ended 31 December								
	2021		2020		total change		organic change		organic accretion/ dilution of profitability
	€ million	%	€ million	%	€ million	%	€ million	%	basis points
Net sales	**927.9**	**100.0**	**773.9**	**100.0**	**154.0**	**19.9%**	**178.1**	**23.0%**	**-**
Gross margin	**522.6**	**56.3**	**429.4**	**55.5**	**93.2**	**21.7%**	**115.4**	**26.9%**	**170**
Advertising and promotional costs	(179.5)	(19.3)	(141.2)	(18.2)	(38.3)	27.1%	(41.8)	29.6%	(100)
Selling, general and administrative expenses	(158.6)	(17.1)	(148.5)	(19.2)	(10.2)	6.8%	(11.7)	7.9%	240
Result from recurring activities	**184.5**	**19.9**	**139.7**	**18.1**	**44.8**	**32.1%**	**61.9**	**44.3%**	**310**

The result from recurring activities increased by +32.1% overall, generating margin on sales of 19.9% compared with the 18.1% reported in the previous year. The organic change was +44.3%, causing an accretive effect of 310 basis points on profitability. The main drivers were as follows:

- the **gross margin** increased in value by +26.9%, ahead of net sales growth (+23.0%), thus generating an accretion of profitability of 170 basis points. The increase in gross profitability was mainly due to the favourable sales mix driven by the high-margin brands such as the aperitifs (Aperol and Campari) and premium spirits (mainly Grand Marnier), offsetting the lower-margin brand Espolòn, still affected by the elevated level of agave purchase prices and SKYY Vodka which underperformed in core United States, a high margin market;
- **advertising and promotional** expenses recorded an increase of +29.6%, higher than net sales growth and therefore with a dilutive effect on profitability (100 basis points), also impacted by a favourable comparison base (-8.3% in 2020). The performance in the year showed accelerated initiatives behind the global priority brands in their core geographies with special focus on aperitifs, also to benefit from the gradual reopening of the on-premise channel in key countries throughout the year, combined with investments in SKYY Vodka in the United States, in connection with its complete brand relaunch;
- **selling, general and administrative expenses** increased by +7.9% at organic level, lower than organic sales growth and thus resulted in an accretion in profitability of 240 basis points (excluding any effect arising from the application of the hyperinflation management measures to the Argentinian accounts that is included in the exchange rate effect). The main drivers that contributed to the change were, on the one hand, the streamlining of some local structures in the region and, on the other hand, a phasing effect due to hiring and incentives catch ups.

• *Southern Europe, Middle East and Africa*

The Southern Europe, Middle East and Africa region is the Group's second-largest region in terms of net sales, at 29.4% and the third-largest in terms of profitability at 16.4%. Besides Italy, the other key markets include France, Spain, South Africa and Nigeria, in addition to the Global Travel Retail channel. The results for 2021 are shown below.

	for the years ended 31 December								
	2021		2020		total change		organic change		organic accretion/ dilution of profitability
	€ million	%	€ million	%	€ million	%	€ million	%	basis points
Net sales	**638.8**	**100.0**	**463.6**	**100.0**	**175.2**	**37.8%**	**170.1**	**36.7%**	-
Gross margin	**387.1**	**60.6**	**279.3**	**60.2**	**107.8**	**38.6%**	**106.7**	**38.2%**	**70**
Advertising and promotional costs	(114.7)	(18.0)	(90.6)	(19.5)	(24.1)	26.6%	(23.9)	26.3%	150
Selling, general and administrative expenses	(201.3)	(31.5)	(156.3)	(33.7)	(44.9)	28.7%	(41.0)	26.2%	260
Result from recurring activities	**71.2**	**11.1**	**32.4**	**7.0**	**38.8**	**119.8%**	**41.8**	**129.1%**	**470**

The result from recurring operations increased to €71.2 million overall, generating a sales margin of 11.1% compared to the 7.0% reported in the previous year. The main organic drivers were as follows:

- the **gross margin** showed an increase of +38.2%, leading to an accretion of 70 basis points, sustained by a favourable sales mix driven by the deafening outperformance of the high-margin aperitifs (Aperol, Campari and Campari Soda). By geography, the accretion was mainly driven by the Italian market, sustained by the overall increased frequency of consumption across channels and 'revenge conviviality' in the on-premise venues over the year;
- **advertising and promotional expenses** were up by +26.3% in comparison with the previous year, lower than net sales growth and hence had an accretive effect on profitability (150 basis points). The trend reflected sustained investments in the year behind the core brands for the region and in particular the aperitifs (Campari, Aperol) in their peak seasons to also benefit from the on-premise reopening;
- **selling, general and administrative expenses** increased by +26.2% compared to 2020, also driven by a phasing effect in connection with estimated incentives and hiring catch-ups. The trend in the year was also favoured by an easy comparable base (-10.1% decrease in 2020), which reflected the implementation of cost mitigation actions from the second quarter of 2020, in connection with the Covid-19 outbreak. Selling, general and administrative expenses generated an accretive effect on profitability of 260 basis points, also as a result of a very strong sales growth (+36.7%) compared with SG&A growth (+26.2%).

• *Northern, Central and Eastern Europe*

The Northern, Central and Eastern Europe region is the Group's third-largest region in terms of net sales, and the second largest in terms of profitability, at 20.2% and 37.3% respectively.

The region includes the direct markets in Germany, Austria, Switzerland, Benelux, the United Kingdom, Russia and Ukraine, which represent nearly all the sales in the region, and the markets served by third-party distributors. The results for 2021 are shown below.

	for the years ended 31 December								
	2021		2020		total change		organic change		organic accretion/ dilution of profitability
	€ million	%	€ million	%	€ million	%	€ million	%	basis points
Net sales	**438.1**	**100.0**	**403.7**	**100.0**	**34.4**	**8.5%**	**75.0**	**18.6%**	-
Gross margin	**306.0**	**69.9**	**256.0**	**63.4**	**50.0**	**19.5%**	**55.6**	**21.7%**	**170**
Advertising and promotional costs	(74.2)	(16.9)	(60.4)	(15.0)	(13.8)	22.8%	(13.7)	22.7%	(50)
Selling, general and administrative expenses	(69.3)	(15.8)	(62.3)	(15.4)	(7.1)	11.3%	(7.2)	11.5%	90
Result from recurring activities	**162.5**	**37.1**	**133.3**	**33.0**	**29.2**	**21.9%**	**34.7**	**26.0%**	**210**

The result from recurring activities was up by +21.9% overall, generating a sales margin of 37.1%, compared with 33.0% reported in the previous year. Organic growth was +26.0% with an accretive effect of 210 basis points. The main drivers were as follows:

- the **gross margin** showed solid growth of +21.7%, higher than sales growth: this led to an accretive effect on profitability of 170 basis points driven by a favourable geographic/product mix and, in particular, by the high-margin brand Aperol;
- **advertising and promotional expenses** increased by +22.7%, higher than sales growth of +18.6%, with a dilution effect on profitability of 50 basis points. The trend highlighted sustained investments behind the main brands and in particular Aperol during both the key summer season for the aperitif category and the winter season, during which the activations mainly aimed to recruit consumers were resumed;
- **selling, general and administrative expenses** showed an increase of +11.5%. Given the lower than sales growth rate, an accretive effect of 90 basis points on profitability was generated.

• *Asia-Pacific*

The Asia-Pacific region includes the Group's own Australian and South Korean sales platforms, as well as markets served by third-party distributors and joint-ventures. The region's contribution to the Group's net sales and result from recurring activities in the 2021 were 7.7% and 3.9 % respectively. The results for 2021 are shown below.

	for the years ended 31 December								
	2021		2020		total change		organic change		organic accretion/ dilution of profitability
	€ million	%	€ million	%	€ million	%	€ million	%	basis points
Net sales	**167.8**	**100.0**	**130.8**	**100.0**	**37.0**	**28.3%**	**29.9**	**22.9%**	**-**
Gross margin	**81.1**	**48.3**	**61.3**	**46.8**	**19.8**	**32.3%**	**14.9**	**24.3%**	**60**
Advertising and promotional costs	(29.5)	(17.5)	(17.6)	(13.5)	(11.8)	67.1%	(10.8)	61.4%	(420)
Selling, general and administrative expenses	(34.6)	(20.6)	(27.2)	(20.8)	(7.5)	27.4%	(6.3)	23.1%	-
Result from recurring activities	**17.0**	**10.1**	**16.5**	**12.6**	**0.5**	**3.1%**	**(2.2)**	**-13.2%**	**(370)**

The result from recurring activities increased by +3.1% overall, generating a sales margin of 10.1% compared with the 12.6% reported in the previous year. The organic change was negative at -13.2%, with a corresponding dilution in profitability of 370 basis points, due to the following effects:

- the **gross margin** grew by +24.3%, higher than net sales growth, and showed an increased profitability by 60 basis points, driven by high-margin offering, primarily led by Campari, Wild Turkey and X-Rated, with the generated resources reinvested in advertising and promotion, as well as in initiatives to strengthen the distribution capabilities of the region;
- **advertising and promotional expenses** were up by +61.4%, higher than the organic sales growth (+22.9%), propelled by continuous investments during the year for the main brands in the region, with a dilutive effect on profitability that reached 420 basis points in the year;
- **selling, general and administrative expenses** increased by +23.1%, reflecting route-to-market investments in the region. The growth in the period was in line with the net sales growth, therefore having a neutral effect on profitability.

OPERATING WORKING CAPITAL

The breakdown of the total change in operating working capital compared with the restated figure at 31 December 2021 is as follows.

	at 31 December			*of which*		
	2021	2020[1]	total change	*organic*	*perimeter*	*exchange rates and hyperinflation*
	€ million	€ million	€ million	*€ million*	*€ million*	*€ million*
Trade receivables	290.4	281.8	8.6	*-*	*2.7*	*5.9*
Total inventories, of which:	745.7	658.3	87.4	*60.4*	*1.7*	*25.3*
- maturing inventory	409.7	368.1	41.6	*23.8*	*-*	*17.8*
- biological assets	3.7	1.6	2.1	*1.9*	*-*	*0.2*
- other inventory	332.3	288.6	43.7	*34.7*	*1.7*	*7.4*
Trade payables	(394.6)	(321.2)	(73.4)	*(65.4)*	*(1.9)*	*(6.1)*
Operating working capital	**641.5**	**618.9**	**22.6**	***(5.0)***	***2.5***	***25.1***
Sales of the period	2,172.7	1,772.0				
Working capital as % of net sales	29.5	34.9				

(1) Values as of 31 December 2020 have been reclassified for purchase price allocations. For information on the reclassifications of comparative figures, refer to note 3 xi-'Reclassification of comparative figures at 31 December 2020' of Campari Group consolidated financial statements at 31 December 2021.

At 31 December 2021, operating working capital as a percentage of net sales was 29.5%, down -5.4% from 34.9% at year-end 2020, which had been largely impacted by phasing effects. Comparing to year end 2019, considered a reference benchmark and when the ratio was 37.6%[15], the operating working capital as percentage of sales was down by -8.0%.

The operating working capital at 31 December 2021 was €641.5 million (€618.9 million at 31 December 2020). Stripping out the exchange rate effect, which generated an increase of €25.1 million, and a negligible perimeter growth effect of €2.5 million, the organic decrease over the period was €5.0 million.

Focusing on organic performance, trade receivables were stable compared with the previous year-end, driven by efficient management of payments.

Trade payables reported an organic increase of €65.4 million driven by the sustained business expansion and, to some extent, linked to the reverse factoring program launched in 2020. In particular, the program carried out with selected suppliers generated an increase in payables by €20.3 million at 31 December 2021 (€7.0 mil-

(15) Operating working capital of €692.3 million and net sales of €1,842.5 reported in Campari Group annual Report at 31 December 2020 with reference to restated figures.

lion at 31 December 2020).
Inventory registered an increase of €60.4 million, of which €23.8 million related to the organic step up in ageing liquid supporting the maturation process, mostly linked to The GlenGrant, Jamaican rum and Espolòn to meet the expected future demand. It should be noted that, due to its nature, working capital represented by ageing liquid is similar to invested capital as its growth profile is planned over a long-term horizon. The other increase in inventories is mainly attributable to finished products in line with future expected demand, as well as the inflationary effects on the main production factors, that have begun to materialize since after the first phase of the pandemic .

The increase attributable to the exchange rate component, totalling €25.1 million, was related to receivables from customers for €5.9 million, almost fully offset by an increase in payables to suppliers for €6.1 million. The exchange-rate effect on inventories was positive for €25.3 million, of which €17.8 million was due to maturing inventory, which is concentrated in the Americas region (mainly in the United States) and in the United Kingdom, and the remaining €7.4 million was due to other inventory.

Lastly, the perimeter effect totalling €2.5 million is attributable to the incorporation of the subsidiary Trans Beverages Company Ltd. in South Korea in Campari Group accounts. The company, previously represented as a joint venture investment, has been fully consolidated since January 2021, following the increase by Campari Group of its shareholding from 40% to 51%, in line with its enhanced strategic focus in Asia. For further information on this transaction, please refer to paragraph 'Acquisition and sale of businesses and the purchase of non-controlling interests' in the Campari Group consolidated financial statements at 31 December 2021.

RECLASSIFIED STATEMENT OF CASH FLOWS

The table below shows a simplified and reclassified version of the cash flow statement in the consolidated financial statements.
The main classification consists of the representation of the change in net financial debt at the end of the period as the final result of the total cash flow generated (or absorbed). Therefore, the cash flows relating to changes in net financial debt components are not shown.

	for the year ended 31 December 2021			
	2021	*of which recurring*	2020	*of which recurring*
	€ million	*€ million*	€ million	*€ million*
Operating result (EBIT)	**400.8**		**231.8**	
Result from recurring activities (EBIT-adjusted)		***435.2***		***321.9***
Depreciation and amortization	79.7	*79.7*	78.0	*78.0*
EBITDA	**480.6**		**309.8**	
EBITDA-adjusted		***514.9***		***399.9***
Effects from hyperinflation accounting standard adoption	4.5	*4.5*	2.4	*2.4*
Accruals and other changes from operating activities	64.7	*54.7*	(9.3)	*(9.3)*
Goodwill, brand, tangible fixed assets and sold business impairment	8.0	-	45.7	-
Income taxes paid	(79.1)	*(74.0)*	(119.7)	*(84.8)*
Cash flow from operating activities before changes in working capital	**478.7**	***500.1***	**228.8**	***308.1***
Changes in net operating working capital	5.0	*5.0*	43.4	*43.4*
Cash flow from operating activities	**483.7**	***505.1***	**272.2**	***351.5***
Net interests paid	(15.6)	*(15.6)*	(25.3)	*(25.3)*
Cash adjustments to financial income (expenses)	-	-	1.4	-
Capital expenditure	(135.7)	*(81.9)*	(79.8)	*(64.6)*
Free cash flow	**332.3**	***407.5***	**168.6**	***261.7***
(Acquisition) disposal of business	(3.1)		(120.6)	
Dividend paid out by the Company	(61.6)		(62.9)	
Other items including net purchase of own shares	(6.5)		(275.6)	
Cash flow invested in other activities	**(71.2)**		**(459.1)**	
Other changes	4.3		10.9	
Total change in net financial debt due to operating activities	**265.4**		**(279.6)**	
Put option and earn out liability changes(1)	(3.5)		(5.6)	
Increase in investments for lease right of use(2)	(13.0)		(7.8)	
Net cash flow of the period=change in net financial debt	**248.9**		**(293.0)**	
Effect of exchange rate changes	**24.0**		**(33.5)**	
Net financial debt at the beginning of the period	**(1,103.8)**		**(777.4)**	
Net financial debt at the end of the period	**(830.9)**		**(1,103.8)**	

(1) This item, which is a non-cash item, was included purely to reconcile the change in financial debt relating to activities in the period with the overall change in net financial debt.
(2) For information on the value shown, please see note 7 iii-'Right of use assets' of Campari Group- consolidated financial statements at 31 December 2021.

Key highlights

At 31 December 2021, the liquidity generated in 2021, which is reflected in an equivalent decrease in the net financial debt compared to 31 December 2020, was €272.8 million overall, of which €248.9 million attributable to cash flow generation and €24.0 million to exchange rate effects on net financial debt items. This result was driven by an unprecedent organic growth, in a still highly volatile context in 2021, thanks to a continued strong and healthy momentum in the key brand and geography combinations, boosted by the overall increased consumption and penetration versus pre-pandemic levels.

The cash generation in terms of free cash flow on a reported basis was positive in 2021, standing at €332.3 million, compared to a free cash flow of €168.6 million in 2020, when the business performance had been heavily affected by the Covid-19 outbreak. The recurring free cash flows amounted to €407.5 million in 2021, up 55.7% (or €145.8 million) compared with 2020. Compared with 2019, recurring free cash flows increased by 52.5% (or €140.2 million) from €267.3 million[16]. In terms of percentages on EBITDA adjusted, recurring free cash flows totalled 79.1%, compared to 65.4% in 2020 and 55.7% in 2019[17].

With regard to cash flow invested in other activities, the overall effect in terms of cash flow absorption was €71.2 million, mainly related to the dividend payment of €61.6 million, the purchase of own shares to serve share-based payment plans, as well as the cash-out transactions related to acquisitions occurred in 2021.

Analysis of the consolidated statement of cash flows

The following drivers contributed to the positive generation of free cash flows in 2021:

- Operating result (EBIT) amounted to €400.8 million compared to 231.8 million in 2020 and included a negative effect of €34.3 million related to operating adjustments mainly for restructuring initiatives, write-offs of minor brands and a non-recurring last mile long-term incentive scheme[18], only partially mitigated by the positive adjustment resulting from the closure of a tax dispute in Brazil and one-off refunds. Excluding these components, the result from recurring activities (EBIT adjusted) amounted to €435.2 million (€321.9 million in 2020);
- EBITDA amounted to €480.6 million. It increased by €170.8 million compared to the previous year. Excluding the beforementioned non-recurring components, EBITDA adjusted amounted to €514.9 million (€399.9 million in 2020);
- non-cash liabilities arising from the application of the accounting standard used to manage hyperinflationary effects in Argentina amounted to €4.5 million in 2021;
- accruals for provisions net of utilisations and other miscellaneous operating changes, such as indirect taxation and excise duties, showed a positive effect of €64.7 million. The difference compared with the same period last year is mainly attributable to certain benefits accrued for employee incentive plans, including also a non-recurring last mile long-term incentive schemes with retention purposes. Excluding the latter, accruals and other changes from operating activities amounted to €54.7 million;
- impairment losses of €8.0 million, mainly attributable to trademarks for €6.9 million and to the asset held for sale related to the Sorocaba facility in Brasil, considered as non-cash adjusting components and consequently not included in the recurring free cash flows;
- the cash financial impact deriving from the tax payments effected in 2021 was €79.1 million. The amount paid included a non-recurring payment of €5.1 million related to the first instalment of the substitute tax due to obtain access to the tax benefit envisaged by Legislative Decree no. 104/2020 in Italy. This tax law enabled a step-up in the value of the trademarks and goodwill back to the corresponding book values, which then benefitted from a higher depreciation rate for tax purposes. Excluding this component, taxes paid amounted to €74.0 million, broadly in line compared with the recurring tax expense in 2020, with the difference mainly due to the phasing effect of tax payments;
- working capital recorded a cash absorption of €5.0 million (refer to paragraph 'Operating working capital' for details);
- interest paid, net of interest received, stood at €15.6 million in 2021;
- net investment in capital expenditure amounted to €135.7 million, of which the recurring component was €81.9 million, confirming the Group's commitment to continue enhancing its supply chain via production capacity expansion and efficiency improvements for the long-term growth, its IT infrastructure as well as its office and brand house spaces.

Cash flow used in other activities

was negative at €71.2 million, compared to a negative absorption of €459.1 million in 2020, which had been affected by the business combination realised in 2020. Cash flows invested in 2021 in other activities mainly related to:

- dividend payments of €61.6 million,
- other items totalling €9.6 million arising mainly from the cash generation effect related to the sale and purchase of own shares to serve share-based payment plans and the transactions related to acquisitions occurred in the year, partially offset by the cash inflow collected by Moët Hennessy as a result of the set-up of a 50/50 joint venture.

Other changes

reported a positive effect of €4.3 million in 2021 and reflected the recognition of certain non-cash components, mainly related to exchange rate effects, which were included for the purposes of reconciling the changes in cash flows with the changes in net financial debt. New **leases** and changes in **liabilities for put options and earn outs** are shown purely to reconcile net cash flows for the year with total net financial debt.

The impact on the change in net financial debt reflected by **exchange rate differences on net financial debt** items amounted to €24.0 million.

(16) Recurring free cash flow reported in the Campari Group-Consolidated financial statements at 31 December 2019.
(17)EBITDA adjusted reported in the Campari Group-Consolidated financial statements as of 31 December 2019 was €479.8 million.
(18) Pursuant to the Remuneration Policy, a last mile incentive scheme with retention purpose to be potentially awarded to the current CEO has been approved by the Parent Company's competent corporate bodies and therefore implemented as illustrated in the 'Remuneration Report' in the 'Governance' section.

NET FINANCIAL DEBT

At 31 December 2021, consolidated net financial debt amounted to €830.9 million, down €272.8 million compared with the €1,103.8 million reported at 31 December 2020.

Changes in the debt structure in the two periods under comparison are shown in the table below.

	at 31 December			*of which*		
	2021	2020	total change	*organic*	*perimeter[2]*	*exchange rates*
	€ million	€ million	€ million	*€ million*	*€ million*	*€ million*
cash and cash equivalents	791.3	548.1	243.2	*218.2*	*(3.4)*	*28.3*
bonds	(50.0)	-	(50.0)	*(50.0)*	-	-
loans due to banks	(198.1)	(244.3)	46.1	*47.1*	-	*(0.9)*
lease payables	(13.5)	(13.9)	0.4	*0.8*	-	*(0.4)*
other financial assets and liabilities	3.6	(13.3)	16.9	*16.9*	-	-
short-term net financial debt	**533.2**	**276.6**	**256.6**	***233.0***	***(3.4)***	***27.0***
bonds	(845.5)	(894.7)	49.2	*49.2*	-	-
loans due to banks[1]	(355.2)	(320.0)	(35.2)	*(35.2)*	-	-
lease payables	(70.4)	(69.5)	(1.0)	*2.0*	-	*(2.9)*
other financial assets and liabilities	5.7	7.1	(1.4)	*(1.4)*	-	-
medium-/long-term net financial debt	**(1,265.5)**	**(1,277.1)**	**11.6**	***14.5***	**-**	***(2.9)***
net financial debt before put option and earn-out payments	**(732.3)**	**(1,000.5)**	**268.2**	***247.5***	***(3.4)***	***24.0***
liabilities for put option and earn-out payments	(98.7)	(103.3)	4.6	*4.6*	-	-
net financial debt	**(830.9)**	**(1,103.8)**	**272.8**	***252.2***	***(3.4)***	***24.0***

(1) Including the relevant derivative.
(2) The perimeter variation included the net cash outflow for the following transactions:
- set up of the 50/50 joint venture agreement in wines&spirits e-commerce segment with Moët Hennessy;
- the effect deriving from the incorporation of the joint-venture in South Korea into Campari Group accounts by raising its stake from 40% to 51%;
- the acquisition of 40% interest in the newly incorporated joint-venture in Taiwan, named Spiritus Company Limited;
- the acquisition of 10% stake in Thirsty Camel Ltd., classified as other investments.

For more information on these transactions, please refer to paragraph 'Significant events of the year' of the management board report in this annual report at 31 December 2021.

At 31 December 2021, the composition of net financial debt is skewed on a medium/long-term horizon and identifies the Group's preference to leverage a financial profile that reflects its investment strategy in long-term external growth. Short term debt is characterised by a significant net liquidity position, dominated by a notable amount of cash and cash equivalents, and which reflects the Campari Group's priority to maintain flexibility in short-term investment decisions. Moreover, the Group relies on significant credit lines totalling €719.3 million, of which only €71.7 million were drawn down at the end of the period.

Short-term net financial debt was positive at €533.2 million and mainly consisted of cash and cash equivalents (€791.3 million) net of loans due to banks and bonds (€248.1 million). The significant improvement of €256.6 million compared with short-term net financial debt at 31 December 2020 was driven by the stunning cash generation of €243.2 million (representing an organic amount of €218.2 million) attributable to the very satisfactory performance of the Group's business achieved during the year 2021. The cash generation improvement also benefitted from the cash inflow of €28.0 million resulting from the establishment of a partnership with Moët Hennessy for initiatives aimed at building a European player in the growing wine & spirits e-commerce segment through Tannico. The short-term financial position is supplemented by investments mainly consisting of low-risk financial items, partially offset by payables for interest accrued on existing bonds for €6.3 million (€6.3 million at 31 December 2020).

The medium-/long-term financial debt consisted primarily of bonds and loans due to banks for a total amount of €1,265.5 million. The change in bank loans (€35.2 million) was mainly due to efficient liability management aimed at maximising favourable market conditions through the subscription of new loans for an overall amount of €130.0 million. This amount was more than offset by the short-term reclassification of various loans amounting to €93.4 million, largely repaid during the reporting period. Other financial assets and liabilities, for a net positive amount of €5.7 million, mainly related to receivables connected with the sale of the non-core business completed in previous years, as well as restricted deposits supporting future payments associated with past business acquisitions.

Moreover, the Group's net financial debt included a liability of €98.7 million, consisting of future commitments to purchase outstanding minority shareholdings in controlled companies and, in particular, in Société des Produits Marnier Lapostolle S.A.S. (for an expected cash outflow of €45.0 million), Montelobos, Ancho Reyes, J. Wray&Nephew Ltd. and Champagne Lallier S.a.r.l. (for an estimated combined cash outflow of €53.6 million). During 2021, a payment of €6.2 million in put option liabilities mainly related to the agreement in place with the previous shareholders of Société des Produits Marnier Lapostolle S.A.S..
The Group's debt management objective is based on the achievement of an optimal and sustainable level of financial solidity, while maintaining an appropriate level of flexibility with regard to acquisition opportunities and funding options, through available cash. The Group monitors the evolution of the net debt/EBITDA adjusted ratio on an ongoing basis. For the purposes of the ratio calculation, net debt is the value of the Group's net financial debt at 31 December 2021, whereas the EBITDA adjusted relates to the rolling EBITDA adjusted over the last twelve months (for more information related to the calculation, please refer to 'Alternative Performance Measures' in this annual report). At 31 December 2021, this multiple was 1.6 times, compared with 2.8 times at 31 December 2020, based on consistent calculation criteria. The decrease of the ratio compared to 31 December 2020 was mainly driven by the decrease in net financial debt thanks to the positive cash generation from the business performance, as well as the improved rolling EBITDA adjusted, which incorporated the results of the year ending 2021, largely enhanced compared with the results at 31 December 2020.

CAPITAL EXPENDITURE

In 2021, **net investments totalled €135.7 million, of which €81.9 million were recurring and €53.8 million were non-recurring.**

The recurring investments were related to initiatives aimed at continuously enhancing its supply chain, via production capacity expansion, efficiency improvements and ESG related initiatives and its business infrastructure. Specifically, they related to the following projects:

- maintenance expenditure on Group's operations and production facilities, offices and IT infrastructure which, although not material on an individual basis, amounted overall to €60.0 million;
- the purchase of barrels for maturing bourbon and rum totalling €18.2 million, net of related disposals;
- investments to develop biological assets, totalling €3.7 million.

Non-recurring investments, totalling €53.8 million, related to a new office building in London, digital transformation projects and other initiatives aimed at strengthening the Group's brand identities via the creation of brand houses.

With regard to the type of investment, net purchases comprised tangible assets of €110.9 million and intangible assets of €24.8 million.

Lastly, investments for the rights of use of third-party assets were related to tangible assets at 31 December 2021. The increase in the year amounted to €13.0 million and was attributable to offices, plant and machinery and vehicles.

RECLASSIFIED STATEMENT OF FINANCIAL POSITION

The Group's financial position is shown in the table below in summary and in reclassified format, to highlight the structure of invested capital and financing sources.

	at 31 December			of which		
	2021	2020 post reclassifications	total change	*organic change*	*perimeter*	*exchange rates and hyperinflation*
	€ million	€ million	€ million	*€ million*	*€ million*	*€ million*
fixed assets	3,090.6	2,918.0	172.6	*63.0*	*3.7*	*105.9*
other non-current assets and (liabilities)	(365.3)	(344.1)	(21.1)	*(0.6)*	*(4.1)*	*(16.3)*
operating working capital	641.5	618.9	22.6	*(4.7)*	*2.5*	*24.8*
other current assets and (liabilities)	(161.1)	(90.6)	(70.5)	*(64.3)*	-	*(6.3)*
total invested capital	**3,205.7**	**3,102.2**	**103.5**	***(6.6)***	***2.1***	***108.1***
Group shareholders' equity	2,371.8	1,996.6	375.2	*246.1*	*(3.0)*	*132.1*
non-controlling interests	3.0	1.8	1.2	*(0.4)*	*1.6*	-
net financial debt	830.9	1,103.8	(272.8)	*(252.2)*	*3.4*	*(24.0)*
total financing sources	**3,205.7**	**3,102.2**	**103.5**	***(6.6)***	***2.1***	***108.1***

Invested capital at 31 December 2021 was €3,205.7 million, showing up €103.5 million compared with the restated figures at 31 December 2020.

Focusing on the organic change, the most significant variations attributable to the invested capital referred to:

- the increase of €63.0 million in fixed assets, mainly related to the acquisition of a new office building in London, the purchase of barrels dedicated to the ageing process as well as improvements to expand and strengthen the Group's production capacity and efficiency (for further information, please refer to the paragraph 'Capital expenditure' of this management board report);
- the rise in other current liabilities (net of assets) of €64.3 million, mainly related to an increase in current tax liabilities and to the catch up of short-term and mid-term incentive plans, all reflecting the positive business performance in 2021.

The perimeter effect is mainly related to the incorporation of Trans Beverages Company Ltd. in South Korea. For a detailed explanation of the external growth items related to this operation, please refer to the paragraph 'Acquisition and sale of businesses and purchase of non-controlling interests' in the consolidated financial statements.

Moreover, invested capital at 31 December 2021 was significantly impacted by non-monetary foreign currency translation effects, resulting in an increase of €108.1 million.

Regarding financing sources, the main changes related to an increase of €375.2 million in the Group's shareholders' equity, mostly due to the combined effect of the results for the period of €283.0 million and the payment of dividend of €61.6 million. For additional information on the variations in net financial debt, totalling €272.9 million, please refer to the paragraph 'Net financial debt' in this management board report.

As a result of the changes mentioned above, the Group's financial structure showed a net debt to shareholders' funds ratio of 35.0% at the end of the period, significantly down on the 55.3% recorded at 31 December 2020 (on a restated basis), due to the combined effect of a lower net financial debt and higher shareholders' funds in absolute terms.

RECONCILIATION OF THE COMPANY AND GROUP NET PROFIT AND SHAREHOLDERS' EQUITY

For information related to the reconciliation between the result for the period and shareholders' equity for the Group with the same items of the Parent Company Davide Campari-Milano N.V., please refer to paragraph 'Shareholders' equity' in the Company only financial statement at 31 December 2021.

FULL YEAR 2021 CONCLUSION AND OUTLOOK

2021 was a very successful year thanks to healthy momentum which benefitted from overall increased consumption and penetration across brands, markets and distribution channels versus pre-pandemic levels, despite the logistics challenges and the increasing pressure of cost inflation. The strong momentum was supported by continuous investments in marketing and innovation with an increasing focus on the on-premise activations upon the reopening of this key channel. As life progressively returns to a 'new normal', the positive trends confirms that the social experience and conviviality outside home remain an essential habit in consumers' lifestyles. Meanwhile, consumption in the off-trade channel continued to be sustained driven by the home-made premium cocktails trend. The organic performance was also very strong when compared to the unaffected base of 2019 thanks to increased consumption and penetration versus pre-pandemic levels.
Looking at the evolution of the pandemic worldwide, whilst the Covid-19 disease situation has progressively improved thanks to the massive vaccination campaigns, its induced effects with respect to a challenging operating environment, global supply chain challenges and cost inflation is expected to persist in the short term.

Looking at 2022, we remain highly confident about the continued strong business momentum with accelerated consumer recruitment across our key brands, fully leveraging new consumption habits across both on-premise and off-premise channels. Regards to profitability, whilst we continue to leverage price increase opportunities to mitigate cost headwinds, the temporary pressure on input costs is expected to further intensify during the current year (mainly packaging, raw materials including agave, and logistics), hence postponing the gross margin accretion (+70 bps previously expected), and ultimately leading to a broadly unchanged organic EBIT margin in 2022.
As a long-term focused organization, we remain committed to maintaining a sustained level of investments behind our brands and capabilities, to be best positioned to fully benefit from the gradual phase out of the pandemic induced challenges.

DEFINITIONS AND RECONCILIATION OF THE ALTERNATIVE PERFORMANCE MEASURES (APMS OR NON-GAAP MEASURES) TO GAAP MEASURES

This paragraph presents and comments on certain financial performance measures that are not defined in the IFRS (non-GAAP measures).
These measures, which are described below, are used to analyse the Group's business performance in the 'Key Highlights' and 'Management board report' sections and comply with the Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority ('ESMA') in its communication ESMA/2015/1415.
The alternative performance measures listed below should be used to supplement the information required under IFRS to help readers of the annual report to gain a better understanding of the Group's economic, financial and capital position. They are applied to Group planning and reporting, and some are used for incentive purposes.
Alternative performance measures can serve to facilitate comparison with groups operating in the same sector, although, in some cases, the calculation method may differ from those used by other companies. They should be viewed as complementary to, and not replacements for, the comparable GAAP measures and movements they reflect.

FINANCIAL MEASURES USED TO MEASURE GROUP PERFORMANCE

Organic change

Campari Group shows organic changes to comment on its underlying business performance. By using this measure, it is possible to focus on the business performance common to both periods under comparison and which management can influence. Organic change is calculated by excluding both the impact of currency movement against the Euro (expressed at average exchange rates for the same period in the previous year) and the effects of business acquisitions and disposals, as well as the signing or termination of distribution agreements. In order to mitigate the effect of hyperinflationary economies, organic change for countries having to adopt the hyperinflationary methodology laid down in IFRS only includes only the component attributable to volumes sold in relation to net sales, while the effects associated with hyperinflation, including price index variation and price increases, are treated as exchange rate effects.
Specifically:

- the exchange rate effects are calculated by converting the figures for the current period at the exchange rates applicable in the comparative period of the previous year. The exchange rate includes the effects associated with hyperinflationary economies;
- the results attributable to businesses acquired or the conclusion of distribution agreements during the current year are excluded from organic change for 12 months from the date on which the transaction is closed;
- the results attributable to businesses acquired or the conclusion of distribution agreements during the previous year are included in full in the figures for the previous year as from the closing date of the transaction, and are only included in the current period's organic change 12 months after their conclusion;
- the results from business disposals or the termination of distribution agreements during the same period of the previous year are wholly excluded from the figures for that period and, therefore, from organic change;
- the results from business disposals or the termination of distribution agreements during the current period are excluded from the figures for the same period of the previous year from their corresponding date of disposal or termination.

The organic change as a percentage is the ratio of the overall value of the organic change, calculated as described above, to the overall value of the measure in question for the previous period under comparison.

Gross profit

calculated as the difference between net sales and the cost of sales (consisting of their materials, production and distribution costs components).

Contribution margin

calculated as the difference between net sales, the cost of sales (consisting of their materials, production and distribution cost components) and advertising and promotional expenses.

Other operating income (expenses)

relate to certain transactions or events identified by the Group as adjustment components for the operating result, such as:

- capital gains (losses) on the disposal of tangible and intangible assets;
- capital gains (losses) on the disposal of businesses;
- penalties or gains arising from the settlement of tax disputes;
- impairment losses on fixed assets;
- restructuring and reorganisation costs;
- ancillary expenses associated with acquisitions/disposals of businesses or companies;
- other non-recurring income (expenses).

These items are deducted from, or added to, the following measures: operating result (EBIT), EBITDA, profit or loss before taxation and the Group's net profit for the period. For a detailed reconciliation of the items that had an impact on the alternative performance measures referred to above in the current and comparison periods, see the appendix given at the end of this section.

The Group believes that properly adjusted measures help both management and investors to assess the Group's results and cash flows year over year on a comparable basis as well as against those of other groups in the sector, as they exclude the impact of certain items that are not relevant to assess performance.

Operating result (EBIT)

calculated as the difference between net sales, the cost of sales (in terms of their materials, production and distribution), advertising and promotional expenses, and selling, general and administrative expenses.

Result from recurring activities (EBIT-adjusted)

the operating result for the period before the other operating income (expenses) mentioned above.

EBITDA

the operating result before depreciation and amortisation of intangible assets with a finite life, property, plant and equipment and right of use assets.

EBITDA-adjusted

EBITDA as defined above, excluding the other operating income (expenses) mentioned above.

Adjustments to financial income (expenses)

certain transactions or events identified by the Group as components adjusting the profit or loss before taxation related to events covering a single period or financial year, such as:

- interests on penalties or gains arising from the settlement of tax disputes;
- expenses related to the early settlement of financial liabilities or liability management operations;
- financial expenses arising from acquisitions/disposals of businesses or companies;
- other non-recurring financial income (expenses).

Put option, earn out income (expenses)

relates to the income (expenses) associated with the review of estimates and assessment of expected cash out settlement for put option and earn out, including the non-cash effect as well, arising from the related actualisation.

Profit (loss) related to associates and joint-ventures

relates to the income (expenses) resulting from the application of the equity method in the valuation of associates and joint-venture investments, including also any gain (loss) resulting from their disposals. The item also includes the fair value re-assessments of previously held joint-venture investments before their consolidation.

Profit before taxation-adjusted
the profit or loss for the period before taxation for the period, before other operating income (expenses), adjustments to financial income (expenses), before the put option earn out income (expenses) and the profit (loss) related to re-assessments of previously held joint-venture investments before their consolidation and including the non-controlling interests result before taxation.

Tax adjustments
include the tax effects of transactions or events identified by the Group as components adjusting the taxation of the period related to events covering a single period or financial year, such as:

- positive (negative) taxation effects associated with the operating and financial adjustments, as well as the put option earn out income (expenses) and the profit (loss) related to re-assessments of previously held associate and joint venture before their consolidation;
- non-recurring positive (negative) taxation effects.

Cash tax rate
The cash tax rate is calculated by deducting from the taxation the tax adjustments mentioned above and the deferred taxes on brands and goodwill which are relevant for tax purposes. The new value of cash taxation is then related on the profit or loss before taxation-adjusted.

Group's net profit adjusted
the result for the period attributable to the Group before other operating income (expenses), adjustments to financial income (expenses), to put option earn out income (expenses) and the profit (loss) related to re-assessments of previously held joint-venture investments before their consolidation, before the related taxation effect and before other positive/negative tax adjustments for the period.

Basic and diluted earnings per share adjusted (basic/diluted EPS adjusted)
basic/diluted earnings per share (EPS) before other operating income (expenses), adjustments to financial income (expenses), to put option earn out income (expenses) and the profit (loss) related to re-assessments of previously held joint-venture investments before their consolidation before the related taxation effect and before other positive (negative) tax adjustments for the period.

ROS (return on sales)
the ratio of the operating result (EBIT) to net sales for the period.

ROS-adjusted
the ratio of the result from recurring activities (EBIT adjusted) to net sales for the period.

Reclassified statement of financial position
The items included in the reclassified statement of financial position are defined below as the algebraic sum of specific items contained in the financial statements:

Fixed assets
calculated as the algebraic sum of:

- property, plant and equipment;
- right-of-use assets;
- biological assets;
- investment property;
- goodwill;
- brands;
- intangible assets with a finite life;
- investments in associates and joint ventures.

Other non-current assets and liabilities
calculated as the algebraic sum of:

- other non-current assets;
- deferred tax assets;
- other non-current financial asset;
- deferred tax liabilities;
- post-employment benefit obligations;
- provisions for risks and charges;
- other non-current liabilities;
- other non-current financial liabilities.

Operating working capital
calculated as the algebraic sum of:

- inventories;
- biological asset inventories;
- trade receivables;
- trade payables;

Other current assets and liabilities
calculated as the algebraic sum of:

- income tax receivables;
- other current assets;
- income tax payables;
- other current liabilities;
- other current financial assets;
- other current financial liabilities;
- assets and liabilities held for sales.

Invested capital
calculated as the algebraic sum of the items listed above and in particular:

- fixed assets;
- other non-current assets and liabilities;
- operating working capital;
- other current assets and liabilities.

Net financial debt
calculated as the algebraic sum of:

- cash and cash equivalents;
- lease receivables;
- lease payables;
- bonds;
- loans due to banks;
- liabilities for put option and earn-out payments;
- other current and non-current financial asset and liabilities.

Organic change reported in operating working capital, net financial debt and reclassified financial position items
The organic change is calculated by excluding, from the overall change of the period, the exchange rate effects and the perimeter effect. The perimeter effect represents the items of the business acquired and sold at the date of their transaction.

Capital expenditure
This item includes the cash flow from the purchase of intangible and tangible fixed assets net of disposals made during the period.

Recurring capital expenditure
This item shows the net cash flows from purchases/disposals relating to projects managed in the ordinary course of business.

Reclassified statement of cash flows
This item shows the cash flows generation excluding cash flows relating to changes in short-term and long-term debt and in investments in marketable securities. The total cash flows generated (or used) in the period thus corresponds to the change in net financial debt.

Free cash flow
This is a liquidity measure and provides useful information to the readers of the report about the amount of cash generated which can be used for general corporate purposes, after payments for interests, direct taxes, capital expenditure and excluding income from the sale of fixed assets. Free cash flow shall be considered in addition to, not as a substitute for, or superior to, cash flow from operating activities prepared in accordance with GAAP.

Recurring free cash flows
cash flows that measures the Group's self-financing capacity, calculated on the basis of cash flows from operations, before the other operating income and expenses referred to above, and adjusted for interest, net direct taxes paid and cash flows used in capital expenditure attributable to ordinary business before the income/losses component arising from the sale of fixed assets.

Recurring provisions and operating changes
these include provisions and operating changes, excluding the other operating income and expenses referred to above.

Recurring taxes paid
these include taxes paid, excluding cash flows from tax incentives and from disposal of the Group's non-strategic assets.

Debt/EBITDA adjusted ratio
The net debt/EBITDA adjusted ratio is used by management to assess the Group's level of financial leverage, which affects its capacity to refinance its debt by the set maturity dates and to obtain further financing to invest in new business opportunities. The Group monitors changes in this measure on an ongoing basis. Net debt is the Group's net financial debt reported at the closing date of the reference period; the Group's EBITDA adjusted for the past 12 months is calculated based on the reported value at the closing date of the reference period, into which the portion of EBITDA adjusted recorded in the previous year is incorporated for the remaining months.

APPENDIX OF ALTERNATIVE PERFORMANCE INDICATORS

In 2021, EBITDA, the result from recurring activities (EBIT), profit or loss before taxation, Group net profit, basic/diluted earning per share and free cash flow, were adjusted to take into account the items shown in the tables below.

for the year ended 31 December 2021	EBITDA		EBIT		profit before taxation		Group net profit		basic earing per share	diluted earning per share
	€ million	% on sales	€ million	% on sales	€ million	% on sales	€ million	% on sales	€	€
alternative performance measure reported	**480.6**	**22.1%**	**400.8**	**18.4%**	**388.6**	**17.9%**	**284.8**	**13.1%**	**0.25**	**0.25**
impairment loss on goodwill, trademark and on tangible assets	(8.0)	-0.4%	(8.0)	-0.4%	(8.0)	-0.4%	(8.0)	-0.4%	(0.01)	(0.01)
restructuring costs	(10.6)	-0.5%	(10.6)	-0.5%	(10.6)	-0.5%	(10.6)	-0.5%	(0.01)	(0.01)
Jamaica site restoration	(5.0)	-0.2%	(5.0)	-0.2%	(5.0)	-0.2%	(5.0)	-0.2%	-	-
gains (losses) from disposals of fixed assets	1.8	0.1%	1.8	0.1%	1.8	0.1%	1.8	0.1%	-	-
gain (loss) resulting from fiscal disputes	6.2	0.3%	6.2	0.3%	6.2	0.3%	6.2	0.3%	0.01	0.01
last mile long-term incentive schemes with retention purposes	(10.0)	-0.5%	(10.0)	-0.5%	(10.0)	-0.5%	(10.0)	-0.5%	(0.01)	(0.01)
cyber attack expenses net of insurance refund	4.8	0.2%	4.8	0.2%	4.8	0.2%	4.8	0.2%	-	-
other adjustments of operating income (expenses) (incl. donations)	(13.4)	-0.6%	(13.4)	-0.6%	(13.4)	-0.6%	(13.4)	-0.6%	(0.01)	(0.01)
profit (loss) related to re-assessments previously held associates and joint ventures					2.9	0.1%	2.9	0.1%	-	-
interest revenues connected to the definition of fiscal disputes					4.7	0.2%	4.7	0.2%	-	-
tax adjustments							3.6	0.2%	-	-
total adjustments	**(34.3)**	**-1.6%**	**(34.3)**	**-1.6%**	**(26.7)**	**-1.2%**	**(23.1)**	**-1.1%**	**(0.02)**	**(0.02)**
alternative performance measure adjusted	**514.9**	**23.7%**	**435.2**	**20.0%**	**415.3**	**19.1%**	**307.9**	**14.2%**	**0.27**	**0.27**

	for the year ended 31 December 2021		
€ million	reported	adjustments	adjusted
profit before taxation	**388.6**	(26.7)	**415.3**
total taxation	**(105.6)**	**3.6**	**(109.2)**
tax adjustments		*(4.9)*	
tax effect on operating and financial adjustments		*8.6*	
net profit for the period	**283.0**	(23.1)	**306.1**
tax rate (reported and adjusted)	**-27.2%**		**-26.3%**
deferred taxes on goodwill and trademarks		(15.1)	(15.1)
cash tax rate			**-22.7%**

for the year ended 31 December 2021		basic	diluted
Group net profit adjusted	€ million	307.9	307.9
outstanding shares	n.	1,126,588,835	1,146,285,352
earnings per share adjusted	**€**	**0.27**	**0.27**

for the year ended 31 December 2021	Free cash flow
	€ million
alternative performance measure reported	**332.3**
goodwill, brand and sold business impairment	8.0
other changes from operating activities	(34.3)
non-recurring taxes paid	(5.1)
changes in other non financial assets and liabilities	10.0
net cash flow from non-recurring investments	(53.8)
total adjustments	**(75.2)**
alternative performance measure adjusted (recurring free cash flow)	**407.5**

	for the year ended 31 December 2021
	€ million
EBITDA adjusted at 31 December 2021	514.9
Net financial debt at 31 December 2021	**830.9**
Net debt/EBITDA-adjusted ratio	**ratio 1.6**

for the year ended 31 December 2020	EBITDA		EBIT		profit before taxation		Group net profit		basic earing per share	diluted earning per share
	€ million	% on sales	€ million	% on sales	€ million	% on sales	€ million	% on sales	€	€
alternative performance measure reported	**309.8**	**17.5%**	**231.8**	**13.1%**	**209.6**	**11.8%**	**187.9**	**10.6%**	**0.17**	**0.16**
impairment on goodwill and trademarks	(35.4)	-2.0%	(35.4)	-2.0%	(35.4)	-2.0%	(35.4)	-2.0%	(0.03)	(0.03)
restructuring and reorganisation costs	(21.4)	-1.2%	(21.4)	-1.2%	(21.4)	-1.2%	(21.4)	-1.2%	(0.02)	(0.02)
fees from acquisition/disposals of business or companies	(2.6)	-0.1%	(2.6)	-0.1%	(2.6)	-0.1%	(2.6)	-0.1%	-	-
other adjustments of operating income (expenses) (incl. Donations)	(30.7)	-1.7%	(30.7)	-1.7%	(30.7)	-1.7%	(30.7)	-1.7%	(0.03)	(0.03)
income (expenses) related remeasurement of put option and earn out					19.4	1.1%	19.4	1.1%	0.02	0.02
adjustments to financial income (expenses)					1.4	0.1%	1.4	0.1%	-	-
tax adjustments							55.1	3.1%	0.05	0.05
total adjustments	**(90.1)**	**-5.1%**	**(90.1)**	**-5.1%**	**(69.3)**	**-3.9%**	**(14.2)**	**-0.8%**	**(0.01)**	**(0.01)**
alternative performance measure adjusted	**399.9**	**22.6%**	**321.9**	**18.2%**	**278.9**	**15.7%**	**202.1**	**11.4%**	**0.18**	**0.17**

	for the year ended 31 December 2020		
€ million	reported	adjustments	adjusted
profit before tax before minorities	**209.6**	(69.3)	**278.9**
total taxation	**(22.7)**	**55.1**	**(77.9)**
tax benefit from Italian Legislative Decree n.104		*29.9*	
tax adjustments		*2.2*	
tax effect on operating and financial adjustments		*23.0*	
net profit for the period	**186.9**	(14.2)	**201.1**
tax rate (nominal and adjusted)	**-10.8%**	-	**-27.9%**
deferred taxes on goodwill and trademarks		(13.1)	(13.1)
cash tax rate			**-23.2%**

for the year ended 31 December 2020		basic	diluted
group net profit adjusted	€ million	202.1	202.1
outstanding shares	n.	1,133,816,568	1,156,253,726
earnings per share adjusted	**€**	**0.18**	**0.17**

for the year ended 31 December 2020	Free cash flow
	€ million
alternative performance measure reported	**168.6**
accruals and other changes from operating activities	(90.1)
goodwill, brand and sold business impairment	45.7
non-recurring taxes paid	(34.9)
adjustments to financial income (expenses)	1.4
net cash flow from non-recurring investments	(15.2)
total adjustments	**(93.1)**
alternative performance measure adjusted (recurring free cash flow)	**261.7**

	for the year ended 31 December 2020
	€ million
EBITDA adjusted at 31 December 2020	399.9
net financial debt at 31 December 2020	**1,103.8**
net debt/ EBITDA-adjusted ratio	**ratio 2.8**

INVESTOR INFORMATION

THE GLOBAL ECONOMY

After another year which has been marked by the Covid-19 pandemic, global prospects remain fragile despite near complete vaccine coverage across many continents, particularly in developed markets, while developing economies continue to catch up. Whilst macro performance has generally exceeded expectations in 2021, the pattern has been driven by a combination of fiscal support, vaccinations and economic 'gravity'[19]. Covid-19 is still present, but the economic impact of the virus is weakening. New virus mutations remain to be the largest concern, particularly strains which may evade and therefore lower the efficacy of the vaccines. Output in most OECD countries has now surpassed its late 2019 level and is converging on its pre-pandemic path but lower-income economies, particularly those where vaccination rates are low, are at risk of being left behind[20].

Recovery is also uneven within advanced economies. Employment is still relatively weak in the United States, yet is already higher than its pre-pandemic level in the Euro area. Concomitantly, the United States GDP has recovered faster than Europe's. Imbalances also remain across industries, with sectors dependant on interpersonal contact such as travel, tourism and leisure continuing to suffer, while demand for consumer goods has been strong.

The rebound is, however, losing some momentum as the surge in demand for goods has met bottlenecks in production and logistics chains. Inflationary pressures have emerged in all economies as disruptions in energy and food have pushed up prices, high fuel prices are limiting manufacturing capabilities and the aforementioned bottlenecks are spreading to a more generalised shortage of goods. There is the risk that the move to deglobalisation-as companies move from efficient to more resilient supply chains-will depress growth over the long term.

The latest estimates released in December by the International Monetary Fund (IMF) point to global economic growth (GDP growth) of +4.9% in 2022, trimmed slightly after the spread of the Omicron variant, while growth beyond 2022 is projected to moderate to about +3.3% over the medium term[21].

Regarding the Group's largest market, the United States, the GDP is expected to grow by +5.2% in 2022, after surpassing its pre- Covid-19 GDP level in Q2 2021. For reference, the Eurozone is expected to recover its pre-pandemic output level by the first quarter of 2022.

Within Europe and with reference to Italy, the Group's second largest market, the pandemic significantly impacted the country's economic activity and consumer mobility, particularly in the first half of the year. However, given that Italy boasted a very successful and relatively early vaccine rollout, the economy recovered in the second half of the year with a strong summer season. Italian economic growth is projected at +4.2% in 2022, which is in-line with the general Euro area at +4.3%.

Regarding the Group's other key markets, in Europe the GDP in Germany is expected to grow by +4.6% in 2022, while France and the UK are expected to grow in 2022 by +3.9% and +5.0% respectively. Australia, the main market for the Group in the Asia-Pacific area and a market which has endured the pandemic remarkably well despite snap lockdowns, is expected to register growth of +4.1% in 2022. In the main emerging markets for the Group, Russia and Brazil are expected to see some growth in their economic activity, albeit slightly muted vs. other economies, being estimated at +2.9% and +1.5% respectively in 2022; China, a market which has recovered remarkably well since the pandemic first started, is expected to register strong growth at +5.6% in 2022[22].

In this context, notwithstanding the continuation of the Covid-19 pandemic, the evolution of trade wars between major global economies, with higher tariffs on certain import products, remain among the short-to-medium-term risks.

(19) SPGlobal
(20) OECD.org.
(21) International Monetary Fund.
(22) International Monetary Fund.

SPIRITS SECTOR

The Covid-19 pandemic continues to impact sectors such as dining, catering, entertainment, and hospitality services as restrictive measures continue to be mandated and then released according to the spread of variants in major economies, particularly the Eurozone which has once again found itself at the epicentre of the pandemic. In this context, the spirits sector remains affected given its natural exposure to consumption in the on-premise channel. While severe restrictive measures, including full lockdown scenarios, have begun to ease, and the on-premise channel has started to gradually re-open since the summer season, there are still some limitations within the hospitality sector worldwide, in particular the use of indoor space, entry of the vaccinated vs. the unvaccinated and density of customers overall. In addition, international traffic remains subdued due to persisting travel bans and restrictions negatively affecting the Global Travel Retail channel.

The pandemic has clearly disrupted consumer behaviour. With the closure and subsequent suffering of the on-premise channel, the consumer pivoted towards at-home consumption, allowing the off-premise channel to show incredible resilience. This trend has continued throughout the year despite the re-opening of the on-premise channel, particularly for countries like the United States, Germany, the United Kingdom and Australia which are over-indexed to the off-premise channel. There has been a rediscovery of spirits and the beauty of mixology at home and this in turn has aided premiumisation within the industry, as the disposable income of the consumer has generally increased for a number of reasons, especially given the lack of travel and holidaying and events. The opportunity to drink better at home and to both pamper yourself and those you socialise with through high-end spirits is an occasion which has showed no signs of slowing. Tequila, whiskey, scotch whisky and rum are the biggest winners of the recent premiumisation trends given their ageing possibilities and versatile liquids.

A further development to emerge over the last year is the boom of the e-commerce channel and in general online sales. Not only is ecommerce a platform to sell brands, but it has become a critical marketing platform through which brand building and consumer experience can take place. This channel continues to gain additional traction among consumers, especially when compared with more traditional channels, and has now become relevant also for the spirit sector, particularly in the United States, some European markets, particularly the UK, as well as China.

FINANCIAL MARKETS

In 2021 equity markets rose reflecting improved prospects as double-vaccination campaigns were completed in most developed economies, with booster shots being introduced too, and progressing in emerging economies helped by increased international donations. However, since the beginning of 2022 the aforementioned inflationary fears combined with concerns about central bank policy tightening, sustained Covid-19 infection rates and emerging political instability have started to put downward pressure on stock prices.

During 2021, the FTSE MIB index increased by +23.0%. In Europe, the MSCI Europe registered a performance of +22.4%, while in the United States, the S&P 500 index grew by +26.9% overall. The MSCI Europe Consumer Staples Index increased by +17.7%.

Regarding the exchange-rate fluctuation over the year 2021, many Group currencies devalued vs the Euro, such as the US Dollar (-3.6%), the Brazilian Real (-7.7%), the Argentine Peso (-11.3%), the Russian Ruble (-5.2%) and the Swiss Franc (-1.0%). The Australian Dollar (+5.1%) and the Great British Pound (+3.4%) appreciated vs the Euro[23].

(23) Based on average exchange rates for 2021

PERFORMANCE OF THE CAMPARI STOCK

During 2021, the spirit sector has been rewarded with a re-rating from household penetration gains in the US and Europe, resilient emerging markets and accelerated premiumisation trends. In 2021 the Campari stock was among the strongest performers in the spirits peer group, reflecting the resilience of its core markets and brands combinations during the Covid-19 pandemic.

During 2021, the Campari stock price grew overall

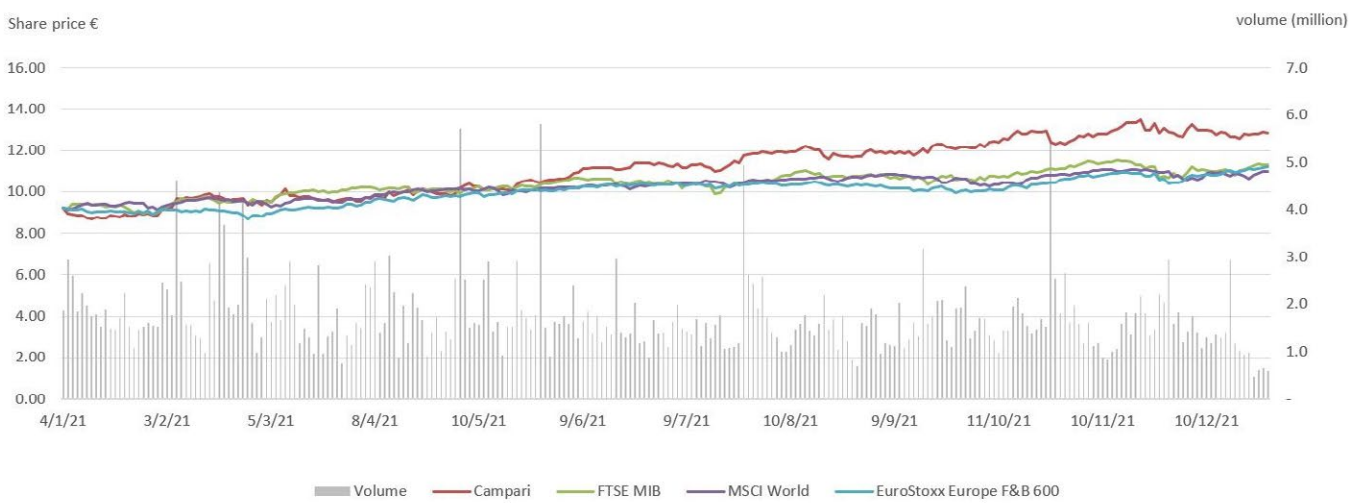
by **+37.6%**

in absolute terms, with a **total shareholder return (TSR) of +38.4%.** The Campari stock price outperformed the FTSE MIB by +14.6% and the STOXX Europe 600 Food&Beverage index by +16.0% in the period from 1 January to 31 December 2021.

On 22 November 2021 the stock hit €13.47, all-time high since the initial public offering (IPO).

At 31 December 2021, Campari's market capitalisation was €14.9 billion with a closing share price of €12.86. From the date of the IPO until 31 December 2021, the Campari stock price was, in absolute terms, 16.6 times higher (an annualized performance of 14.7% per year), with total shareholder return annualized (TSR) of 16.5% per annum, the strongest performer among its industry peers.

PERFORMANCE OF THE CAMPARI STOCK AND THE MAIN BENCHMARK INDICES FROM 1 JANUARY 2021 TO 31 DECEMBER 2021



The figures have been adjusted to reflect the changes in share capital in 2005, 2009 and 2017. The STOXX Europe 600 Food &Beverage Price Index is a capitalisation-weighted index which includes European companies operating in the food and beverage industry.

DAVIDE CAMPARI-MILANO N.V. STOCK

Shares[24]

At 31 December 2021, the total share capital of Davide Campari-Milano N.V. (including Special Voting Shares) was equal to €18,273,183.

The total share capital consisted of 1,161,600,000 ordinary shares with a nominal value of €0.01 each, for a total of €11,616,000, and 665,718,342 Special Voting Shares A with a nominal value of €0.01 each, for a total of €6,657,183. Refer to the Governance section for the shareholding structure of Davide Campari-Milano N.V..

Dividend

The Board of Directors voted to propose to the Shareholder's Meeting a dividend of

€0.06 per share for the year 2021,
gross of withholding taxes,
an increase of +9.1% vs the previous year.

The dividend will be paid on 21 April 2022 (with an ex-date for coupon n. 2 of 19 April 2022 in accordance with the Italian Stock Exchange calendar, and a record date of 20 April 2022). The Board of Directors resolved to convene the Ordinary Shareholder's Meeting on 12 April 2022 to approve, inter alia, the financial statements for the year ended 31 December 2021, the sustainability report and the remuneration report.

INFORMATION ON THE CAMPARI STOCK AND VALUATION INDICATORS

The tables below show the performance of the Campari stock and the main valuation indicators used by Campari in the last five years.

Year	Minimum price	Maximum price	Average price	Price on 31 December	Change in Campari Stock	Change in FTSE MIB	Relative performance of Campari(1)	Average daily trading volume	Average daily trading value	Stock market capitalisation at 31 December	Annualized Total Shareholder Return
	€	€	€	€	%	%	%	millions of shares	€ million	€ million	%
2021	8.68	13.47	11.10	12.86	+37.6%	+23.0%	+14.6%	1.7	11.1	14.913	+38.4%
2020	5.54	9.85	8.25	9.34	+14.74%	-5.42%	+20.16%	2.6	21.0	10,849	+15.6%
2019	7.37	9.22	8.40	8.14	+10.22%	+28.28%	-18.06%	2.3	19.7	9,455	+10.8%
2018	5.75	7.79	6.82	7.39	+14.60%	-16.10%	+30.70%	2.3	15.4	8,578	+15.5%
2017	4.61	6.88	5.83	6.45	+38.8%	+13.6%	+25.1%	2.2	13.2	7,487	+39.9%

(1) Compared with the FTSE MIB index.

(24) Refer to 'Governance' section for additional information regarding the composition of the share capital and details on major shareholders.

The table below provides information on the main valuation indicators for Campari stock in the last five years.

Year	Basic earnings per share[1]	Diluted earnings per share[1] [2]	Price/ shareholders' equity per share	Gross dividend per share (€)[3]	Price/net profit per share[1]	Dividend/net profit per share[1] [3]	Dividend/price per share[3]
2021	0.25	0.25	6.30	0.060	50.9	23.9%	0.5%
2020	0.17	0.16	5.43	0.055	56.4	32.8%	0.6%
2019	0.27	0.26	3.95	0.055	30.7	20.4%	0.7%
2018	0.26	0.25	3.97	0.050	28.9	19.3%	0.7%
2017	0.31	0.30	3.85	0.050	21.0	16.1%	0.8%

(1) Based on net profit (not adjusted for non-recurring components) and total # of shares of 1,126,588,835 for 2021.
(2) For the purposes of calculating the diluted earnings (loss) per share, the weighted average of outstanding shares is adjusted in line with the assumption that all potential shares with a diluting effect will be converted. The total # of shares used for 2021 is 1,146,285,352.
(3) Dividend relating to the year. Proposed dividend for the 2021 financial year.

INVESTOR RELATIONS

In compliance with both applicable Italian and Dutch laws, Davide Campari-Milano N.V. (as a Dutch company listed on the Italian Stock Exchange) transmits any regulated information through the transmission system 1Info SDIR, managed by Computershare S.p.A., as well as files such information through 'Loket AFM' to the AFM (Authority for the Financial Markets), which makes it available on its website's relevant register at www.afm.nl.
The Company communicates and interacts regularly with the financial markets through analyst calls, investor meetings, roadshows and investor conferences, which are also attended by representatives of top management. Regarding activities aimed at equity analysts and institutional investors, in 2021 the Company continued to interact with the financial community. Since the outbreak of the Covid-19 pandemic in Italy, the investor relations activity continued without any disruptions and very actively leveraging digital platforms to meet with investors based in all the main global financial centres. In particular, the Company participated in numerous investor conferences with a focus on Consumer goods, Made in Italy and ESG.

SUSTAINABILITY

Year after year, Campari Group has worked tirelessly to engage with and subsequently improve key Corporate Social Responsibility and ESG issues. At the end of June this year, Campari Group was awarded an 'A' rating, passing from 'BBB', from the well-respected MSCI ESG Report. This new rating on MSCI's scorecard is testament to the efforts and commitment that Campari Group is directing towards matters of ESG.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The risk management and internal control system is an integral part of the Campari Group's operations and culture and supports the efficiency and effectiveness of business processes, the reliability of financial information and compliance with laws and regulations.

Campari Group has a risk management system in place aimed at identifying, assessing, managing, and monitoring potential events or situations that could potentially impact Campari Group's activities and the achievement of its objectives.

Campari Group has implemented a tool to identify, assess and monitor corporate risks. This tool is based on the logic of Self Risk Assessment ('SRA'), which provides for self-assessment and direct participation by operational management and/or other operators responsible for risk assessment. The SRA tool has multiple objectives: to help the business identify risks and consequently make strategic and operational decisions; to strengthen understanding of the Group's risk profile to allow decision makers to analyse risks and monitor how they evolve over time; to ensure traceability of risk assessment activities that provide the foundation for the financial information communicated to stakeholders. The SRA involves individuals globally at local, business unit and group level.

CAMPARI GROUP OPERATES AT THREE LEVELS OF INTERNAL CONTROL:

- First Level: structures responsible for individual risks, for their identification, measurement, and management, as well as for performing the necessary checks.
- Second Level: departments responsible for supporting management with setting policies and procedures and in developing processes and controls to manage risks and issues.
- Third Level: this provides an independent and objective assurance of the adequacy and effective operation of the first and second levels of control and, in general, of the overall way of managing risks. This activity is carried out by the Internal Audit function which operates independently; assessment of the controls may require the definition of compensating controls and plans for remediation and improvement. The results of the monitoring are subject to periodic review by management.

The internal control system is subject to verification and updating annually to ensure it is always a suitable instrument of control over the business's principal areas of risk.

The Control and Risks Committee, External Auditors and Board of Directors monitor the effectiveness of the Campari Group's internal control and risk management system.

In 2021, Campari Group's risk management and internal control system operated as designed, as no major failings were identified. For continuous improvement purposes, the Group undertook multi-year initiatives aimed at additionally strengthen its internal control system.

1 RISK APPETITE

Campari Group sets its risk appetite within risk taking and risk acceptance parameters that are driven by the applicable laws, the Code of Ethics, core values and corporate policies. Campari Group operates within a relatively low overall risk range, inherent to its activities and strategy. The Group's risk appetite differs by risk category, as set out below:

RISK CATEGORY	CATEGORY DESCRIPTION	RISK APPETITE
Strategic (S)	Risks related to Campari Group's business strategy that could affect its long-term positioning and performance.	Campari Group is prepared to take risks in a responsible way that takes stakeholders' interests into account and is consistent with the Group's growth strategy by maintaining a very disciplined financial approach.
Operational (O)	Risks impacting internal processes, people, systems and/or external resource that affect the Group's ability to pursue its strategy.	Campari Group looks to mitigate operational risks to the maximum extent based on cost/benefit considerations.
Financial (F)	Risks relating to uncertainty of return and financial loss due to financial performance.	Campari Group has a cautious approach with respect to financial risks. Through debt capital market transactions, cash balances and bank credit line agreements, Campari Group seeks to maintain a debt/capital structure profile which achieves investment in long-term goals and rewards stakeholders.
Compliance (C)	Risks of non-compliance with laws, regulations, local standards, Code of Ethics, internal policies, and procedures.	Campari Group holds itself and its employees responsible for acting with honesty, integrity, respect and strives to comply with the Group's Code of Ethics, applicable laws, and regulations at all times everywhere the Group operates.

The Group assesses risks according to their overall exposure to prioritize them and focus on the most relevant ones. Risks are expected to be mitigated up to the level of the risk appetite by implemented and planned responses, as risks are foreseen to be addressed in the ordinary course of the business.

Regarding overall performance, the Group proved to be resilient also in 2021, despite the uncertainty generated by the Covid-19 pandemic. Compared to the pre-pandemic situation, the Group demonstrated a strong financial performance (top and bottom line) and improvement in cash flow generation (net debt/EBITDA-adjusted is 1.6 times as of 31 December 2021 compared to 2.8 times as of 31 December 2020).

The main risks to which the Group is exposed are detailed in the next paragraph. Please refer to the 'Non-financial disclosure' section of this annual report for risks related to Environmental, Social, and Corporate Governance ('ESG'). For more information on other financial risks, please refer to Campari Group consolidated financial statements at 31 December 2021.

2
MAIN RISKS FOR CAMPARI GROUP

STRATEGIC RISKS

Risks relating to the Campari Group's dependence on consumer preferences and habits and propensity to spend (S)

An important success factor in the beverage industry is the ability to interpret consumer preferences and tastes and to continually adapt sales strategies to anticipate market trends and developments.
Preferences and tastes can change in unpredictable ways due to a variety of factors, such as changes in demographics, consumer health and wellness, concerns about obesity or alcohol consumption, product attributes and ingredients, negative publicity resulting from regulatory action or litigation against the Campari Group or a downturn in economic conditions that may reduce disposable income and make consumers less likely to buy drinks. Changes in lifestyle and behavioural patterns can occur also as a result of global pandemics and subsequent restrictions including social distancing, changes in travel, vacation, or leisure activity patterns. Consumers may also begin to prefer the products of competitors or may reduce their demand for products in the spirits and wine categories in general.
To mitigate these risks, Campari Group leverages a diversified portfolio of brands to ensure coverage of consumer occasions, trends and prices and constantly monitors consumer trends at market and brand level. Nevertheless, if the Group's ability to understand and anticipate consumer tastes and expectations and to manage its own brands were to cease or decline significantly, this could have a major impact on its activities and operating results. Moreover, the unfavourable economic situation in certain markets may dampen consumer confidence, making them less likely to buy drinks.
From the beginning of the Covid-19 ('Coronavirus') pandemic, Campari Group demonstrated remarkable agility and learning ability to engage with consumers with new on-line and digital initiatives. Human desire to socialise remains strong and protocols for physical distancing spawned the development of new occasions for consumption as consumers attempt to make bar-quality drinks at home. With at-home mixology movement accelerating and home consumption increasing, more consumers have shown interest to purchase sprits products on-line and this trend has led to unprecedented levels of e-commerce development that pushed legacy spirits brands to shift to digital marketing strategies to reach consumers. In addition, ready-to-drinks ('RTDs') showed strong resilience and development driven by the trend towards flavour, lower alcohol, refreshment, and convenience. Campari Group is continuing to monitor and analyse the evolution of the pandemic and its effects on the macroeconomic scenario and on the markets in which it operates, the behavioural patterns of its consumer base, the Group's financial position and the results of its operations.

Risks relating to dependency on the sale of key products and the seasonality of certain Campari Group products (S)

A significant proportion of the Campari Group's sales are focused on certain key brands, such as Aperol, Campari, SKYY Vodka, Wild Turkey, Grand Marnier and the Jamaican rum portfolio including Appleton Estate and Wray&Nephew Overproof. Accordingly, any factor adversely affecting the sale of these key products could have an adverse material effect on the Campari Group's results from operations and cash flows.
In addition, sales of certain Campari Group products are affected by seasonal factors due to different consumption patterns or consumer habits. In particular, aperitif consumption tends to be concentrated in the hottest months of the year (May to September), whereas sales of other products, such as sparkling wines and spirits, are concentrated in the last quarter (September to December). Seasonal consumption cycles in the markets in which the Campari Group operates may have an impact on its financial results and operations. Although Campari Group has a global presence, most of its revenue is in the northern hemisphere and unseasonably cool or wet weather in the summer months can affect sales volumes. Mitigation actions put in place by Campari Group include investments in products' success and growth to increase brands value and the Group's diversified portfolio of products and brands. In order not to be excessively exposed to seasonal peaks, the Group is developing initiatives to de-seasonalize the consumption moments of the main brands, with particular attention to the aperitif segment, guaranteeing constant consumption throughout the year. The initiatives were carried out through the development and strengthening in the Group communication via a multiple channel approach and focusing particularly on digital channels, which are used today by consumers to inform themselves about brands and products and the related consumption experiences.

Risks relating to a decline in the social acceptability of Campari Group's products or governmental policies against alcoholic beverages (S)

The Campari Group's ability to market and sell its alcoholic beverage products depends heavily on both society's attitudes toward drinking and governmental policies that flow from those attitudes. In recent years, increased social and political attention has been directed at the alcoholic beverage industry. This attention has focused largely on public health concerns related to alcohol abuse, including drinking and driving, underage drinking, and health consequences from the misuse of alcoholic beverages. Although Campari Group has a global presence, alcohol critics in Europe and the United States increasingly seek governmental measures to make alcoholic beverages more expensive including through tax increases for certain product categories, restricting their availability, and making it more difficult to advertise and promote. If the social acceptability of alcoholic beverages were to decline significantly, sales of the Campari Group's products could materially decrease. The Campari Group's sales would also suffer if governments banned or restricted advertising or promotional activities, limited hours or places of sale, or took other actions designed to discourage alcohol consumption.
Consequently, the Group constantly monitors regulatory changes, consumer trends at market level and promotes responsible drinking initiatives.

Risks relating to adverse macroeconomic and business conditions and instability in the countries in which the Group operates (S)

Global economic conditions and conditions specific to the markets in which the Campari Group operates could substantially affect its sales and profitability. Operating in emerging markets makes the Group vulnerable to various risks inherent in international business, including exposure to an often unstable local political and economic environment which may impact the ability of the Group to trade locally and the ability of the Group's counterparts to meet their financial obligations, exchange-rate fluctuations (and related hedging issues), export and import quotas, and limits or curbs on investment, advertising or repatriation of dividends. As these risks could have a negative impact on the Group's financial results, assets and liabilities and cash flows, the Group constantly monitors developments in the global geopolitical environment that could require a review of the current corporate strategies and/or the introduction of measures to safeguard its competitive positioning and performance.
The international macroeconomy is characterised by uncertainty, due in part to the tensions between the United States and China (that may also impact international trade), the United Kingdom's departure from the European Union (Brexit), the slowdown of economic growth recorded in the Eurozone, China's slowing economy, the increase in the volatility of international equity markets in a context of increased risk aversion among investors, and the volatility that has characterised the European corporate bonds markets, which have been negatively affected by the global macroeconomic scenario.
It is difficult to determine the breadth and duration of the economic and financial market problems and their potential effects on consumers of the Group's products and on its suppliers, customers and business in general. Continuation or a further worsening of these difficult financial and macroeconomic conditions could materially adversely affect the Campari Group's sales, profitability and results from its operations. Therefore, the Group constantly monitors and assesses the markets in which it operates, as well as customers' behavioural patterns.

Risks relating to acquisitions (S)

The Campari Group expects that the ongoing consolidation within the spirits business will continue and it will therefore continue to evaluate potential acquisitions. If the pursuit of an opportunity is successful, the subsequent integration of the businesses acquired places significant demands on the time and attention of the Campari Group's senior management and may involve considerable costs (for example, in the identification and investigation of potential acquisitions, the negotiation of agreements and the challenges associated with integration). In addition, the Campari Group may from time to time incur additional indebtedness to finance acquisitions. The Campari Group may therefore be exposed to risks in relation to acquisitions that may have an adverse effect on the Campari Group's financial condition and results from its operations.

Despite Campari Group having implemented a diversified investment strategy, with integration plans being implemented and monitored, the Group's growth prospects may suffer if the Group is unable to implement its acquisition strategy and/or realise the full intended benefits of synergies. In addition, if the Campari Group makes an acquisition in a market outside of those in which the Group currently has a presence, the Group will have to address an unfamiliar regulatory and competitive environment and may not be able to do so successfully, which might adversely affect the Campari Group's operations in that market. As mitigation action, the Group constantly monitors the contribution of new businesses acquired to the overall Group's performance and the cash flow generation thought the synthetic net debt/ EBITDA index.

Risks relating to market competition and the consolidation of participants in the beverages industry (S)

The Group is part of the alcoholic and non-alcoholic beverage sector, where there is a high level of competition and a huge number of operators. The main competitors are large international groups involved in the current wave of mergers and acquisitions that are operating aggressive competitive strategies at a global level. The Group's competitive position vis-à-vis these major global players, which often have greater financial resources and benefit from a more highly diversified portfolio of brands and geographic locations, means that its exposure to market competition risks is particularly significant. In addition, the consolidation of participants in the beverages sector may increase competitive pressures as larger suppliers are able to offer a broader product line and may also reduce the number of distribution outlets available to the Group or lead to higher distribution costs. The Campari Group competes with other brands for shelf space in retail stores and marketing focus by independent wholesalers. Independent wholesalers and retailers offer other products, sometimes including their own brands, that compete directly with the Campari Group's products. If independent wholesalers and retailers give higher priority to other brands, purchase less of or devote inadequate promotional support to the Campari Group's brands, it could materially and adversely affect the Group's sales and reduce the Group's competitiveness.

The Group constantly monitors the industry dynamics of mergers and acquisitions and the initiatives taken by competitors, constantly invests in advertising and promotion initiatives to reinforce its brand equity in order to ensure the success and growth of its product, as well as to expand its customer base. E-commerce is also increasingly becoming an alternative to traditional distribution channels and this is monitored as an opportunity for the Group to gain greater flexibility.

Risk of reputation and branding (S)

Brands represent a key asset and might be exposed to several threats, including unauthorized reproduction/ imitation of products and negative social media coverage.

In particular, ineffective brand protection or poor intervention to address counterfeiting of the Group's products increases the threats posed by illicit products, including harm to consumers and damage to the Group's and brands' reputation.

In addition, the constant increase in the number and importance of social networks exposes the Group to the risk of harmful media messages as it might be a victim of a malicious attack or as a consequence of a communication incident. As a result, the Group's products and reputation might be negatively or not correctly perceived by the public, impacting on the brands' performance and on sales volume.

In order to mitigate this risk, the Group constantly monitors the markets in which it operates as well as customers' behavioural patterns. In addition, social media guidelines were implemented and an internal awareness initiative on social media security was launched.

Risks relating to the disruptions or termination of the Campari Group's arrangements with the Group's third-party manufacturers or distributors (S)

The production and distribution of the Campari portfolio is carried out, for the vast majority, directly by the Campari Group. However, the Campari Group relies upon third parties (including key customers in specific geographies) to distribute, and in some cases also produce, its own brands in a number of markets under licensing arrangements.

Although licenses are with several third parties, avoiding concentration on few licenses/third parties, the use of or reliance on third parties for these functions entails risks, including the risk of termination of licences and of delays or disruptions in production and distribution. A disruption or termination of the Campari Group's present arrangements with these third parties without having suitable alternative arrangements in place could have a material adverse effect on the Group's business, results from its operations and/or financial condition.

Risks of pressure on prices and margins (F)

The pandemic weighs on consumer and business confidence and the spread of new variants of Covid-19 is creating further uncertainty with consequent significant effects on inflation levels. At the moment, the upswing in inflation primarily reflects a rise in direct prices for fuel (thus transportation), gas, and electricity. However, it is conceivable that the pace at which bottlenecks in the supply of these resources are resolved is not immediate and that the effects are not necessarily temporary. It follows the risk that, even in the short term, inflationary effects indirectly affect the prices of all types of consumer products, with a decrease in the margins of the Group's products due to the worsening of purchasing conditions from its suppliers. In this scenario, the Group's ability to reflect the increase of these costs in the price of its products, could be limited.

Although the situation remains uncertain, the Group's favourable sales mix by product and market/channel is expected to partially offset the rising inflationary pressure on input and distribution costs, namely linked in particular to logistic constraints. Furthermore, the Group remains focused on strong and collaborative relationships with its key suppliers, on accelerating investments to strengthen its brands and on the progressive containment of overhead costs (especially incentives and hiring catch up).

Exchange-rate and other financial risks (F and S)

While the Campari Group reports its financial results in Euros, the Group's portfolio of brands generates sales and costs throughout the world in a variety of currencies. With the Group's international operations outside the Eurozone growing, a significant fluctuation in exchange rates could have a negative impact on the Group's activities and operating results. However, the existence of permanent Group establishments in countries such as the United States, the United Kingdom, Australia, Jamaica, Brazil, Canada, Russia and Argentina allows this risk to be partially hedged, given that both costs and revenues are broadly denominated in the same currency.

In general, economic volatility or failure to react quickly enough to changing monetary policies and economic conditions (including currency instability), could impact the Group's financial performance. To mitigate this risk, the Group closely monitors its performance and key business drivers to be able to quickly adapt to changing market conditions.

For a more comprehensive analysis of the Group's financial risks, please refer to note 10 i.-'Nature and extent of the risks arising from financial instruments' of Campari Group consolidated financial statements at 31 December 2021.

OPERATIONAL RISKS

Risk relating to inability to attract and retain qualified personnel (O)

The Campari Group's success depends in part on the efforts and abilities of its senior management team and key employees. The loss or retirement of senior management or other key personnel, or an inability to identify, attract and retain qualified personnel in the future, may make it difficult for the Group to manage its business and could adversely affect its operations and financial results. A high turnover rate and difficulty in filling key positions could also have a demotivating impact on existing teams with the potential of slowing down the implementation of key projects for the Group. To mitigate the risk, Campari Group has established talent reviews programmes, succession plans and retention plans for key resources, as well as the monitoring of employees' satisfaction and talent recruiting programmes. In addition, a global framework to foster Diversity, Equity and Inclusion in the workplace has been adopted from 2020 aimed at nurturing a corporate culture in which people feel welcome, empowered and encouraged to bring their whole self to work.

Risk relating to unavailability and cost of materials (O)

The Group's ability to produce and sell products depends upon the availability of key materials and services. Covid-19 pandemic and the current geopolitical landscape significantly affected international trade, as logistic constrains impacted the delivery of finished products and raw materials (such as glass bottles and packaging), in terms of extended lead time and increased costs. In addition, in consideration of the increasing demand of the Group's products, challenges might arise in terms of distilling and bottling capacity. The risk is that the Group could face unpredictable events in terms of supply challenges that could have a negative impact on the Group's results and cash flow. To mitigate those risks, safety stocks are kept available in key locations, capital investments are made to increase the Group's production capability and, whenever possible, contracts with multiple suppliers are in place.

In addition, changes in exchange rates, inflation on prices for raw materials or commodities (alcohol, aromatic herbs, sugar, agave and cereals) may not be offset by higher prices applied on the sale of the Group's products with a negative effect on Group's financial results and value of assets, as well as on increase liabilities or decrease expected cash flows. The price of raw materials depends on a wide multiplicity of unpredictable factors, that are not under the control of the Group. From 2016, the Group has been faced with an increase in the price of agave, the raw material for tequila, due to increased demand for this spirit across its core markets. The Group is implementing actions aimed at reducing fluctuations in the prices, including the signing of co-investment agreements with local agricultural producers to ensure an adequate supply of high-quality agave. The benefits of these investments will probably only be observable in the medium term, given the long natural growing process of agave plants. Moreover, energy price increases result in higher transportation, freight and other operating costs for the Group and have an indirect impact on the purchase of key packaging and ancillary materials, such as glass. To mitigate these risks the Group is constantly reviewing procurement policies to maximize efficiency and the collaboration with key suppliers.

Risk related to climate change (O)

Production activities and the implementation of the Group's strategies are subject to the effects of natural events. Climate and environmental changes, some of which could have a significant impact, could interfere with local supply chains and harm some customers. These events are generally unpredictable and may affect the seasonality of sales, just as natural disasters (such as hurricanes) may damage products and disrupt production at some plants. The Group monitors climate changes and consequent environmental risks has emergency plans in place and continuously develops plans to deal with such crises. The Group counts compliance with regulations and with local and international standards among its priorities, together with business continuity assessment, back-up scenarios and global insurance policies.

Moreover, the Group is aware of the environmental impact generated by its operation and activities and how its inability to manage it could negatively affect its reputation, revenues and profits (i.e. via increased taxation and supply chain volatility). Campari Group recognizes the importance to focus on the overall climate change risk and promotes a responsible use of resources and a reduction of the environmental impact of production. In this context, Campari Group has adopted an environmental policy that applies to all company locations and divisions and has set up a structure dedicated to control environmental pollution, waste, and water disposal. The Group closely monitors energy consumptions and carbon dioxide emissions and undertakes initiatives to reduce them by increasing the use of lower-emission energy source. The Group has also set specific targets in line with the UN Sustainable Development Goals aimed at reducing Green House Gas (GHG) emissions deriving from the Group's direct operations and the overall supply chain, and at increasing the use of renewable electricity in all European production sites.

Risk relating to disruption in information technology systems (O)

The Groups depends on its information technology and data processing systems to operate its business. Furthermore the Covid-19 pandemic has triggered extensive use of remote working arrangements that have been implemented, where feasible, across all regions. Campari Group had put in place a smart working policy prior to the Covid-19 pandemic and is engaged in major projects that leverage online digital technologies and expand on smart working in the Group's offices. More flexible working methods are being promoted as they can bring benefits for both Camparistas and the Group, encouraging a better work-life balance, attracting and retaining personnel and increasing employees' responsibilities in pursuing the Group's objectives and results.

The digital transformation journey the Group has undertaken has entailed a greater exposure to risks deriving from cyberattacks, in addition to those related to significant malfunctions or interruptions in the functioning of the systems, problems connected to migrations affecting key IT systems, to ineffective security measures and power outages. All the mentioned events could adversely affect the Group's business continuity and its ability to compete. Additionally, stringent personal data protection regulations are increasing the risks associated with regulatory non-compliance.

Mitigation actions put in place by Campari Group include the definition of a cybersecurity roadmap and the constant execution of additional controls and security audits which are regularly performed to assess whether the level of security is adequate and to ensure business continuity in case of key system migration. With respect to employees, multiple awareness campaigns were implemented to heighten employee awareness of cyber risks. New protocols, training programmes, work practices and safety measures have been introduced and reinforced.

Risk relating to responsible supply chain (O)

Responsible and transparent sourcing from commercial partners that share the Campari Group's values with regard to social and environmental matters is a necessary condition for ensuring high-quality and safe products.

Any failure from the suppliers in guaranteeing responsible commercial practices could have a negative impact on the Group's reputation and affect sales volumes.

Since 2012, the Campari Group's suppliers are requested to sign the Supplier Code, a document setting out the ethical values and principles that underly the Group's activities and ensure their compliance throughout their respective supply chains. The Group is also member of Sedex (the largest shared platform in the world through which users report and share their commercial practices in the areas of labour law; health and safety; environment; business ethics). The Campari Group's Employees' and Human Rights Policy also applies to suppliers. Specific projects with key suppliers are developed to foster virtuous business practices (i.e. co-investment model to grow agave with local partners in Mexico, long-term agreements with packaging suppliers committed to circular principles).

COMPLIANCE RISKS

Tax risks and changes in fiscal regulations (C)

Distilled spirits and wines are subject to import duties or excise taxes in many countries where the Group operates. An increase in import duties or excise taxes could adversely affect profit margins or sales revenue by reducing overall consumption or encouraging consumers to switch to lower-taxed categories of alcoholic beverages. Furthermore, significant changes to the international tax environment or tax-related changes in any of the markets in which the Group operates, including changes in import duties in the United States on alcoholic products originating from the European Union, could alter the Group's results, leading to an increase in the effective tax rates and/or unexpected tax exposures and uncertainty that could increase the Group's overall business costs.

The Group has a tax policy focused on compliance with applicable laws and regulations and on proactive and efficient taxation. The Group has always adopted a transparent attitude towards the Tax Authorities and applies a transfer pricing policy between Group companies based on the principle of at arm's length transaction to ensure that profits are taxed in a manner consistent with commercial activities and economic substance. The Group regularly reviews its business strategy and tax policy in light of legislative and regulatory changes and assesses the likelihood of any negative results of potential tax inspections to determine the adequacy of its tax provisions.

Risk of failure to comply with laws and regulations (C)

As the Group is exposed and subject to numerous different regulations, there is a risk that failure to comply with laws and regulations, and with Group policies, could harm its reputation and/or result in potentially substantial fines. To mitigate this risk, the Group has drawn up a Code of Ethics, laid down Business Conduct Guidelines and provides its employees with regular training on its global policies.

Internal assurance activities are continuously monitored and assessed with local management to improve the internal control system. Present in many regions across the world, the Group has also adopted a specific policy on human rights intended to mitigate any legislative shortcomings existing locally in that regard.

Through the Legal & Compliance department and the Group Data Protection Officer, the Campari Group is committed to the continuous alignment with the European regulations on personal data protection (the 'GDPR' or 'Regulation'), as well as other applicable local laws on data protection. In this effort for continued improvement, the internal organizational model allocating the responsibilities for data protection matters and the internal policies on data protection are continuously updated and training and awareness activities are regularly carried out.

Risks relating to legislation on the beverage industry and the application of import duties (C)

Activities relating to the alcoholic beverages and soft drinks industry, production, distribution, export, import, sales and marketing are governed by complex national and international legislation, often drafted with somewhat restrictive aims. The requirement to make the legislation governing the health of consumers, particularly young people, ever more stringent could, in the future, lead to the adoption of new laws and regulations aimed at discouraging or reducing the consumption of alcoholic drinks. Such measures could include restrictions on advertising or tax increases for certain product categories, leading to a fall in demand for the Group's products. Campari Group is committed to constantly publicizing messages and models of behaviour associated with responsible consumption and serving of alcoholic drinks through its communication channels and constantly monitors any changes in the legislation applicable to the beverage industry.

Risk related to non-compliance with environmental regulations and policy (C)

Due to Campari Group's global presence, its operations are subject to numerous regulations imposed by national, state and local agencies covering environmental, production and health and safety. In addition, the regulatory climate in the markets in which the Campari Group operates is becoming stricter, with a greater emphasis on enforcement. These regulations can result in increased costs or liability, including fines and/or remediation obligations, which might adversely affect Campari Group's business, prospects, financial condition and/or results.

For example, the responsible use of resources and reduction of the environmental impact of the Group's production activities are, of course, practices that guide the Group's activities with the aim of pursuing sustainable development. Campari Group has adopted an environmental policy aimed at reducing the environmental impacts that may be caused by the Group's activities. This policy, which is regularly reviewed to keep it in line with the nature and size of the Group and its corporate objectives, applies to all company locations and divisions and is also shared with suppliers, funders and employees. The Group's industrial management has also set up a structure dedicated to safety, quality controls on environmental pollution, waste and water disposal. The objective of this structure is to continuously monitor and update the Group's business activities based on the legislation in force in the individual countries in which it operates.

While the Campari Group has implemented those initiatives, there can be no assurance that it will not incur substantial environmental liability and/or costs or that applicable environmental laws and regulations will not change or become more stringent in the future.

Risk related to employees (C)

The risks that the Group faces in relation to the management of employees are related, on the one hand, to the administrative management of personnel, with particular reference to events of an extraordinary nature, and on the other, to the health and safety of employees, with particular reference to working conditions and accident management. A failure in ensuring employees' health and safety or in managing personnel could harm the Group's reputation and/or result in potentially substantial fines.

In the various countries where the Group has subsidiaries, its dealings with employees are regulated and protected by collective labour agreements and local laws. Any reorganisation or restructuring undertaken, where this becomes essential for strategic reasons, is defined on the basis of plans agreed with employee representatives. The Group has put in place specific procedures to monitor safety in the workplace, both in the offices and in plants, and continuous attention is paid to training and raising awareness among employees on health and safety issues and to ensuring safe working conditions. Since 2013, the Group has adopted a QHSE (Quality, Health, Safety & Environment) Policy and monitors its performance through international health and safety occupational standards (BS OHSAS 18001/ISO45001).

Risks relating to product compliance and safety (C)

If any of the Campari Group's products are defective or found to contain contaminants, the Campari Group may be subject to product recalls or other liabilities. Campari takes precautions to ensure that its beverages are free from contaminants and that its packaging materials are free of defects by conducting extensive quality controls and having a worldwide quality team. In the event that contamination or a defect does occur in the future, this could lead to business interruptions, product recalls or liability, each of which could have an adverse effect on the Campari Group's business, reputation, financial condition and/or results from its operations.

Although Campari has drawn up guidelines to be implemented if quality is accidentally compromised, such as in the event of any withdraw or recall of products from the market, and maintains insurance policies against certain product liability risks, if contamination or a defect occurs, any amounts that Campari recovers may not be sufficient to offset any damage it may sustain, which could adversely impact its business, results from its operations and/or financial condition.

NON-FINANCIAL DISCLOSURE

This section addresses the requirements of the Dutch Civil Code, and of the Dutch Decree on Non-Financial Information (Besluit bekendmaking niet-financiële informatie), which is a transposition of Directive 2014/95/EU 'Disclosure of non-financial and diversity information' into Dutch law.

NOTE ON METHODOLOGY

The aim of the Non-Financial Statement is to provide Campari Group's stakeholders with non-financial information, illustrating Campari Group's sustainability strategy and main initiatives in 2021. This disclosure contains non-financial information about environmental, social and employment matters, as well as respect for human rights, anti-corruption and bribery issues, to the extent necessary to ensure the Group's business, performance, results and impacts are understood.
This non-financial disclosure is an extract from the Campari Group's Sustainability report and highlights the most relevant information of the year and the Group's more general approach to sustainability. The complete Campari Group disclosure on non-financial information is available in the Sustainability report. The Group's strategies, policies, main impacts, risks and the related management approach for each of these issues are also described based on the principle of materiality.
The Dutch Statutory Auditor Ernst & Young accountants LLP verifies the disclosure of this document according to legal requirements, while EY S.p.A. verifies, through a limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 Revised, the Sustainability Report's compliance with the GRI Standards, the global standards for sustainability reporting.
The table below shows the internal references to the chapter(s) or paragraph(s) of this Annual Report where the relevant aspects of the Dutch Decree are discussed in particular to ensure transparent and structured communication with stakeholders.

Dutch Decree aspects	Internal reference-Chapter/paragraph
Business model	The value chain of our products; 'Campari Group's identity and business overview' section.
Policies and due diligence	Sustainability policies and governance; Corporate Governance.
Principal risks and their management	The main sustainability risks; 'Risk management and Internal Control System' section.
Thematic aspects	
Environmental matters	Management of resources and environmental impact; Global Supply Chain medium-long term environmental targets; Energy efficiency and decarbonisation; Water management; Waste management; Spills, Certifications; Logistics and sustainable distribution.
Social matters	The Foundations; Stronger Together-Campari Group and the Covid-19 pandemic; Creating value for stakeholders; Quality and food safety of brands; Responsible communications; Responsible serving; Responsible consumption: communications and promotional initiatives; Campari Gallery; Cinzano Archive; Campari and the cinema; The Foundations; Negroni Week.
Employee matters	Stronger Together - Campari Group and the Covid-19 pandemic; Campari Group and the dialogue with Camparistas; Ever more, a continuous dialogue; Other tools for dialogue and engagement - Channels and initiatives; Diversity, Equity and Inclusion; Learning and professional development in the workplace; 360° Feedback; Remuneration system; Industrial relations; Camparistas' involvement with the environment, well-being and social activities: Health and safety in the workplace.
Respect for human rights	Sustainability policies and governance; Code of Ethics, Business Conduct Guidelines, Sustainability compliance; Employees and Human Rights Policy.
Fight against bribery and corruption	Sustainability policies and governance; Whistleblowing; Model 231; Code of Ethics; Business Conduct Guidelines.
Supply Chain	Sustainability policies and governance; Responsible sourcing; Sustainability compliance; Business continuity and enhanced supplier collaboration; Growing agave in partnerships with local farmers Packaging and circular principles; Point of Sales materials (POS); Business travel.

The materiality analysis set in 2017, on the basis of a comprehensive benchmarking comparison with competitors in the sector and of the results of a sustainability questionnaire distributed to the Group's entire management, has been further refined. In 2018, bartenders were included among the categories of stakeholders that are most relevant to the Group. In 2019, adjustments were made in the wake of a focus group conducted under the aegis of the Campari Group Sustainability Committee. In 2020, the priorities were reconsidered in a year when the entire world population was affected by the Covid-19 pandemic, also resulting in a strong impact on the global economy. Lastly, in 2021, a further review of the materiality matrix implemented with the Officers and the Corporate Banking, Tax and Insurance function, led us to identify 'Tax transparency' as a material topic included in the broader theme 'Direct economic value generated and distributed to stakeholders'.

Campari Group's Non-Financial Disclosure was prepared in accordance with the GRI Sustainability Reporting Standards, the sustainability reporting framework set by the Global Reporting Initiative ('GRI'), establishing the most advanced standard for sustainability reporting most widely used worldwide. The document complies with the 'In Accordance-core' option of the GRI[25], ensuring that at least one indicator for each material issue is disclosed. As in previous years, in addition to the key performance indicators established in the GRI Sustainability Reporting Standards and the sustainability aspects covered by the statutory reporting requirements, Campari Group also reports certain additional qualitative and quantitative indicators that are particularly relevant for a multinational company operating in the spirits sector (i.e. responsible marketing and serving, and communication practices), in accordance with the materiality principle.
With regard to the financial data, the scope of the reporting corresponds to that of Campari Group's consolidated financial statements.
With regard to the non-financial information, the scope of the reporting encompasses the data of all Campari Group companies consolidated on a line-by-line basis for the period from 1 January 2021 to 31 December 2021 (2021 fiscal year), excluding the information related to two companies: (i) Licorera Ancho Reyes y CIA S.A.P.I. de C.V., and (ii) Casa Montelobos S.A.P.I. de C.V.. This is because the scope of the acquisition, included the company's intellectual property and related inventories, not the production and bottling facilities that are leased to third parties, whilst agave, the main raw material to produce mezcal, is sourced through third party agreements with major local growers to secure constant supply. Champagne Lallier S.a.r.l. is also excluded, whose production, close to 700,000 bottles in 2019, is not seen as impactful and therefore material for the purposes of this report.
Similarly, Dioniso S.r.l., the 50/50 joint venture with Moët Hennessy to create a premium pan-European Wines&-Spirits e-commerce player and which holds the leading e-commerce platforms for wines and premium spirits in Italy Tannico e Wineplatform S.p.A. and in France Ventealapropriete.com, is not included in the scope of consolidation.
Any data relating to previous years are reported for comparative purposes to allow performance to be assessed on a multi-annual basis.
Data collection and monitoring is managed through the Group's sustainability platform (Enablon) and includes all the information related to headcounts (in the chapter 'Our people') and the main environmental KPIs (in the chapter 'The environment'), with the exception of Rhumantilles S.A.S. based in Martinique (France), which will be integrated within Enablon from 2022.
With regard to 'The environment' chapter, the environmental data, including those relating to energy consumption and emissions, do not include consumption in offices (except for the headquarters based in Sesto San Giovanni-Milan).
Enablon was initially adopted by the Quality, Health, Safety and Environment function in 2016, and then extended in 2017 to all business units involved in sustainability reporting, notably Marketing, Legal, Human Resources and Public Affairs. Data collection is undertaken locally and double-checked at country and regional levels. Additional sample checks are carried out by the Group's heads of functions and by Internal Audit to ensure maximum data consistency. The adoption of the platform enables monitoring the Group's performance more effectively and establishing internal targets for overall improvement in the medium and long term.

Campari Group's Sustainability reports are available on the Group's website at: www.camparigroup.com, in the 'Sustainability' section.

(25) For more information refer to GRI Content Index contained in the 2021 Sustainability report.

MATERIALITY ANALYSIS

Through the materiality analysis it is possible to identify and prioritise the most relevant topics, enabling the organisation to create more value for itself and for the environment in which it operates.
The Campari Group materiality matrix was originally created through the 'Sustainability Survey' to over 500 Camparistas in 2017. Campari Group's corporate management identified in 2018 the following most important sustainability topics: diversity, transparency, safety and culture. The findings were also the starting point to identify global sustainability projects approved internally by the Leadership Team to be implemented across the Group.
Moreover, in 2018, the Group again updated its materiality matrix through a sustainability questionnaire forwarded to customers and bartenders, receiving replies from over 700 users.
In 2019, the matrix was further revised rationalising its priority issues through a focus group created within the Sustainability Committee and composed by managers of the main corporate functions. This exercise led to a more effective consolidation and a better definition of the areas and topics.
The events of 2020 necessarily led to review the matrix, especially in light of the two events that most impacted the business during the year: the Covid-19 pandemic and the malware attack suffered by the Group in early November. In addition, the process of developing a Sustainability roadmap, approved by the Campari Group's Leadership Team, the body comprising the top management of the most important corporate functions, led to furtherly identify material issues determining short- and medium-term initiatives on which the Group started to focus from 2021. The updated materiality matrix was validated by the members of the Sustainability Committee in December 2020.
In 2021, a further review of the materiality matrix implemented together with the Officers and the Corporate Banking, Tax and Insurance function, led to identify 'Tax transparency' as a material topic included in the broader theme 'Direct economic value generated and distributed to stakeholders'.
In addition, an external analysis, related to the analysis of the media, the sector regulations, a benchmarking of the companies operating in the alcoholic beverages sector and the aspects highlighted by the Dutch Decree on Non-Financial Information, also provided another useful tool to determine the relevance of sustainability issues.
In accordance with the GRI Sustainability Reporting Standards, according to the materiality principle, each issue must be assessed and prioritised based on the magnitude of its economic, environmental and social impacts on the organisation or based on its ability to influence stakeholders' choices and decisions.
The core sustainability areas for Campari Group can be seen in the 2021 Sustainability report available here: www.camparigroup.com/en/page/sustainability.

In 2020 the Group reconsidered its sustainability priorities, defining a short-to-medium-term roadmap to which all major global functions contributed, and this was validated at the end of the year by the top management. The roadmap led to key actions being defined in the three areas of sustainability considered to be the most relevant at this time for a company of the spirits sector: our people, responsible drinking and the environment. In the area of People, particular attention was paid to the themes of diversity, equity and inclusion, an ethical and moral imperative for a multinational company in which positive and productive interaction, cooperation and synergy between people, cultures and experiences drives business growth, value creation and organizational performance. Based on these considerations, the Group drew up its Diversity, Equity&Inclusion strategy, which determines the approach and provides a framework for everyone within the company to be empowered and encouraged to contribute to the company journey and support a culture of inclusion. Regarding the Responsible drinking area, a global strategy with internal and external short and medium-term initiatives has been established, with the aim of raising awareness and educating the company's key stakeholders, starting with Camparistas, bartenders and consumers, about correct and responsible consumption and communication of the Campari Group's products and alcoholic beverages in general. Finally, in the Environment area, particular importance has been given to 'Energy', 'Water' and 'Waste', for which reduction and efficiency targets have been set for 2025 and 2030, which will be made possible through the implementation of specific global projects.

GLOBAL SUSTAINABILITY STRATEGY

In 2020 Campari Group formalised and disclosed its sustainability commitments into a roadmap, an agreed framework to focus investment and drive performance towards specific priorities within each area and that reflect the company's values and culture. During 2021, the Group continued to implement the initiatives aimed at achieving its global targets.

As its business grows, Campari Group constantly comes across new opportunities to generate positive economic, social and environmental impacts. A culture of ethics permeates the entire company, ensuring that every business is always managed with probity and integrity.
Campari Group's approach to sustainability identifies the following four areas through which the Group's commitment to creating value in each business area is structured:

- **OUR PEOPLE**
- **RESPONSIBLE PRACTICES**
- **THE ENVIRONMENT**
- **COMMUNITY INVOLVEMENT**

In 2020 the Group reconsidered its sustainability priorities, defining a short-to-medium-term roadmap to which all major global functions contributed, and this was validated at the end of the year by the top management. The roadmap led to key actions being defined in the three areas of sustainability considered to be the most relevant at this time for a company of the spirits sector: our people, responsible drinking and the environment. In the area of *people*, particular attention was paid to the themes of diversity, equity and inclusion, an ethical and moral imperative for a multinational company in which positive and productive interaction, cooperation and synergy between people, cultures and experiences drives business growth, value creation and organisational performance. Based on these considerations, the Group drew up its Diversity, Equity&Inclusion strategy, which determines the approach and provides a framework for everyone within the company to be empowered and encouraged to contribute to the company journey and support a culture of inclusion. Regarding the *responsible drinking* area, a global strategy with internal and external short and medium-term initiatives has been established, with the aim of raising awareness and educating the company's key stakeholders, starting with Camparistas, bartenders and consumers, about correct and responsible consumption and communication of the Campari Group's products and alcoholic beverages in general. Finally, in the *environment* area, particular importance has been given to energy, water and waste, for which reduction and efficiency targets have been set for 2025 and 2030, which will be made possible through the implementation of specific global projects, with an ambition to reach net zero emissions by 2050, hopefully, sooner.

The Campari Group's sustainability commitments are disclosed below.

PEOLPLE COMMUNITY ENVIRONMENT PRACTICES

OUR PEOPLE

DIVERSITY, EQUITY AND INCLUSION, LEARNING AND DEVELOPMENT

- **Diversity, Equity and Inclusion (DEI):** a strategy to foster DEI in the workplace with multi-channels internal and external communication campaign and with dedicated online and offline learning activities and workshops. The Group's progress is monitored through an internally developed Campari Group DEI Index, based on an internal people survey and on GRI Standard Key Performance Indicators (KPIs), developing action plans in the field of Culture (focusing on education) and Power Acts (focusing on concrete initiatives).
- **Learning Culture:** the Group will continue to enlarge online learning offer, by continuing to nurture the Camparistas growth mindset with strategic and business-related learning opportunities.
- **Rewarding and engagement:** plans for Camparistas through the Launch of the first Employee Stock Ownership Plan.

RESPONSIBLE PRACTICES

EDUCATION AND INVOLVEMENT WITH REGARD TO RESPONSIBLE DRINKING

- **The Campari Group's Global Strategy on Responsible Drinking** has been formalized in 2020, identifying internal and external initiatives to be implemented within the next two years.
- **Educational sessions on responsible drinking for 100% of Camparistas,** especially for new hires.
- **Ad hoc and continuous training for the global marketing community** with going into digital communication in great depth.
- **Responsible serving project** for bartenders to be leveraged at global level.
- Continue to invest **in No/Low alcohol (NOLO)** products.

ENVIRONMENT

ENERGY AND GHG EMISSIONS

- **Achieve net-zero emissions by 2050** or, hopefully, sooner.
- **Reduce greenhouse gas (GHG) emissions** from direct operations[26] by **20% by 2025, by 30% by 2030 and by 25% from the total Supply Chain by 2030,** with 2019 as a baseline.
- **100% renewable electricity** for European production sites **by 2025.**

WATER

- **Reduce water usage** (L/L) by **40% within 2025 and by 42.5% by 2030,** with 2019 as a baseline.
- **Return 100% of wastewater** from Campari Group operations to the environment **safely.**

WASTE

- **Zero waste** to landfill **by 2025.**

COMMUNITY INVOLVEMENT

EXPORTING BEST PRACTICES ACROSS KEY MARKETS

- Strong commitment to **work, education and culture** will continue to be key for Campari Group.
- Best local practices will be **exported** to other geographies around the world.
- **Continuous involvement in the world of art,** by sponsoring major events and further developing iconic brand houses and the Campari Gallery.
- **Strong support to business partners** through activations and events, reflecting a commitment to play a major role in the comeback of the on-premise channel.

Confirming the positive market perception of the sustainability strategy and path to which the company has committed itself, during the year Campari Group's MSCI ESG rating has been upgraded from BBB to A. The MSCI ESG Rating is the sustainability index developed by MSCI (Morgan Stanley Capital International), that measures a company's resilience to long-term, value creation, industry material environmental, social and governance (ESG) risks and how well it manages those risks relative to its peers.

(26) Scope 1 and 2.

THE MAIN SUSTAINABILITY RISKS

The list and definition of the main non-financial risks can be found in the table below. For a broader overview of the Group's risk, refer to the 'Risk management and Internal Control System' section included in this annual report.

AREA	RISKS/OPPORTUNITIES	SUB-RISKS AND DEFINITIONS	REMEDIATION ACTIONS AND POLICIES
OUR PEOPLE	Risks relating to employees	The risks that the Group faces in relation to the management of employees are related, on the one hand, to the administrative management of personnel, with particular reference to events of an extraordinary nature, and on the other, to the health and safety of employees, with particular reference to working conditions and accident management.	In the various countries where the Group has subsidiaries, its dealings with employees are regulated and protected by collective labour agreements and local laws. Any reorganisation or restructuring undertaken, where this becomes essential for strategic reasons, is defined on the basis of plans agreed with employee representatives. The Group has put in place specific procedures to monitor safety in the workplace, both in the offices and in plants, and continuous attention is paid to training and raising awareness among Camparistas on health and safety issues and to ensuring safe working conditions. Since 2013, the Group has adopted a QHSE (Quality, Health, Safety&Environment) Policy and monitors its performance through international health and safety occupational standards (BS OHSAS 18001/ISO45001).
	Talent attraction and management	This risk is related to the inability to attract and retain skilled people and to not being responsive in seizing new opportunities and adapting to change.	The Code of Ethics reaffirms the Group's principles and commitment with respect to the themes relating to human resources and the work environment. The Policy on Employees and Human Rights defines the Group's position with respect to issues related to working conditions, training and employees well-being. Training and professional development is a key area of focus for Campari Group and will continue to enlarge its learning offer mainly leveraging on online tools. Specific activities to improve Camparistas' well-being and their work-life balance are constantly promoted in all the Group's locations. The Group also established talent reviews programmes, succession plans, and retention plans for key resources, as well as monitoring employees satisfaction. To ensure that the remuneration system for all Camparistas is based on the criteria of fairness and transparency, Campari Group uses the internationally recognised IPE (International Position Evaluation) methodology. A global framework to foster Diversity, Equity and Inclusion in the workplace has been adopted from 2020 aimed at nurturing a corporate culture in which people feel welcome, empowered and encouraged to bring their whole self to work.
	Employees' satisfaction, diversity, equity and inclusion	Being a multinational organisation, Campari Group faces the challenge of managing a diverse workforce and could fail to respond to the needs of its employees, not being able to create a healthy and positive work environment which is an indispensable conditions for ensuring the Company's success and growth.	
	Human rights	The risk of failure to comply with laws and regulations related to the respect of human rights in all its geographies and all along its supply chain might cause reputational damage and financial loss.	Among the measures implemented to mitigate this risk, specific policies have been formalised (i.e., Employees' and Human Rights Policy, Code of Ethics, Business Conduct Lines, Supplier Code). Campari Group also supports the United Nations Universal Declaration of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. The Group assures legal compliance to national legislations relating to human rights in those countries where we operate. If there are any differences between the content of our policies and national regulations, the Group always apply the most stringent requirements.

RESPONSIBLE PRACTICES	Responsible Supply Chain	Responsible and transparent sourcing from commercial partners that share the Campari Group's values with regard to social and environmental matters is a necessary condition for ensuring high-quality and safe products and for a better company reputation.	Since 2012, the Campari Group's suppliers have been requested to sign the Supplier Code, a document setting out the ethical values and principles that underlie the Group's activities, and ensure their compliance throughout their respective supply chains. The Group is also a member of Sedex (the largest shared platform in the world through which users report and share their commercial practices in the areas of labour law; health and safety; environment; business ethics). The Campari Group's Employees' and Human Rights Policy also applies to suppliers. Specific projects with key suppliers are developed to foster virtuous business practices (i.e. co-investment model to grow agave with local partners in Mexico, long-term agreements with packaging suppliers committed to circular principles).
	Risks relating to product compliance and safety	The Group is exposed to the risks inherent in the release for consumption of its products with reference both to compliance with the specific regulations to be applied to products in the beverage sector and with specific reference to the quality and safety of products for end consumers.	Control procedures to ensure that products manufactured in Group plants are compliant and safe in terms of quality and hygiene, in accordance with applicable laws and voluntary certification standards, have been put in place. Specifically, since 2013, Campari Group has adopted a QHSE (Quality, Health, Safety&Environment) policy and tracks its performance through the International Food Safety Certification scheme (BRC/IFS/FSSC22000). In addition, the Group has defined guidelines to be implemented if quality is accidentally compromised, such as withdrawing and recalling products from the market or the CPM Index (i.e. the number of complaints received per million bottles produced).
	Risks relating to a decline in the social acceptability of Campari Group's products or governmental policies against alcoholic beverages	Campari Group's ability to market and sell its alcoholic beverage products depends heavily on both society's attitudes toward drinking and governmental policies that flow from those attitudes. Also, the Group's reputation may be impacted by consumers' misuse of alcoholic beverages.	Campari Group continues to promote a culture of quality and responsibility, including via communication and awareness-raising activities and actions, also carried out in collaboration with the main trade associations, positioning itself as a responsible global player in the beverage industry. Since 2010, the Group has adopted a Code on Commercial Communications on a voluntary basis, which has been recently updated. Mandatory training on the Code's principles is provided for all Camparistas involved in the communication and marketing of the Group's products. Furthermore, the Responsible Serving Guidelines aims at defining the essential guidelines for the responsible serving of alcoholic beverages, while the Internal Policy on Responsible Alcohol Consumption is aimed to encourage employees to always adopt responsible consumption patterns. A 'Global Strategy on Responsible Drinking' has been adopted from 2020, setting short-mid-term commitments and the related internal and external initiatives to be undertaken in this area.
ENVIRONMENT	Physical risk of climate change and natural disaster	Production activities and the implementation of the Group's strategies are subject to the effects of natural events. Moreover, environmental changes, such as rising temperatures and changing of seasonality, could interfere with local supply chains and alter industrial processes. These events are generally unpredictable and may affect the seasonality of sales.	The Group monitors environmental risks, has emergency plans in place and continuously develops plans to deal with such crises, together with business continuity assessment, back-up scenarios and global insurance policies. The Group counts compliance with regulations and with local and international standards among its priorities, and is committed to reduce its environmental impact throughout its global supply chain acknowledging the need to limit global temperature rises to no more than 1.5°C, in accordance with the Paris Agreement.

ENVIRON-MENT	**Environmental impact of operations**	CO2 emissions, energy management, water management, waste management. The Group is aware of the environmental impact generated by its operation and activities and how its inability to manage it could negatively affect its reputation, revenues and profits. Not only external stakeholders pay greater attention to the company non-financial performance, but also: • a high industrial energy consumption leads to an increase of GHG emissions (thus co tributing to climate change and global warming) and to a rise in energy prices and volatility; • the most water-intensive activities may impact water availability especially in geographic locations where water-related challenges are more pronounced; • a hazardous and/or improper waste storage or disposal may contaminate surrounding water and lands.	From 2013 the QHSE policy has been adopted and applies to all company locations and divisions. The Group's environmental performance is certified through international standards (ISO14001/EMAS/ISO50001). Campari Group has set up a structure dedicated to control environmental pollution, waste, and water disposal and defined and disclosed specific environmental targets aligned with the UN SDGs to be reached by 2025 and 2030.
COMMUNITY INVOLVE-MENT	**Risks of barriers to entry into new markets or development in already-guarded markets**	The difficulty of integration into the local social fabric or lack of collaboration and dialogue with local communities can limit the ability of the company to enter new markets and/or consolidate its presence in markets in which it already operates.	The Group manages relations with local communities and territories where it operates in full respect of customs and traditions, while strictly observing local regulations. The Group contributes to the economic development of the territories directly through its own activity, thus contributing to local economic development, and through the development of specific projects of social inclusion, also promoted through its Foundations.
COMPLIANCE	**Corruption**	Given the international scope of its business, Campari Group may face the risk to not comply with all the anti-bribery laws and regulations - which are expanding and strengthening at national and international level - it is subject to, causing reputational damage and/or resulting in potentially substantial fines.	The main tools for mitigating corruption risk are the Code of Ethics, the Business Conduct Guidelines and ongoing training of employees to keep them periodically updated on the Group's policies. In Italy, in particular, pursuant to Legislative Decree 231 of 2001, the 231 Model, approved by the Board of Directors, represents a formalisation of existing management structures, procedures and controls. Internal assurance activities are continuously monitored and assessed with local management to improve the internal control system. Any violations or conduct inconsistent with regulations and/or internal policies may be reported anonymously to the Supervisory Body through a whistleblowing channel available to Camparistas and external stakeholders.
	Data privacy and cyber security	The strong interconnectedness within the Group and the ever-increasing pervasiveness of technology on the performance of company activities, may cause reputational damage due to possible breaches/theft of sensitive data, the malfunctioning or disruption of IT systems, the unavailability of online services due to a cyber-attack and the increased cost of resolving these problems.	The Group has introduced project initiatives aimed at making every employee aware of cyber issues and risks (C-Level fraud, Phishing, Social Engineering). Each employee participates in e-training sessions and continuous tests to improve their knowledge of the main cyber threats. Through the Legal & Compliance department and the Group Privacy and Data Protection Officer, Campari Group is aligned with the European regulations on personal data protection ('GDPR'), and with other applicable local laws on data protection. In 2020 a new Privacy Policy on Processing of Employees' Personal Data has been released together with a Policy on the Use of Electronic Communications and Information Systems, and training and awareness activities are regularly promoted.

SUSTAINABILITY GOVERNANCE AND POLICIES

The Sustainability strategy and its implementation is under the responsibility of the following bodies and functions.

THE BOARD OF DIRECTORS
- approves and monitors progress on the Global Sustainability Strategy;
- approves the Non-Financial Declaration and the Sustainability report.

THE CONTROL AND RISKS COMMITTEE
- monitors progress of the Global Sustainability Strategy.

THE SUSTAINABILITY COMMITTEE
- seven members: Global PA&Sustainability Senior Director; Group Head of Human Resources; Group Head of Supply Chain; Group Head of Marketing; Group FP&A, Statutory Reporting, Investor Relations&Corporate Finance Senior Director; Group Internal Audit Senior Director; Corporate Communications Director;
- meets periodically to: evaluate and propose cross-functional sustainability projects and activities, and validate the Materiality matrix.

THE SUSTAINABILITY TEAM
- ensures the sustainability strategy is embedded into processes and practices;
- drives the implementation of the Global Sustainability strategy in cooperation with the main Corporate functions;
- reports progress to the Chairman and to the Leadership Team;
- supports the Sustainability Committee and coordinate its activities;
- supports Investor Relations and Corporate Communication sharing and communicating sustainability updates to external stakeholders.

As it continues to split up its business structure into divisions and expand its geographical and market reach, Campari Group has had to formalise its key principles in documents that constitute the pillars of its sustainable way of doing business.
The values and lines of conduct that inspire the activities of each Camparista and the entire Group are set out in the Code of Ethics, the latest version of which was approved by the Board of Directors of the Parent Company on 27 October 2020. The Code reaffirms the principles of fairness, loyalty and professional integrity that form the basis of the work and behaviour of those operating in the Group, both in terms of internal relations and in terms of relations with third parties (the Code of Ethics is available at www.camparigroup.com/Code_of_ethics).
To improve internal awareness and compliance with the principles of the Code of Ethics, Campari has launched an e-learning training course available on the intranet to all Camparistas and for blue collars in-person trainings were held at the plants in Canale and Novi Ligure and further trainings on the plants are currently being planned.
To ensure compliance with the Code of Ethics and its correct interpretation pursuant to Legislative Decree 231/2001, a Supervisory Body was established, appointed by the Board of Directors, with autonomous operational and control powers. Any violations or conduct not consistent with the Code may be reported anonymously to the Supervisory Body through Campari Safe Line, the whistleblowing channel available to Camparistas and external stakeholders, accessible through different channels (telephone, e-mail, mail, fax or online platform) and is available in several languages.
In addition to the Code of Ethics, the Business Conduct Guidelines also aim to ensure the utmost integrity in professional life. The principles set out in the document, which is available to all Camparistas and can be viewed

on the Group's internal portal, concern the following five potentially sensitive areas:

- gifts and entertainment;
- use of social media;
- confidential information;
- responsible drinking;
- mutual respect.

Specifically with regard to anti-corruption and bribery, in 2018 the Group conducted a corruption risk analysis involving 26 foreign companies. The objective of the analysis was to map the regulations applicable at local level and to further examine the companies' internal control systems for processes potentially at risk of corruption, including: management of relations with third parties (public and private), management of gifts and entertainment expenses, lobbying activities and human resources management. Following this analysis, certain specific areas for intervention were identified. The Group has therefore established a multi-year process to strengthen its compliance management system, particularly in the areas of anti-corruption, anti-trust, data privacy and conflicts of interest.
In Italy, in particular, pursuant to Legislative Decree 231 of 2001, the 231 Model, which governs specific control systems, was approved by the Board of Directors. The Model is aimed at preventing the crimes covered by the aforementioned decree and in particular to prevent crimes against the public administration, corporate and financial crimes and crimes committed in violation of workplace health and safety regulations.

The Company has appointed a single supervisory body to verify the effectiveness of the Model and to update it.
The main tools for mitigating corruption risk are the Code of Ethics, the Business Conduct Guidelines and ongoing training of Camparistas to keep them regularly updated on the Group's policies. In particular, relations with public and private entities are regulated in the Code of Ethics as follows:

- it is absolutely forbidden to promise or offer public officials, employees or other representatives of the public administration payments or other benefits in order to promote or favour the Group's interests;
- it is absolutely forbidden to promise or offer employees or other representatives of institutions, political parties, trade unions and associations payments or other benefits in order to promote or favour the Group's interests;
- in all cases, it is forbidden to accept gifts or favours, the value of which, taking into account the circumstances under which they were offered, could have even a slight impact on the selection of supplier or counterparty, or on the terms and conditions of a contract.

The adoption of Model 231 as well as subsequent additions or amendments are communicated to all employees, including members of the Board of Directors and the Board of Statutory Auditors, with the link from which the text of Model 231 can be downloaded clearly displayed on the company's website. An information set is made available to new employees, including, among other documents, the Code of Ethics, Model 231 and the Italian national collective labour agreements (contratti collettivi nazionali di lavoro-'CCNL'). The Model is also communicated to the Group's business partners through the Code of Ethics and the Supplier Code. This information set is intended to provide the knowledge that is deemed to be of primary importance to the company. The content and delivery of training activities aimed at raising awareness of the regulations contained in the Decree are tailored to the different roles of employees and the level of risk in the area in which they work, and also take into account whether or not they act as representatives of the company. Violations of the Code of Ethics may result in termination of the relationship of trust between the Group and the Recipients, with the consequences for the employment/collaboration relationship specified in current legislation and collective agreements. In 2021, there were no reports of bribery and corruption incidents.

Since 2013, Campari Group has had a Quality, Health, Safety&Environment ('QHSE') policy that governs and protects the environment, health and safety of its employees and consumers as well as the quality and food safety of products. This policy, which is regularly reviewed to keep it in line with the nature and size of the Group and its corporate objectives, applies to all company locations and divisions. These are responsible for amending the policy to align with the specific characteristics of quality, health, safety, environment and sustainability of the location concerned. The policy is also shared with all suppliers, funders and employees, and is published on Campari Group's website[27].

In 2017, in accordance with the provisions of the Decree on Non-Financial Information, a policy on human rights and personnel management was drafted and signed by the Group Officers. The issue of respect for human rights is deeply rooted in the organisation, and, in line with the

(27) www.camparigroup.com/en/sustainability/qhse-quality-health-safety-and-environment/qhse-policy

principles already expressed in the Code of Ethics, by drafting a specific policy, the Group defined its position with respect to issues related to human rights, working conditions, training and to the employees' well-being and formalised its commitment to playing an active role in the protection of human rights within its sphere of influence. The Employees and Human Rights Policy, which applies to all Group members, was communicated to all Camparistas, in multiple languages, using the main internal communication tools and made public in the Governance and Sustainability sections of the Group's website[28]. Campari Group checks for the compliance of all its operating units with its human rights commitments by monitoring and analysing its grievance mechanisms as appropriate. In 2021, there were no reports of human rights violations. The Group also commits to a continuous focus on ensuring the effectiveness of its whistleblowing procedures for reporting any illegal behaviour and/or irregularities through the Campari Safe Line. The principles and provisions of the Code of Ethics and the Employees and Human Rights Policy also apply to the Group's suppliers. Campari Group also supports the United Nations Universal Declaration of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. The Group ensures legal compliance with national legislation on human rights in the countries in which it operates. In the event of any divergence between the content of the Group's policies and national regulations, the Group always applies the most stringent requirements. The risk of failure to comply with laws and regulations, including internal policies, is continuously monitored for all Group's legal entities and organisational activities in all its geographical regions.

The Supplier Code, implemented globally in 2013 and revised in subsequent years, summarizes the principles and founding values that underlie every business relationship. By signing this document, each supplier of materials and components for production gives its assurance that its operations comply with the ethical requirements of Campari Group, helping to establish transparent, lasting and profitable relationships. The Group will continue to extend the range of suppliers to which the Supplier Code applies, including non-product-related suppliers. Moreover, in 2021, Campari Group launched a new version of the Global Procurement Policy, which sets the guiding principles and rules that all Camparistas shall follow when participating in the procurement process. The document reinforces compliance and the principles laid down in the Campari Group Code of Ethics.
In 2020, the Board of Directors prepared and adopted a diversity policy in accordance with best practice provision 2.1.5 of the Dutch Corporate Governance Code, establishing the company's commitment, setting objectives, and putting in place monitoring and reporting procedures in order to guarantee that the differences in skills and backgrounds of the Board's members reflect the diverse nature of the environment in which the company and its stakeholders operate, thus improving the company's effectiveness through diversity of approach and thought.
A new Policy on the Use of Electronic Communications and Information Systems has been issued, demonstrating the Company commitment to promoting the correct use of IT and electronic communication systems in order to protect its IT assets and, in general, all its stakeholders; the Privacy Policy applying to the processing of employees' personal data was also updated.

In 2021 the Group updated its Code on Commercial Communication, a reference document to guide and inspire advertising and marketing initiatives, according to the Group core values and meeting the highest standards of responsible commercial communication. The Code applies across all markets and guides every aspect of commercial communication activities. It confirms the Group's strong commitment towards the responsible marketing of alcoholic beverages across all media encompassing new specific guidelines for digital marketing communications, as well as an appendix dedicated to Influencer Generated Contents, among the main novelties. A global e-learning program on the Code's principles, dedicated to the functions involved in commercial communication, has been launched at the end of the year.

Finally, a renewed Internal Policy on Responsible Alcohol Consumption consistent with the Group's responsible commitments and practices was released and shared internally. The policy is aimed at all Camparistas and those who work with the Campari Group to promote its brands (i.e. agents and Brand Ambassadors) to ensure that every employee always promotes responsible and measured consumption of alcoholic beverages, both in and out of the workplace, by encouraging and practicing responsible behaviours and lifestyles. Proper training will be provided to all Camparistas in 2022.

(28) www.camparigroup.com/en/governance www.camparigroup.com/en/sustainability

1

OUR PEOPLE

Our people, our Camparistas are Campari Group ambassadors first and foremost, holding the corporate values and being the key ingredient to the Group's growth. The Group continues to work on the Camparista Experience introduced in 2019 aiming at identifying and improving all the relevant moments in the life of Camparistas. The Learning and Development journey has been continuously strengthened together with the Reward and Recognition one. Regarding the former, a new learning ecosystem, the Learning Distillery, has been launched, characterised by revised leadership and functional programmes and by a massive online learning offer. Moreover, the Growing Every Day plan has been launched. This is a global multichannel initiative that brings learning in Camparistas daily life. Concerning the latter, two massive Reward and Recognition initiatives have been provided:

- Extra Mile Bonus ('EMB'), a way to thank Camparistas for the passion, integrity and loyalty shown especially during the last year.
- Employee Stock Ownership Plan ('ESOP'), the first Employee Stock Ownership Plan in Campari Group. The ESOP recognises to Camparistas their active role in making a difference and investing in the company's long-term success. This is a terrific opportunity to increase Camparistas' ownership stake in Campari Group. After the closing of the enrolment period, Campari has verified a very positive participation rate of its employees who decided to join the ESOP, amounting to 51.6% of all eligible employees. The strong response of Campari Group's employees, deliberately contributing part of their salaries to ESOP, confirms their trust and long-term commitment to the company's future growth.

At 31 December 2021, the total workforce consisted of 3,953[29] people, of whom 3,831 had a permanent contract. Company population by region, gender and professional category at 31 December at 2019, 2020 and 2021 is shown below:

	2019				2020					2021				
Region and gender	**Permanent**		**Temporary**		**Permanent**		**Temporary**			**Permanent**		**Temporary**		
	Full-time	*Part-time*	*Full-time*	**Total**	*Full-time*	*Part-time*	*Full-time*	*Part-time*	**Total**	*Full-time*	*Part-time*	*Full-time*	*Part-time*	**Total**
Asia-Pacific	**216**	**8**	**9**	**233**	**214**	**10**	**11**	**2**	**237**	**271**	**7**	**11**	**2**	**291**
Women	84	8	3	95	84	10	6	1	101	99	7	5	-	111
Men	132	-	6	138	130	-	5	1	136	172	-	6	2	180
Europe, Middle East and Africa	**1,519**	**48**	**73**	**1,640**	**1,693**	**64**	**65**	**2**	**1,824**	**1,783**	**69**	**87**	**4**	**1,943**
Women	567	43	22	632	667	47	24	1	739	717	50	39	2	808
Men	952	5	51	1,008	1,026	17	41	1	1,085	1,066	19	48	2	1,135
North America	**1,497**	**6**	**59**	**1,562**	**1,327**	**4**	**60**	**-**	**1,391**	**1,376**	**-**	**16**	**-**	**1,392**
Women	539	2	32	573	506	1	22	-	529	521	-	9	-	530
Men	958	4	27	989	821	3	38	-	862	855	-	7	-	862
South America	**352**	**-**	**1**	**353**	**339**	**-**	**2**	**-**	**341**	**325**	**-**	**1**	**1**	**327**
Women	124	-	-	124	120	-	1	-	121	122	-	1	1	124
Men	228	-	1	229	219	-	1	-	220	203	-	-	-	203
Total	**3,584**	**62**	**142**	**3,788**	**3,573**	**78**	**138**	**4**	**3,793**	**3,755**	**76**	**115**	**7**	**3,953**

(29) In 2021 the Group also employed 30 interns, to be added to the total workforce, but excluded from the scope of this Report, as required by the GRI Sustainability Reporting Standards.

1.1 CAMPARI GROUP AND THE DIALOGUE WITH CAMPARISTAS

The ongoing conversation between Campari Group and Camparistas was key in 2021. In a year still very much impacted by Covid-19, the corporate culture proved to be fundamental to navigate the uncertainty brought by the pandemic. In particular, an internal communication plan, albeit virtual and remote, was launched in 2020 and has continued throughout 2021, providing information on the Group's solidarity initiatives and keeping all connected to a virtual community.

Camparistas have been kept up to date about the strategic priorities through a wider communication plan, which included CEO communication, aimed at sharing and celebrating the Group's key milestones, as well as reassuring with empathy and closeness.

While approaching a hybrid working model (combining both remote and office working), Campari Group engaged with Camparistas about the need to build new ways of working through the 'Better Together' communication plan, which included engagement activities and an office restyling with posters and illustrated wall signs leveraging the 'Together' value, aimed at welcoming back employees. To lead Camparistas through the new ways of working, Campari Group listened to its employees through a survey and dedicated workshops to understand their needs and expectations for the workplace of the future, adopting a co-creation approach.

Furthermore, through a series of Better Together breakfasts and aperitifs, Camparistas had the chance to meet again in the office in a convivial way, promoting socialization and networking occasions in full compliance with the health and safety rules.

Not only internal communication efforts and executive involvement were reinforced, but also a two-way dialogue was promoted. Based on the 2020 Global Camparista Survey results, during 2021 the Group promoted specific initiatives responding to the main Camparistas needs.

For the third time in a row, the 2020 Survey was conducted in partnership with the Great Place to Work® Institute, the 'global authority' in the area of the workplace culture for over 30 years.

The Great Place to Work® Trust Index© Survey is based on a proven methodology, which identifies 'Trust' as the core of every successful workplace culture. It measures a wide variety of aspects across all demographic groups within the company, providing actionable insights, sound external benchmarks and enabling the Group to be a great place to work for all.

2020 Camparista Survey Distribution:

- 3,411 invitations;
- 3,196 responses;
- 94% response rate;
- period: October 2020;
- online questionnaire.

The 94% response rate was a declaration of Camparistas' passion and engagement, but the positive results are also due to the relevant improvements pursued by the company in all the areas identified by the survey.

Overall satisfaction: Taking everything into account, I would say this is a great place to work-83% (+3pts as compared with 2018).

Trust Index©: 74% (+3pts vs. 2018)

During 2021 all the national results were disclosed: Campari Group was certified as a Great Place to Work® in 16 countries (Australia, Austria, Belgium, Canada, Germany, Italy, Mexico, Peru, Russia, Ukraine, Singapore, South Africa, Spain, Switzerland, the United Kingdom, and the United States) and we got into six countries 'best workplaces' national rankings (Argentina, Brazil, Germany, Italy, Spain, and the United Kingdom).

It has been the first time we have been certified in certain large and important countries in terms of size, market, and competition. A dedicated webpage was created to celebrate these remarkable achievements, which have also been communicated internally through ad hoc news on the intranet and a video clip released on Yammer, as a way to thank People worldwide. During 2021, based on the survey results, detailed action plans were defined together with Camparistas to work on those areas they felt had to be tackled more urgently. Groups formed voluntarily by Camparistas were set up in every country to ensure that the identified actions would be locally relevant and actionable immediately. These groups were joined from Camparistas from all the functions and seniorities in order to address the topics from all the different perspectives.

At corporate level, five key paths which were common in almost all countries were identified: work-life balance, reward and recognition, learning and development, communication, and diversity, equity and inclusion ('DEI'). Related to them, global long-term plans and medium-short term programmes like Growing Every Day, ESOP and EMB, Workplace Evolution and DEI global framework have been put in place.

Almost 400 actions have been identified worldwide and, for the whole year, the Group committed both locally and globally to pursue them.

Within the framework of an integrated internal communication ecosystem, meant to promote the culture of sharing by improving communication between departments and geographic areas, some channels have been particularly successful in contributing to promote and strengthen the dialogue with the company and among Camparistas. Yammer, the corporate social network, has proved to be a valuable daily tool for internal communication, collecting information, developing team building, sharing best practices and celebrating the work and achievements of Camparistas around the world.
2021 also provided several occasions in the consolidation of Campari TV, an internal TV channel aimed at spreading the company's culture, values and strategy, as well as supporting change management within transformational projects among Camparistas around the world. Campari TV content is also incorporated into an internal editorial plan conveyed through Yammer and the internal digital signage circuit in use in the various offices worldwide.

1.2 DIVERSITY, EQUITY AND INCLUSION

TARGET	2021 ACHIEVEMENTS	NEXT STEPS
A new strategy to foster Diversity, Equity and Inclusion (DEI) in the workplace.	• DEI Index creation and implementation to evaluate performances at global and local level. • DEI Governance with a DEI Advisory Team. • Global Culture Activation initiatives: a new DEI learning offer for all Camparistas with a focus on unconscious bias. • Power Act initiatives implemented locally. • Partnership with Unstereotype Alliance (UN Women, the United Nations entity for Gender Equality).	• Global Culture Activation initiatives: specific learning offer for marketing community on DEI aspects. • Global Power Act initiatives: flexible working patterns, gender pay gap analysis and certification.

In 2020 Campari Group started a journey to develop a new Global Diversity, Equity and Inclusion (DEI) framework.

At Campari Group, we aim at a true meritocracy where individual talents can flourish to their full potential. This can only be enabled by Diversity, Equity and Inclusion, fundamental to the Group's Culture and strongly connected and inspired by Campari Group Values. The Group's goal is in fact to continue to nurture a corporate culture in which its people, bonded by the company's Values, feel welcome, trusted and encouraged to bring their whole self to work so they can truly feel that they belong.

The Campari Group Diversity, Equity and Inclusion strategy sets out the approach and provides a framework for ensuring that everyone within the company working with Camparistas, Business Partners and the Communities is empowered and encouraged to contribute to this journey and support a culture of inclusion.
The Group's commitment is based on three areas of impact:

- for **Camparistas:** to promote a fair and equal employment lifecycle where everyone has all the opportunities to progress and feel as if they have always belonged.
- for **Business Partners**: to leverage diversity to foster creativity and innovation to better interpret consumer's needs and boost business potential.
- for **Communities:** to embrace and support equity by promoting education, culture and social inclusion.

Specifically with regard to Camparistas, the approach to action in this area is about looking at the whole Camparista work-lifecycle, consisting of its main journeys (i.e. attract, recruit, engage and develop) and underlying fundamental touchpoints, identifying the barriers to success and defining concrete initiatives to break them down.

The Group's approach to action to proactively manage inclusion, equity and diversity is based on two main aspects: Culture and Power Acts.

Initiatives within the Culture Activation space firmly position DEI as an integral part of Campari Group's Culture, which is the maximum expression of the Group's identity as a company and as member of the communities in which it operates.
Initiatives within the Power Act space encourage momentum in the right direction, rewarding efforts to overcome the complexity in the short-term and fostering change through reiteration and continuous practice. Power Act initiatives are poised to become the new norm in the relevant area of impact.
Within this framework - while the Group will keep deploying new global initiatives-freedom is provided to each local organisation within the Group to identify, design and introduce measures based on their most urgent needs and priorities. An essential enabler for this flexibility, to be interpreted within a common agenda, is to share the same approach, the same language and the same discipline for the purposes of measurement. To allow a shared measurement method we have set an internal **DEI Index** that provides actionable insights, both at Group and Country level, enabling concrete and precise measurement to prioritise interventions and initiatives at all levels and to monitor the effect over time. The Index is based on two sets of indicators:

- **Survey-based:** a selection of Great Place to Work® statements, describing the key dimensions that underpin an inclusive, equitable and diverse workplace (Diversity-Equity-Inclusion).
- **GRI-based:** a selection of KPIs as per GRI Standard, which the Group monitors on a yearly basis for Sustainability Reporting (Representation-Gender Pay Gap).

Lastly, the Group put in place an internal multifunctional DEI governance structure at all organisational levels (local, regional, functional and global), and a multicultural and cross-country **Global Diversity, Equity and Inclusion Team** to actively support the Group in its company-wide efforts in this space, with membership of the Team being on a rotational basis.

Culture Activation Initiatives

In order to bring Camparistas all on the same page on the Diversity, Equity and Inclusion corporate agenda, during 2021 the Group developed an educational offer for the organisation which can be leveraged in a blended approach at local level to trigger local reflections and action plans. The DEI learning plan was defined by the Global HR Team and approved by the DEI Advisory Team. The learning DEI offer is dedicated to all Camparistas worldwide, both in the offices and plants, and it presents some specificities for targeted groups, as people managers and communication professionals (Camparistas in marketing, communication, HR teams that frequently deal with communicating).
To build its learning offer, the Group mainly partnered with MindGym, a British company that uses behavioural science to transform how people think, feel or behave. It also integrated the DEI learning offer with contents from LinkedIn Learning, Coursera and with resources for the marketing community to eradicate harmful stereotypes in media and advertising content coming from the Unstereotype Alliance, a thought and action platform convened by UN Women, the United Nations entity for Gender Equality.

Power Act Initiatives

During the year, the Group has been working with Camparistas on DEI initiatives also starting from what they raised during the 2020 Camparista Survey. Almost one hundred actions have been identified by the local focus groups to increase diversity, enhance equity and foster inclusion. Some sub-topics have emerged clearly. In every country as well as at functional level, groups of Camparistas have identified concrete plans to be put in place to address steps they feel are needed to become more diverse, equitable and inclusive as Camparistas, teams or as an organisation. Some global initiatives have been identified (i.e. flexible working patterns, gender pay gap analysis and certification) and will be promoted in the next quarters, while at country level some specific actions are currently being promoted in response to specific local needs.

CAMPARI GROUP NATIONALITIES[30]

	2019	2020	2021
Nationalities	62	62	**59**

PERMANENT CAMPARISTAS BY REGION AND GENDER

2021				
Region	Men	Women	Total	% women
Asia-Pacific	172	106	278	38%
Europe, Middle East and Africa	1,085	767	1,852	41%
North America	855	521	1,376	38%
South America	203	122	325	38%
Total	**2,315**	**1,516**	**3,831**	**40%**

With the exception of the corporate population working in the Product Supply Chain area (which includes production facilities), female Camparistas represented 45% of the total workforce.

PERCENTAGE OF FEMALE CAMPARISTAS OUT OF THE TOTAL WORKFORCE-TREND

	2019	2020	2021
Female Camparistas (%)	37,5%	39%	**40%**

There was a gradual increase in the number of women in the overall workforce as compared with previous years.

PERMANENT CAMPARISTAS BY PROFESSIONAL POSITION AND GENDER

2021				
Region	Men	Women	Total	% women
Senior management and above	187	72	**259**	28%
Management	237	148	**385**	38%
Senior professional	347	338	**685**	49%
Professional	520	390	**910**	43%
Specialist/generic staff	334	403	**737**	55%
Blue collar	690	165	**855**	19%
Total	**2,315**	**1,516**	**3,831**	**40%**

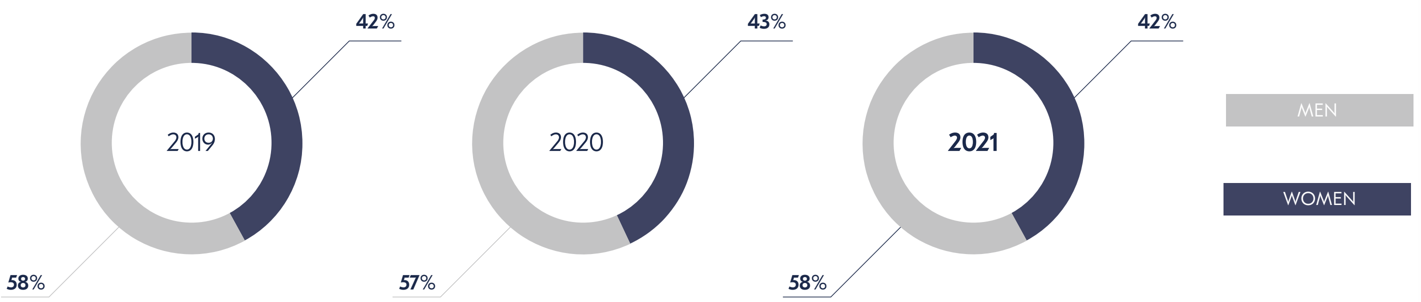
NEW CAMPARISTAS HIRED, BY REGION AND GENDER

2021				
Region	Men	Women	Total	% women
Asia-Pacific	48	29	**77**	38%
Europe, Middle East and Africa	94	92	**186**	49%
North America	119	67	**186**	36%
South America	32	28	**60**	47%
Total	**293**	**216**	**509**	**42%**

PERCENTAGE OF NEW CAMPARISTAS HIRED OUT OF THE TOTAL WORKFORCE BY REGION AND GENDER

2021			
Region	Men	Women	Total
Asia-Pacific	28%	27%	28%
Europe, Middle East and Africa	9%	12%	10%
North America	14%	13%	14%
South America	16%	23%	18%
Total	**13%**	**14%**	**13%**

PERCENTAGE OF NEW CAMPARISTAS HIRED BY GENDER-TREND



(30) The number for the Group's nationalities does not include the US and Canada, for which due to local regulations, figures cannot be traced.

TURNOVER BY REGION AND GENDER

2021				
Region	Men	Women	Total	% women
Asia-Pacific	28	20	48	42%
Europe, Middle East and Africa	80	57	137	42%
North America	115	69	184	38%
South America	50	25	75	33%
Total	**273**	**171**	**444**	**39%**

TURNOVER RATE COMPARED TO THE TOTAL WORKFORCE BY REGION AND GENDER

2021			
Region	Men	Women	Total
Asia-Pacific	16%	19%	17%
Europe, Middle East and Africa	7%	7%	7%
North America	13%	13%	13%
South America	25%	20%	23%
Total	**12%**	**11%**	**12%**

VOLUNTARY TURNOVER[31] -TREND

	2019	2020	2021
Voluntary turnover (%)	5,9%	4%	**6,7%**

The low level of voluntary turnover in 2021, 6.7%, is confirmation of the Group's genuine commitment to building an excellent work environment that Camparistas are not inclined to leave.

NEW CAMPARISTAS HIRED BY REGION AND AGE BRACKET

2021				
Region	<30	30 - 50	>50	Total
Asia-Pacific	11	60	6	77
Europe, Middle East and Africa	54	125	7	186
North America	53	120	13	186
South America	10	50	-	60
Total	**128**	**355**	**26**	**509**

PERCENTAGE OF NEW CAMPARISTAS HIRED OUT OF THE TOTAL PERMANENT WORKFORCE BY REGION AND AGE BRACKET

2021				
Region	<30	30 - 50	>50	Total
Asia-Pacific	42%	27%	19%	28%
Europe, Middle East and Africa	24%	10%	2%	10%
North America	30%	13%	5%	14%
South America	29%	21%	-	18%
Total	**27%**	**14%**	**4%**	**13%**

TURNOVER OF PERSONNEL BY REGION AND AGE BRACKET

2021				
Region	<30	30 - 50	>50	Total
Asia-Pacific	5	36	7	48
Europe, Middle East and Africa	23	91	23	137
North America	28	121	35	184
South America	7	59	9	75
Total	**63**	**307**	**74**	**444**

TURNOVER RATE COMPARED TO THE TOTAL PERMANENT WORKFORCE BY REGION AND AGE BRACKET

2021				
Region	<30	30 - 50	>50	Total
Asia-Pacific	19%	16%	23%	17%
Europe, Middle East and Africa	10%	8%	5%	7%
North America	16%	13%	15%	13%
South America	21%	24%	19%	23%
Total	**14%**	**12%**	**10%**	**12%**

PERMANENT CAMPARISTAS BY PROFESSIONAL POSITION AND AGE BRACKET

2021				
Region	<30	30 - 50	>50	Total
Senior management and above	-	175	84	259
Management	1	317	67	385
Senior professional	31	568	86	685
Professional	139	639	132	910
Specialist/generic staff	138	465	134	737
Blue collar	157	462	236	855
Total	**466**	**2,626**	**739**	**3,831**

Although not Group policy, the company tends to favour hiring managers who live in the countries in which it operates.

(31) Voluntary turnover means leaving the company through voluntary resignation.

1.3 LEARNING AND PROFESSIONAL DEVELOPMENT IN THE WORKPLACE

TARGET	2021 ACHIEVEMENTS	NEXT STEPS
Learning culture: the Group will continue to enlarge the online learning offer, while nurturing the Camparistas growth mindset with strategic and business-related learning opportunities.	• Launch of the Learning Distillery. • Two new learning libraries: LinkedIn Learning and Coursera. • Introduction of the Growing Every Day plan.	• Continue to guarantee an even more open and scalable learning experience to all Camparistas, mainly leveraging on digital resources.

Campari Group believes in developing the skills of its People as a means of responding to business needs, building profitable brands and guaranteeing excellent financial results.

In Campari Group, people development is strongly connected with the organisational growth. Growing individually is a lever for growing as an organisation and it means supporting performance and developing people's potential. Learning is the pillar for sustaining individual development and is considered to be a key competitive advantage for the business.

In February 2021, Campari Group launched the Learning Distillery, a new Learning Management System ('LMS'), that aims to make the learning experience more open and scalable with access to multiple digital resources. It is built on agility, digitalisation and on concrete off-the-shelf, tailor-made and blended content that integrates existing programmes and breaks down functional ties. The main objective of the Learning Distillery is to make learning a personal daily habit and a common management practice with a direct impact on performance and engagement. Camparistas have direct access to learning resources when and about what they need, minimising the time lag between learning and using what they have learnt. Moreover, it provides managers with an additional lever for managing performance and developing teams and individuals. The new LMS helped in democratising learning by opening a broad offer to Camparistas worldwide with learning activities in numerous languages. In addition to the bespoke training activities undertaken ad hoc for the Group, the massive LinkedIn Learning offer and the premium Coursera library were integrated.

In the past few years, the company has invested in developing a Global Capabilities Development ('GCD') architecture. Designed to align the training and learning strategy with business needs, the architecture ties in directly with a global Talent Management process, as it provides all Camparistas with support in achieving their individual development goals. From the point of view of a Camparista, one of the main outcomes of the annual Talent Management process is drafting the Individual Development Plan ('IDP'), which brings together the Global Capabilities Development architecture and the Talent Management model. Managers, along with Human Resources are called on to support continuous development by building concrete and sustainable pathways with each Camparista. By providing a diverse series of learning activities, Campari Group thus accelerates the professional growth of its people, making them responsible for their own development. Campari Group's global Talent Management process is the foundation of all people development initiatives, including a thorough succession planning reflection by the management teams every year at all company levels (local, regional, corporate), strongly supported by a dedicated digital platform. Whenever an internal successor is ready to take on any vacant position, Campari Group prioritizes the internal candidate. If there is no successor identified, jobs are posted both externally and internally through a dedicated Internal Career Site, where any Camparista can apply.
The Global Capabilities Development architecture is based on a development model, 70% of which consists of on-the-job learning experiences, 20% of social learning and 10% of traditional training opportunities. This approach is geared towards a continuous search for new skills fuelled by internal and external contributions.

The entire ecosystem is designed to cover 4 main areas:

- functional excellence: to develop people's technical skills and support functional development;
- leadership development: to spread the culture, behaviour, values and leadership skills of Campari Group;
- cross-functional education: to increase people's organisational understanding, creating a common language over departments and reducing silos; and,
- compliance training: to build sound knowledge of regulations.

Digital environments transversely support the development of content and contribute to providing an increasingly fascinating experience based on real training needs.

TRAINING HOURS BY REGION, GENDER AND PROFESSIONAL CATEGORY:

	2021				
	Asia-Pacific	Europe, middle east and Africa	North America	South America	Total
Men (hours)	1,092.9	30,566.82	10,493	3,335.56	**45,488.27**
Women (hours)	822.25	14,145.5	4,744.4	1,743.13	**21,455.3**
Management (hours)	455.45	9,305.6	2,085.33	812.57	**12,659**
Men (hours)	220.12	6,355.07	1,356	591.77	**8,523**
Women (hours)	235.33	2,950.53	729.31	220.8	**4,136**
Non-management (hours)	1,459.7	35,406.72	13,152.07	4,266.12	**54,284.6**
Men (hours)	872.77	24,211.75	9,137	2,743.79	**36,965.3**
Women (hours)	586.92	11,194.97	4,015.1	1,522.33	**17,319.3**
Total Hours	**1,915.14**	**44,712.32**	**15,237.4**	**5,078.7**	**66,943.55**

AVERAGE HOURS OF ANNUAL TRAINING PER EMPLOYEE-TREND

	2019	2020	2021
Average hours of annual training per employee [man hours]	**25.20**	**20.51**	**16.93**
Men (hours)	26.22	20.67	19.11
Women (hours)	23.53	20.26	13.64
Management (hours)	42.49	37.28	19.6
Non-Management (hours)	22.18	17.41	16.42

The Group's global training programmes are aimed at developing functional skills to support organisational change. Classified as Functional, Cross-Functional and Leadership Development, these programmes are characterised by being geographically scalable, thus making it possible to formalise and to share processes and work methods among different functions.
Functional Programmes (Academies) aim to develop functional competencies supporting organisational change. They are focused on sustaining company transformation with a cocktail of activities to promote functional awareness, technical skills and a business partnership approach and a cross functional culture:

- Marketing Academy
- Finance Academy
- Commercial Academy
- Supply Chain Academy
- HR Functional Initiatives

The Leadership Development programmes support Camparistas in developing core competencies (i.e. teamworking, leadership, communication, problem solving, self/people development, execution excellence, strategic thinking) to prepare them for a transition to key roles within the Group.
They are divided into:

- General Management Academy ('GM Academy')
- Lead to Succeed ('LTS')
- Lead4Change
- Campari Way of People Management ('CWoPM')
- Campari Way of Individual Contributing ('CWoIC')

Cross-Functional Education:

- Finance for Non-Finance Academy
- Supply Chain E-Learning
- 10 Marketing Capabilities Masterclasses
- Brands in Cask
- Campari Academy Virtual Masterclasses
- Our Signature Mix

Compliance Training:

- General Data Protection Regulation ('GDPR')-The GDPR e-learning programme goes through the European Regulation 679/2016 on how companies must handle personal data.
- Code of Ethics-Code of Ethics provides Camparistas with guidance on data privacy, antitrust, conflict of interest and anti-corruption measure. It includes technical content as a reference for the legal community and it provides examples of 'Dos and Don'ts'.

Also this year, with working mainly from home due to the pandemic the Group have strengthened its digital offer even more. The possibility of using digital channels as a training medium has been consolidated over the years and will be leveraged to keep training on track throughout this wave of the pandemic. The aim is to make Camparistas personally accountable for their own development and to give them the possibility of growing professionally every day, making learning a personal daily habit.
The Group invested in two learning libraries LinkedIn Learning and Coursera to ensure Camparistas have what they need at the right moment.

- LinkedIn Learning helps Camparistas discover and develop business, technology-related, and creative skills through more than 5,000 expert-led course videos.
- Coursera is a library of world-class training and development programmes developed by top universities and companies. It is intended for Management and above to help drive both functional and leadership skills.

Thanks to the introduction of the Learning Distillery, this year the online learning activities of Camparistas has been tracked more precisely:

- 1,120 active Camparistas on the Learning Distillery;
- 1,241 bespoke learning activities completed;
- 1,384 LinkedIn Learning Activities completed;
- 21 Coursera courses completed.

In addition to this massive learning offer, the real impact in driving the learning culture and in bringing Camparistas into a growth mindset has been the Growing Every Day plan. As company's growth excels it is important that Camparistas spend more time in the Learning Zone mastering the skills that are needed for future performance and continuous improvement. The Growing Every Day plan was built to drive the habit of learning and organisational change. Tied with the Must Win Battles and linked to the overall business priorities the plan, it reminds Camparistas that learning is a lever for growth. Putting social learning at the centre of the plan allows Camparistas to grow with and from one another.

INVESTMENTS IN TRAINING:

€ MILLION	2019	2020	2021
TRAININGS	3.3	3.2	3.5

Training costs per employee: €885.4

1.4 360° FEEDBACK

This year the Group committed to start building a feedback culture to keep strengthening the people development promise. In order to do so, it started working on 360° Feedback leveraging on Qualtrics technology: feedback is given and received from managers, colleagues and direct reports, in addition to self-evaluation. To build a diffused feedback culture, catering for an honest and meaningful feedback experience is necessary. That's why the Group decided to keep 360° Feedback as an individual development tool, detached from the individual performance management.

Three main principles have been defined:

- HR access feedback analytics only in the aggregate by organisational area (in groupings larger than 3 people), to identifying common development needs, but they cannot access individual Feedback Reports or the results for a given Manager.
- Line Managers cannot access their Collaborators' Feedback Report (i.e. what others said about them).
- Feedback from colleagues will be available in the aggregate (>3 respondents) via the individual Feedback Report and only the Camparista can access their own Feedback Report.

The 360° Feedback was piloted in four countries, Argentina, Canada, Spain and South Africa, to test and learn before implementing it in the whole organisation starting from 2022.

1.5 REMUNERATION SYSTEM

The remuneration policy for directors, general managers and other managers with strategic responsibilities is determined by the company's Board of Directors on proposal by the Remuneration and Appointments Committee, following consultation with the Board of Statutory Auditors.

The objectives pursued in drawing up a remuneration policy is to set adequate remuneration for top management and encourage their loyalty, through the use of four different instruments:

- a fixed salary;
- an annual variable performance-based bonus;
- a medium-term incentive;
- the assignment of stock options as an incentive for management to achieve long-term results.

Breaking down remuneration in this way ensures a balance between the employees' interests and the short and long-term outlook for the company. The two medium and long-term schemes apply to all managerial remuneration throughout the Group.

To ensure that the remuneration system for all Camparistas is based on the criteria of fairness and transparency, Campari Group uses the internationally recognized International Position Evaluation ('IPE') methodology. This is an objective and structured process based on predefined 'clusters' that allows for job evaluation analysis and verification of the Group's competitiveness in relation to its main competitors and to the remuneration criteria adopted in each region. This analysis has once again shown that Campari Group tends to pay a higher salary than the local minimum wage in the countries where it operates, as shown in the table below for the key countries for the Group in terms of number of employees.

RATIO BETWEEN THE STANDARD SALARY (ANNUAL BASE GROSS SALARY) OF NEWLY HIRED EMPLOYEES AND THE LOCAL MINIMUM WAGE BROKEN DOWN BY COUNTRY AND GENDER.

	2019		2020		2021	
Countries	Men (%)	Women (%)	Men (%)	Women (%)	Men (%)	Women (%)
Argentina	217.87%	302.23%	306.56%	357.57%	319.98%	374.52%
Australia	125.67%	125.67%	126.28%	126.28%	125.67%	125.67%
Brazil	162.02%	130.5%	105.26%	105.26%	148.72%	271.92%
Canada	100%	100%	100%	100%	103.38%	103.38%
France	-	-	104.39%	104.39%	106.20%	106.20%
Germany	232.26%	232.26%	215.2%	215.2%	178.13%	178.13%
Italy	102.73%	108.13%	118.59%	119.63%	110.07%	110.07%
Jamaica	196.02%	196.02%	196.02%	196.02%	196.02%	196.02%
Mexico	192.57%	192.57%	166.89%	166.89%	223.47%	223.47%
Russia	259.92%	239.6%	418.55%	412.17%	415.25%	449.49%
United Kingdom	163.04%	163.04%	158.08%	158.08%	146.53%	110.45%
United States	121.6%	121.6%	127.93%	129.47%	132.80%	149.40%

The percentage ratio between the average remuneration of female Camparistas with a permanent contract[32] as compared to men (gender pay gap), with a breakdown by country and professional classification, is given below. To provide a more meaningful analysis, we cover the principal countries in which the Group operates and the professional categories ranging from management to blue collar workers, excluding executives and senior management; this therefore covers 86% of the entire population of Camparistas.

(32) Remuneration: ABGS (Annual Base Gross Salary) + bonus (i.e: short-term incentives, sales incentives, local bonuses) + recurring allowances + overtime.
Annual Base Gross Salary (ABGS): fixed minimum amount paid to an employee for the performance of his/her duties, excluding any additional compensation.

PERCENTAGE RATIO BETWEEN THE AVERAGE TOTAL REMUNERATION OF FEMALE EMPLOYEES AND THE AVERAGE TOTAL REMUNERATION OF MALE EMPLOYEES, BY COUNTRY AND PROFESSIONAL CLASSIFICATION

	2021				
Countries	Management	Senior professional	Professional	Specialist/ General Staff	Blue collar
Argentina	88%	91%	95%	105%	-
Australia	92%	101%	96%	96%	-
Brazil	92%	109%	105%	96%	117%
Canada	109%	98%	113%	88%	88%
France	95%	88%	97%	97%	91%
Germany	84%	93%	100%	101%	-
Italy	94%	94%	90%	103%	96%
Jamaica	101%	100%	100%	117%	102%
Mexico	117%	99%	92%	104%	95%
Russia	87%	102%	108%	103%	-
United Kingdom	102%	89%	94%	-	52%
United States	96%	105%	107%	116%	97%

Any differences in the average figure may result from a greater number of men or women at a particular site or from the recruitment of new Camparistas during the reference year for the analysis.

1.6 CAMPARISTAS' INVOLVEMENT WITH THE ENVIRONMENT, WELL-BEING AND SOCIAL ACTIVITIES

Campari Group's activities to improve Camparistas' well-being and their work-life balance continue. Programmes are continually introduced at the Group's offices and facilities to encourage a healthier lifestyle, including the provision of fitness areas, the distribution of educational material on good eating habits, workshops on nutrition, immune system and well-being, and a better work-life balance by offering essential support to working women and new parents such as day care services in partnership with local structures and organisations and child care subsidies. In this regard, the company has implemented a smart working policy that, based on the policies adopted at local level, allows the majority of Camparistas to work remotely, wherever permitted by labour, environmental and security conditions. More flexible working methods are being promoted, with them being able to bring benefits for both Camparistas and the company, encouraging a better work-life balance, helping employees in the managing daily routines, especially those that are parents of young or disabled children and carers of adults, and increasing employees' responsibilities in pursuing company objectives and results. Smart working is thus a more effective working solution, based on trust and responsibility, collaboration and flexibility. Particularly in 2020, in order to limit the risk of Covid-19 contagion, the company has adopted an extraordinary regime for smart working in all its offices allowing employees to work from home and thus tackling the health emergency situation with the maximum safety.

1.7 INDUSTRIAL RELATIONS

Campari Group recognises the importance of continuing to develop solid, trust-based relations with its social partners, given their important role in improving competitiveness and employment as part of the company's clear commitment to social responsibility. Union relations are therefore important and strategic in a highly competitive context which is characterised by mergers, acquisitions and exceptional events that go beyond regular business.

The Group's companies maintain constant and ongoing relations with trade unions, and this represents more than mere respect of agreements made locally or nationally, but is a serious, real and objective dialogue to guarantee respect for roles and people, without ever losing sight of the corporate goal of efficiency.
In addition to the content of the Italian national labour contract and the interconfederal contracts, Camparistas in Italy are also subject to the content of the so-called supplementary second level contract which was last renewed on 18 May 2018. Currently, there are 4 collectively negotiated national labour contracts in force: the Food Industry Contract (for almost all employees), the Services Sector Contract applicable to the Camparistas of Campari International S.r.l., the public sector contract (tourism sector) connected to Camparino and Terrazza Aperol bars, as for Executives, the agreement for Executives of goods and services producers.
In 2021 around 16% of all Camparistas in Italy were members of trade unions.
In 2021, owing to the pandemic, the agreements signed in 2020 between the parties on a temporary remodulation of factory work to facilitate less intensive use of the workplace by making judicious and moderate use of the social safety nets envisaged for the Covid-19 emergency have been updated and continue being applied.
Initiatives and procedures were agreed between the parties to guarantee workers' health and to prevent and contain the spread of the Covid-19 virus in the workplace, with the aim of combining business continuity with adequate health and safety conditions at work and in operating methods.
Throughout 2021, the parties (the company and workers' representatives) maintained constant and ongoing dialogue, thus successfully preserving the existing excellent union relations, ensuring, through respect for the parties' roles and agreement on suitable solutions, workers' safety and business efficiency. In 2021, 310 hours of strikes were proclaimed.

1.8 HEALTH AND SAFETY IN THE WORKPLACE

Campari Group considers the health, integrity and well-being of its employees, contractors, visitors and the communities in which it operates to be primary and fundamental elements in conducting and undertaking its activities. Continuous attention is paid to training and raising awareness among Camparistas on health and safety issues and to ensuring safe working conditions, both in the offices and in plants. In 2021, Campari organised health, safety, environment and sustainability actions around six key elements: Common Approach to High-Risk Processes/Areas, Common Performance Metrics, Culture and Leadership, Functional Excellence, Continuous Improvement and Sustainability and Resource Conservation. All initiatives in 2021 were designed to further one or more of these elements.

• *Pandemic management*
Campari Group continued the steps taken in 2020 to protect the health and safety of Camparistas, visitors and contractors both in offices and plants. Countermeasures created in 2020 were retained in 2021. These include: pre-entry health screenings in place at all sites; increased sanitisation of facilities; re-design of common use areas (canteens, changing rooms); physical distancing and face covering usage requirements; assessment of plant and office heating, ventilation and air conditioning systems; implementation of procedures for the prompt management of symptomatic people and identification of close contacts; etc. In 2021, the validation of Covid-19 countermeasures were embedded into existing safety actions (i.e. evaluating physical distancing and face covering usage as part of behavioural observation walkarounds). Upon availability of Covid-19 vaccines, Campari implemented policies providing for paid time off to Camparistas to receive the vaccine and an additional period of sick time to address any effects from vaccination receipt. Where possible, Campari worked with country and local health officials to make vaccines available to Camparistas.

• *Common Approach to High-Risk Processes/Areas*
In 2021, Campari Group launched a multi-year global machinery safeguarding risk assessment programme. This programme involves the completion of machinery safety assessments in all packaging operations, remediations of identified risk, employee training and the development of machine guarding specifications for packaging equipment. Initial assessments have been completed in Italy, France, UK, Greece and Jamaica facilities. A similar approach has been taken with the risk posed by the operation of powered industrial vehicles (PIV). Campari group has implemented a global guideline to create uniform requirements around the physical layout of PIV operating areas, vehicle related requirements (speed governing, visible and audible warnings), operator training and observation requirements. Campari operations, maintenance, engineering and HSE team members participated in training to assess vehicle-to-vehicle and vehicle-to-pedestrian risk to ensure a uniform process of evaluating the risk present in site operations and utilising the hierarchy of controls to eliminate or reduce this risk.

• *Common Performance Metrics*
To measure health, safety, environment and sustainability performance across all plants in a uniform manner, Campari Group established a common set of indicators for showing performance at the Group, Region and Plant level. Site level performance was illustrated utilising the safety pyramid which illustrates the correlation between safety actions (HSE training, inspections, observations), other leading indicators (at-risk behaviours and unsafe conditions) and injury incidents. Each plant across the group displays an updated safety pyramid in a prominent location accessible to all Camparistas.

• *Culture and Leadership*
To continue fostering a culture of safety, all Campari group sites have established a recognition programme in which Camparistas are recognised for making a positive contribution to employee health and safety. In some sites, this required the creation of a specific recognition programme while other sites were able to utilise an existing employee recognition programme. To illustrate the high priority placed around safe behaviours, Campari Group launched the 5+1 Golden Rules; a summary of 5 key safe behaviours required at all sites. Campari Group also released a template for disciplinary action for safety rule violations. As an illustration of the leadership commitment to HSE a quarterly incident review meeting was set up with the senior supply chain leadership. At this meeting, plant leaders present a review of incidents occurring over the prior three months along with their root cause analysis and the status of corrective actions. This quarterly meeting serves as an illustration of the leadership commitment to operating plants in a safe manner and that plant leaders are responsible and accountable for the health, safety and environmental performance of their plants.

• *Functional Excellence*

To ensure capability among Camparistas at all organisational levels, Campari Group has begun the creation of a capability model. This model will establish technical and non-technical competencies and training activities for Camparistas across all organisational levels based upon their role and work areas. To create this, Campari has partnered with a global HSE consulting firm and is completing site assessments and Camparista interviews to baseline capabilities against needs.

While the capability model is being developed, Campari has continued building the technical competency among Camparistas through global technical training activities on safe electrical work practices and powered industrial vehicle risk assessments. These trainings were offered virtually to all plants. At the individual plant level, sites in Italy, Jamaica and the United States held 'safety training days' where Camparistas received training on a number of safety and health topics.

• *Continuous Improvement*

The Group continuous improvement element seeks to improve site level processes and improve the efficiency in HSE actions. In 2021 Campari Group began piloting the Quentic Risk Management and Contractor Safety Modules. In 2022, it will continue this pilot with the addition of audit management modules in US, Canada and Mexico. These improvements will allow more efficient management of critical HSE records as well as greater visibility on audits, inspection and the completion of corrective actions.

• *Accidents*

Compared to the previous year, there was a slight increase in the total number of accidents involving Camparistas (+2.4%) and a reduction in the number of accidents involving contractors (-10%) in 2021.

Employee injuries	2019	2020	2021
Total accidents involving Camparistas [number]	**103**	**83**	**85**
Frequency index for Camparistas[33]	16.03	13.06	13.27
Accidents involving male Camparistas [number]	58	49	54
Accidents involving female Camparistas [number]	27	23	16
Injuries without absence from work for Camparistas [number]	85	62	62
Injuries with absence from work for Camparistas [number]	18	21	23
Lost days due to accidents for Camparistas [number]	907	424	418
Severity index for Camparistas[34]	0.14	0.07	0.07
Occupational diseases involving Camparistas [number]	2	0	3
Mortality at work for Camparistas [number]	0	0	0

FREQUENCY AND SEVERITY INDEXES FOR CAMPARISTAS BY REGION

	Europe, Middle East and Africa			North America			South America			Asia-Pacific		
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
Frequency index for Camparistas	11.25	6.11	10.34	21.25	17.47	17.34	4.56	8.28	1.62	29.83	33.94	25.92
Severity index for Camparistas	0.19	0.12	0.13	0.10	0.04	0.01	0.005	0.2	0.013	0.51	0.005	0.009

(33) The frequency index for any category is calculated applying the following formula: (Total injuries x 1,000,000)/worked hours
(34) The severity index for any category is calculated applying the following formula: (Lost days due to accidents x 1,000)/worked hours

Accidents involving contractors	2019	2020	2021
Total accidents involving contractors [number]	**39**	**35**	**28**
Contractor accident frequency rate	27.20	26.23	18.23
Lost days due to accidents for contractors [number]	311	170	147
Contractor accident severity rate	0.22	0.13	0.09
Mortality at work for contractors [number]	0	0	0
Accidents involving suppliers and visitors	2019	2020	2021
Total supplier-related accidents (number)	5	7	**4**
Total visitor-related accidents (number)	3	0	**1**

There were 4 accidents involving journeys to or from work, all of them were related to contractors.

In 2021 there were no high-consequence work-related injuries[35], the number of lost days due to accidents for both Camparistas and contractors decreased.

• *Near misses*

The attention of each Camparista is increasingly being focused on proactivity, prevention and mitigation of potential risks. The company continues to focus on near misses, unsafe behaviours and conditions (collectively referred to as unsafe situations. This information is measured and evaluated at the plant level as part of a safety pyramid. The safety pyramid is a visual health and safety indicator that shows site level health and safety performance for lagging indicators[36] (level 1, 2 and 3 injuries) and leading indicators[37] (unsafe behaviours, unsafe conditions, safe activities). This is designed to help educate Camparistas about the relationship between leading and lagging indicators and to motivate more on near miss, unsafe condition and unsafe behaviour awareness and reporting.

NEAR MISSES	2019	2020	2021
Health near-misses for Camparistas [number]	3	1	6
Safety near-misses for Camparistas [number]	82	64	97
Health near-misses for contractors [number]	2	0	13
Safety near-misses for contractors [number]	33	15	30
Health near-misses for suppliers [number]	0	0	0
Safety near-misses for suppliers [number]	3	3	3
Health near-misses for visitors [number]	0	0	0
Safety near-misses for visitors [number]	0	1	0

(35) High-consequence work-related injuries are work-related injuries that results in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months (source: GRI 403 Occupational health and safety 2018).
(36) Lagging indicators measure the occurrence and frequency of events that occurred in the past, such as the number or rate of injuries, illnesses, and fatalities.
(37) Leading indicators are proactive measures that measure prevention efforts and can be observed and recorded prior to an injury.

• Health, Safety&Environment committees
All the Group's production units have company-worker committees that represent all workers on health and safety issues and 69% of workers on environmental issues. The dialogue between the parties is always open and constructive.

• Certifications
The performance of Health and Safety Certification rate (%), as bottles produced in production units certified according to international standards for health and safety, increased in 2021 following the recent certification of the Group's plant in Australia.

Health and Safety certifications	2019	2020	2021
Bottles produced in production units certified in accordance with international occupational health and safety standards (BS OHSAS18001/ISO45001) (%)	62%	54%	69%

2 RESPONSIBLE PRACTICES

2.1 RESPONSIBLE SOURCING

The Group's focus on ensuring and developing good business practices applies to its suppliers and distributors as well as its own activities and business units. Campari Group is increasingly committed to making responsible sourcing an integral part of its processes.

• Sustainability compliance
Campari Group continues to drive sustainability compliance through the implementation of the Supplier Code and Sedex (Supplier Ethical Data Exchange) in all geographies. Responsible and transparent sourcing from commercial partners with similar values is, in fact, a prerequisite for ensuring high-quality and safe products that create value in local economies.

Since 2012, Campari Group has adopted the Supplier Code, a document setting out the ethical values and principles that underlie the Group's activities and which its suppliers and their employees undertake to sign, adhere to and ensure compliance with throughout their respective supply chains.
In 2021, Campari Group launched an updated version of the Global Procurement Policy, which sets the guiding principles and rules that all Camparistas shall follow when participating in the procurement process. The document reinforces compliance and the principles laid down in the Campari Group Code of Ethics.
Campari Group's membership of Sedex is further confirmation of the Group's commitment to managing its supply chain more responsibly and transparently. Sedex is the largest shared platform in the world through which member users report and share their commercial practices in the following four key areas: labour law, health and safety, environment, business ethics.
With the aim of reducing its environmental impact along the supply chain, Campari Group - all other commercial parameters being equal (i.e. competitiveness, quality and availability of materials) - continues to look for local sourcing options.

• Business continuity and enhanced supplier collaboration
The unprecedented challenges of Covid-19 created a strong driver for enhanced collaboration across the supply base in general and led to a strengthening of strategic partnerships. The enhanced collaboration of 2020 was further developed in 2021, with the consolidation of supplier partnerships and the expansion of specific programmes, for example the Supplier Reverse Factoring Programme. The programme kicked - off in 2020 with a selected group of strategic suppliers in Italy and expanded in 2021 to a selected group of raw materials suppliers with the aim of allowing them to receive early payments on their invoices. Additional benefits such as an improved cash forecasting accuracy and access to lower cost funding, made the Campari Reverse Factoring pilot scheme a success. During 2021, Campari Group also started to explore a potential geographical expansion of the programme in the US.

The priorities in 2020-securing supply and maintaining the economic sustainability of our supply base-evolved in 2021 to the strategic review of the sourcing of key critical materials (packaging and raw materials), with the goal to mitigate supply risks and strengthen business continuity. This priority led to the launch of the Business Continuity Planning (BCP) initiative. The programme identifies specific situations in which the supply risk requires the development of alternative sourcing options (i.e. multiple suppliers) or the development of business continuity plans in partnership with strategic suppliers (i.e. multiple supplier manufacturing sites approved to produce some critical components). One of the criteria considered in the process of defining BCP initiatives was the proximity of suppliers' manufacturing sites to Campari's locations, with the goal to reduce GHG emissions.

• Growing agave in partnerships with local farmers
Since 2019, Campari Group has engaged local Farmers in a co-investment model to grow agave in its lands of origin. The model enables farmers to grow agave with long-term predictability of commercial conditions and volume requirements and fosters continuous improvement of field operations. This testifies to Campari Group's increasing commitment to supporting local agricultural businesses and communities while developing long term relationship with selected partners.
By supporting local agricultural business and communities, Campari Group is building a solid foundation, based on the pillars of social and economic responsibility. This foundation will enable for the expansion of the scope of sustainability in the Mexico operation, with initiatives focused on the environment and biodiversity in the plantations. In the spirit of continuous improvement Campari Group has invested in a bespoke Farm Management Software to map, track and analyse each aspect of the agave farming in collaboration with the Campari's selected partners. The software is under development with a planned go live in the first quarter of 2022.

• Packaging and circular principles
The enhanced collaboration and the consolidation of supplier partnerships, which accelerated positively in 2020 and 2021, prepared the ground for the development of sustainability projects with fewer preferred packaging suppliers, with whom Campari Group established a stable base of long-term agreements, as for example:
- collection of wastepaper in the manufacturing sites of Novi and Canale by one of Campari's suppliers of corrugated cardboard; the wastepaper is transported to paper mills to produce recycled paper, hence the wastepaper is reintroduced in the paper value chain;
- elimination of shrink plastic film in the Crodino secondary pack, replaced by cardboard;
- ongoing transition of PSL labels (pressure-sensitive labels) portfolio from non-recyclable liner to recyclable liner (PET).

• Point of Sales materials ('POS')
In 2021 Campari Group focused, together with their lead POS agency, to communicate messages that promote sustainable improvements, reduce plastic packaging, and increase the usage of more sustainable material solutions. The focus was mainly in the Global and US catalogues.
In 2022, the Group will include in the contract with the lead POS agency a pay-for-performance element 2,5% weighting criteria that is linked to the creation of a sustainability dashboard and to the creation of a baseline for the POS category. The dashboard will be live in the first half of 2022.

• Business travel
In collaboration with the partner for business travel management, in 2021 Campari Group created a KPI dashboard that monitors the CO2 emissions involved in the air travel of Camparistas. The dashboard enables the effective management of business travel also taking into consideration environmental criteria.

2.2 QUALITY AND FOOD SAFETY OF BRANDS

Campari Group ensures the quality and food safety of its brands by meeting all applicable Food Safety and Quality standards and assures brand consistency throu-gh standardisation and rigorous inspection controls.

One of the Group's main goals is to retain its brands trust amongst consumers and customers and therefore the Group put in place a series of proactive and preventive programmes. The purpose of these programmes - listed below - is to mitigate risks across end - to - end operational activities, from raw and packaging material supply to finished products reaching consumers:

- Standard Quality Control Requirements programme in the manufacturing processes;
- Global Sensory programme to ensure consistent consumers product experience;
- robust External and Internal Audit programme;
- significant effort in improving the Supplier Quality Assurance Programme, which is designed to ensure that we consistently purchase approved materials from approved suppliers that meet agreed specifications, applying a standardised quality methodology. In 2021 the Group introduced the SafeFood360 management tool, improving its digitisation, engagement and visibility of all of Suppliers, co-manufacturers and co-packer;
- Global Traceability programme which continued with a successful deployment in Italy (Novi Ligure plant) in 2021.

• *Certifications*

Campari Group Food Safety GFSI Certification programme started with the company owned manufacturing sites and has been extended to the Campari's third-party manufacturing sites.

In 2021 the Group obtained the certification of bottling sites in UK, Greece and Brazil. The performance is being tracked through the Food Safety Certification rate (%), (bottles produced in production units are certified in accordance with international standards for food safety (BRC/IFS/FSSC22000)). The full 2021 performance rate was 87.7%, with an increase of 3.3ppt compared to 2020 due to the new certifications completed.

• *Complaints*

Campari Group consumers and customers experience is measured in complaints per million (CPM), i.e. the number of complaints received per million bottles produced. The Group tracks its performance daily and acts immediately on any claim by taking the appropriate actions to eliminate root causes and avoid reoccurrences. In 2021 the Group have achieved a CPM index of 0.828, improving the overall performance by 17.2% vs 2020.

Complaints[38]	2019	2020	2021
CPM (complaints received per million bottles produced)	0.587	1.001	0.828

No withdrawals or recalls from the market were recorded in 2021.
As was the case in the previous year, there were no fines or disputes relating to Food Safety in 2021.

(38) The perimeter for the purpose of calculating the CPM index includes the bottles produced either at the Group's own factories or by its co-packers.

2.3 GLOBAL STRATEGY ON RESPONSIBLE DRINKING

TARGET	2021 ACHIEVEMENTS	NEXT STEPS
Ad hoc and continuous training for the global marketing community going into digital communication in great depth.	• Revision of the Code on Commercial Communication going into digital communication in great depth.	• Mandatory training for 100% of Camparistas involved in the communication and marketing of the Group's brands in 2022. • Digital brands' campaigns on responsible drinking.
Educational sessions on responsible drinking for 100% of Camparistas.	• A new Policy on Responsible Alcohol Consumption has been published and communicated to all Camparistas.	Engagement on responsible alcohol consumption of all Camparistas in 2022.
Responsible serving project for bartenders to be leveraged at global level.	• Adaptation of the Italian bartenders' training course pilot developed in 2020 to make it international.	Bartenders' training global programme launch in 2022.
Continue to invest in No/Low alcohol (NOLO) products.	• Launch of the new The Notes Collection.	Continuous focus on NOLO products.

Promoting responsible drinking is a key priority for Campari Group which has been formalised in 2020 through a Global Strategy on Responsible Drinking, embedded in the Group's Sustainability Roadmap, setting short-mid-term commitments together with internal and external initiatives within this area. Specific educational trainings on responsible drinking will also be part of the internal process for Camparistas and new hires. Specific training of the global marketing community was delivered at the beginning of 2022, going into digital communication in great depth and thus ensuring that the Group's online presence and web communication through digital platforms would be based on a common path of main responsible standards which are at the core of the external communication of the Group's brands. On top of these activities, a project on responsible serving for bartenders will be deployed globally. Through this project the Group will educate and sensitise bartenders, one of the most important stakeholders' category for the company, with regard to responsible serving and drinking, underlying the importance of quality over quantity and the role of bartenders as representatives of a proper drinking etiquette. With regard to the external communication, the Group also commits to promote digital brands' campaigns on responsible drinking, thus reaching a greater audience of final consumers.

• *Responsible communications*

Commercial communication, sponsorships and promotional activities are important tools through which Campari Group conveys messages and behaviours that are always attentive to the responsible consumption of its products. Since 2010, the Group has adopted a Code on Commercial Communications on a voluntary basis, ensuring full compliance to the highest standards of legality, decency, honesty and fair business practices, and encouraging responsible drinking worldwide, in a traditional convivial way. The Group strongly condemns binge drinking, or any further excessive or inappropriate consumption of alcoholic beverages, and is committed to a commercial communication as a responsible player within the spirit industry.
The Code represents a reference document guiding all the Group advertising and marketing initiatives, according to its core values and meeting the highest standards of responsible commercial communication.

In 2021, as part of the Campari Group's Global Responsible Alcohol Strategy, the Code on Commercial Communication has been revised, thus confirming the Group's strong commitment to the responsible marketing of its products across all media encompassing new specific guidelines for digital marketing communications and for Influencer Generated Contents, among the main novelties. Guidelines for digital marketing require, among other things, the inclusion of the Age Affirmation Process on all websites for Campari Group's alcoholic products with the aim of restricting access to those under the legal age. The guidelines also establish regular monitoring of social media comments, providing the removal of any content that does not comply with the Code.

Promoting responsible drinking and ensuring that Campari Group's products are always consumed in moderation and in a social and convivial setting, is a critical aspect of all brands' building strategies. A thorough knowledge of the Code is pivotal guiding and inspiring Campari Group marketing initiatives. This is why a global mandatory e-learning programme on the Code's principles, dedicated to all Camparistas involved with commercial communication (i.e. Marketing, Trade Marketing, Sales, PR&Corporate Communications, PA&Sustainability and Legal), and their newly hired Camparistas, has been launched at the end of 2021, to further increase internal awareness for a correct, fair and responsible commercial communication.

Every year, the Group monitors the signing and compliance to the Code by all marketing, sales and PR teams, as well as by the external agencies it collaborates with. Also in 2021, all members' of the Group's teams and external agencies had signed the Commercial Communications Code. Furthermore, the marketing managers of the Group review together with their teams on a regular basis the main principles of the Code.

According to the Code, a responsible commercial communication

MUST ALWAYS:

- promote responsible drinking, including the use of visible, noticeable and legible responsible drinking messages ('RDMs');
- feature models, testimonials, celebrities, bloggers, influencers, and actors who are at least 25 years of age;

MUST NEVER:

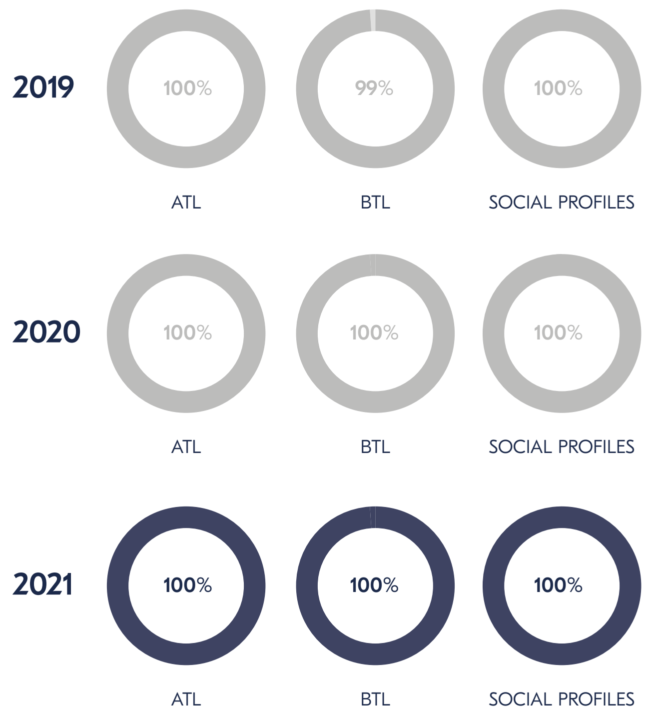
- promote the abuse or uncontrolled consumption of alcoholic beverages;
- depict sobriety, moderation or abstemiousness as a negative value or behaviour;
- be aimed at, portray or refer to minors, including indirectly;
- make the alcoholic content the main information;
- associate driving vehicles or other potentially dangerous activities with the consumption of alcoholic drinks;
- avoid any association with or acceptance of illegal, indecent, or anti-social activities;
- lead the public to believe that the consumption of alcoholic drinks enhances mental clarity or physical and sexual prowess or status or social success or that not consuming alcohol leads to physical, psychological or social inferiority;
- lead the public to believe that alcoholic drinks may have therapeutic properties or any curative effect;
- lead the public to believe that alcohol may play a role in managing weight or as part of a fitness regime or that it could be consumed instead of non-alcoholic beverages;
- lead the public to believe that the consumption of alcoholic drinks can solve personal problems;
- be aimed at, portray or refer to, pregnant women;
- promote the Group's brands with individuals who have known past or current issues with the misuse or abuse of alcohol, nor a history of illegal, violent, offensive, or unethical conduct.

For more information on the Campari Group Code on Commercial Communications, please download the full document available at Campari Group | Code on Communication.

In line with the provisions of the Code, above the line ('ATL') and below the line ('BTL')[39] communications and the social profiles of brands must carry RDMs. This excludes communication channels relating to the Group's non-alcoholic products (i.e. Crodino):

(39) Above-the-Line ('ATL'): large-scale advertising via various media (television, radio, cinema, posters, press, web and social media). Below-the-Line ('BTL'): communications aimed at certain individuals in specific points of sale or consumption (direct marketing, promotions, events).

EXISTENCE OF AN RDM (%)



To further increase its effectiveness, the Code establishes an internal Approval Code Committee made up of representatives of Group Strategic Marketing, Corporate Communications, Corporate Legal and Public Affairs&Sustainability, aimed at monitoring the compliance of commercial communications to the principles of the Code. No cases of non-compliance to the Code with legal actions have to be reported. In 2021, Campari Group also continued to voluntarily include pregnancy logos or equivalent messages on the packaging of its alcoholic products, with the aim of discouraging pregnant women from consuming them. With regard to marketing and commercial communication activities, including advertising, promotion and sponsorship the Group received one complaint only, together with the request to stop advertising, due to some Aperol's digital campaigns considered to be not in line with French regulations.

As further evidence of its commitment to an ethical communication, Campari Group - in 2021 - has been the first Italian headquartered company to join the Unstereotype Alliance, a thought and action platform with the mission to eradicate harmful stereotypes in media and advertising content, convened by UN Women and leveraging the UN's global reach of 193 member states.

Joining Unstereotype Alliance strengthen the Campari Group's commitment to Sustainable Development Goal #5, advancing gender equality and the empowerment of women while dismantling all harmful stereotypes in view of a more equal world.

Within this partnership, Campari Group reinforces its commitment to the fight against gender discrimination and inequality, joining forces with 184 other members globally set out to influence culture and society in a positive way by challenging biased attitudes.

'Stereotypes are around us, entrenched in everyday life and culture, and when unchallenged they feed discrimination and give a false representation of reality. At Campari Group, we aim to build brands that resonate with consumers and reflect, realistically, the multiple dimensions that compose the individual, to foster a more authentic representation of things and do our part to generate positive change. We are glad to join Unstereotype Alliance to give our contribution to conceive compelling, more balanced advertising, share practices with the other members and learn and progress, stronger, together'

Julka Villa, Marketing Director.

• *Information to consumers*

In 2020, Campari Group took part in a pilot project led by the European Travel Retail Confederation ('ETRC') to build a digital platform to inform consumers about nutritional information and ingredients. The impact of the Covid-19 pandemics on the travel retail channel has lead ETRC to postpone the launch of the Duty Free Label platform. However, in 2021 Campari Group reinforced its voluntary commitment providing meaningful information online, via a dedicated section on its Corporate website. Information to be provided includes alcohol content, energy values per serving size of consumption, presence of allergens and gluten, together with responsible drinking messages. This will provide consumers with clear and detailed information whilst meeting their increasing shift to digital reference points.

Starting from Italy, where the Group has its deep roots, the new Information to Consumers section will be made available in all the major markets of the Group over the course of 2022, thus allowing consumers worldwide to easily access and get the desired information anytime and anywhere. In addition, a clear reference will be displayed on all the Group's physical labels to redirect consumers to this new digital labelling solution.

In 2022, Campari Group will continue to heighten its transparency commitment to consumers, enhancing the new Information to Consumers section with additional products, countries and information (i.e. Italy has given information to the correct disposal of packaging waste) will continue to actively contribute to the ETRC Duty Free Label project.

• *Responsible serving*

Campari Academy is Campari Group's training school of excellence, founded in 2012 in Sesto San Giovanni (Milan) offering sector professionals and connoisseurs a high-quality and varied programme about the world of bartending and bar management. Following the Italian example, many other markets have opened local Academies, and today we have Campari Academies even in the United States, Brazil, Spain, China and Australia - and many more are planned to open next year (i.e. UK and France), to create an international network of Academies united under the Global Campari Academy concept-Campari Group centre of excellence to train, inspire and connect the Global bartender community.
Moreover, Campari Academy's mission has expanded and grown over the years not only in the excellence of preparation of the perfect serve, but also supporting the careers of professional bartenders with a 360° approach, going beyond bartending and exploring all the professional hard and soft skills that a bartender should have.
Excellence in a drink becomes a broader experience, requiring not only premium products but also an equally excellent service. Campari Group has therefore drawn up the Responsible Serving Guidelines, a document offering bartenders six essential recommendations for responsible serving of alcoholic drinks. The guidelines are shared with participants on all training courses at the Group's Academies and with bartenders who take part in its events, so that they can communicate the message of responsible drinking directly to the end consumer.

In 2021, since the very first wave period of the pandemic, Campari Academy moved several of its activities online, first of all through training courses, masterclasses on brands and new trends and face-to-face or digital workshops, 3,800 bartenders touched on the territory, over 1,000 activities promoted by Brand Ambassadors, to approach and deepen, in an always responsible manner, the art of bartending, aiming for excellence. In-person and digital training courses with a focus on responsible drinking were promoted, including a masterclass devoted to low ABV drinks focused on the correct calculation of the alcohol content in drinks. A specific course on the Zero Waste world was promoted, a very popular and recent topic among the bartending community, to explain the concept of waste, the Zero Waste philosophy and how to apply it to the bar, taking inspiration from existing international realities. Through specific preparations, bartenders are taught how to use 100% of commonly used raw materials in the bar and how to create drinks with waste products that would normally be thrown away, as well as a series of tips on how to avoid waste of any kind in the bar. On the same theme, Campari Academy set up a practical workshop where bartenders created drinks using waste raw materials from the daily life of a bar. Finally, Campari Academy continues to promote, also through its digital channels, a 'perfect serve' made without the use of plastic straws.

• *Responsible consumption: communications and promotional initiatives*

Campari Group continues to promote a culture of quality and responsibility, through communications projects and actions carried out independently or in collaboration with the main trade associations. These initiatives are aimed at educating consumers on the responsible consumption of alcoholic beverages.
The Group is currently a member of 54 trade associations, consortia and social aspect organisations in 21 countries, and its managers play a key role in most of them. Working with the key trade associations and major industry leaders, and thus addressing a wider audience, Campari Group promote and disseminate responsible messages and moderate style of consumption of alcoholic beverages. Also in 2021, initiatives and projects relating to the responsible consumption of alcoholic products and sustainability were carried out in the various markets in which the Group operates. Some new features of the year include that Campari Group has officially joined the Foundation for Advancing Alcohol Responsibility (Responsibility.org), a dedicated non-profit in the US focusing on alcohol education with the mission to end impaired driving, eliminate underage drinking, and promote responsible consumption among adults. The Group has always been committed to supporting responsible consumption, and this partnership is an extension of this effort, bolstering Responsibility.org's ability to create safer communities and healthier families.

• *Low and no alcohol*

The Group has always been committed to meet the expectations of its consumers, and has thus always promoted a range of brands with differing alcohol content. Campari Group is in fact considered to be the undisputed leader of the aperitif category with Campari and Aperol, with a portfolio of low and no alcohol brand, with Crodino being the perfect example of non-alcoholic aperitif par excellence since 1964. The low and no alcohol product category plays a big part in offering greater consumer choice.
As further demonstration of Campari Group's commitment to this category, in 2021 the Group launched The Notes Collection, a suite of three non-alcoholic expressions created by the Group's Innovation Team, capturing the verve, variety and inexhaustible intensity to unleash mixologist creativity.

3 THE ENVIRONMENT

3.1 MANAGEMENT OF RESOURCES AND ENVIRONMENTAL IMPACT

The responsible use of resources and reduction of the environmental impact of production activities are practices that guide the Group's activities with the aim of pursuing sustainable development. As a company, Campari Group recognizes that climate change is one of the greatest challenges for the future of the planet and it acknowledges the need to limit global temperature rises to no more than 1.5°C, in accordance with the Paris Agreement. The Group is thus committed to achieve net-zero emissions by 2050, hopefully, sooner.

Global supply chain medium-long term environmental targets

The Group set challenging targets to be reached by 2025 and committed to measuring and reporting its performance in a transparent way. Its targets are aligned with the UN Sustainable Development Goals to protect the planet.

Campari Group's goals cover energy, water and waste and represent the way it measures, monitors and improves its environmental efforts, focusing on impact, within its own operations.

Energy and GHG emissions

- Reduce Green House Gases (GHG) emissions from direct operations(40) by 20% in 2025, by 30% in 2030, and from the total Supply Chain by 25% in 2030, using 2019 as a baseline.
- 100% renewable electricity for European production sites by 2025.

Water

- Reduce water usage (L/L) by 40% in 2025 and by 42.5% in 2030, using 2019 as a baseline.
- Return 100% of wastewater from operations to the environment safely.

Waste

- Zero waste to landfill by 2025.

(40) Scopes 1 and 2.

The key environmental information for the Group's production units and headquarters is shown below.

• *Energy efficiency and decarbonisation: the Group's reply to climate related matters*

TARGET	2021 ACHIEVEMENTS	NEXT STEPS
Reduce greenhouse gas (GHG) emissions from direct operations by 20% within 2025, by 30% within 2030 and by 25% from the total Supply Chain within 2030, having 2019 as a baseline.	• Local interventions and investments according to the energy efficiency and decarbonisation project launched in 2020. • Share buyback programme with a reward mechanism to allocate funds to renewable electricity project. • Energy Performance (MJ/L) reduced by 28% compared to 2019. • Greenhouse gas (GHG) emissions performance (kg of CO2 e./L) from direct operations reduced by 27% compared to 2019. • Greenhouse gas (GHG) emissions (tons of CO2 e.) from direct operations reduced by 5% compared to 2019.	• Explore ways of reducing Group's value chain emissions and determine the initiatives required. • Funds deriving from the outperformance[41] in the purchase cost of the shares during the share buyback programme will be allocated to the installation of photovoltaic panels in the Novi Ligure and Canale plants (Italy).
100% renewable electricity for European production sites within 2025.	• Attainment of a Guarantee of Origin in all European plants three years in advance of the Group's commitment. • 61% of the total electricity used by Group's production sites from renewable sources, equal to 6,957 tons of CO2 e. not released in the atmosphere.	Increase the use of renewable electricity in the Group.

In 2020, Campari Group launched a global multiyear programme to develop energy saving initiatives, implement sustainable solutions and improve energy consumption. In 2021 it proceeded with several interventions and investments to decarbonize its facilities. It extended its energy efficiency and decarbonization path to all its facilities and created a multi-year project pipeline for each production site.

As part of the 2021 agenda, a series of thermal recovery activities were carried out at the distillery in US (Lawrenceburg, Kentucky) and a new natural gas boiler was installed in the Mexican distillery of Arandas, replacing the old fuel oil one. The internal on-site energy audit programme continued with the assessment of the Novi Ligure (Italy) site.

Sourcing renewable energy in the European operations has been one of the key management approaches. In 2021 the Group extended the renewable origin of purchased electricity to all European production plants and headquarters in Sesto San Giovanni, through the attainment of a Guarantee of Origin. The decrease of the internal production of renewable energy from biomass in 2021 was due to the disposal of the sugar factory in Jamaica in 2020.

The Campari Group energy efficiency and decarbonisation programme initiatives, the improved efficiency in the distillation processes and the increase in production volumes resulted in a reduction of the Group's energy consumption per litre manufactured to 1.95 MJ/L, an overall of -24% compared to the previous year (2.57 MJ/L) and of -28% compared to 2019 (2.69 MJ/L).

(41) The outperformance is the difference between the purchase price and the average VWAP (Volume Weighted Average Price) over the execution period.

Energy consumption	2019	2020	2021
Total energy consumption [GJ]	1,636,878	1,585,553	**1,518,397**
Performance of energy consumption [MJ/L manufactured]	2.69	2.57	**1.95**

Consumption of energy by renewable/ non-renewable sources	2019	2020	2021
Consumption of energy from renewable sources [GJ]	229,740	281,439	62,020
Consumption of energy from non-renewable sources [GJ]	1,407,139	1,304,114	1,456,377

Consumption of energy by source	2019	2020	2021
Consumption of electricity drawn from the grid [GJ]	154,051	157,361	164,942
Total heating consumption [GJ]	2,031	2,123	2,084
Total cooling consumption [GJ]	0	0	0
Total steam consumption (GJ)	0	0	0
Petroleum distillate fuels [GJ]	565,495	295,838	328,775
Purchased natural gas [GJ]	593,660	887,570	1,017,010
Fuels from natural gas processing and oil refining [GJ]	4,796	4,517	3,787
Purchased wood [GJ]	87,216	0	0
Energy produced from renewable sources [GJ]	229,629	238,145	1,800

Last May 2021, the company launched a share buyback programme (the 'Programme') which included, for the first time, a contractually-agreed reward mechanism. An amount deriving from the outperformance[15] in the purchase cost of the shares during the Programme will be allocated by Campari to an energy efficiency project, namely the installation of photovoltaic panels in Campari's main plant located in Italy (Novi Ligure), allowing the Company to insource the production of renewable electricity and reduce emissions, in line with Campari Group's energy efficiency and decarbonisation agenda.

The outperformance generated by the share buyback programme is higher than what was originally expected. This will make it possible, in addition to financing the environmental sustainability project in Novi Ligure, to extend the photovoltaic transformation also to the Italian plant in Canale. By introducing this share buyback programme linked to an ESG commitment, Campari further confirms its strong commitment to the responsible use of resources and reduction of the environmental impact of its production activities, one of the four pillars of Campari Group's sustainability roadmap.

• *Emissions*

In 2021 the Group experienced an increase in the amount of Greenhouse Gas (GHG) Scope 1 and 2 market base emissions released during its production activities compared to 2020 (+7%), mainly due to increased production volumes. Compared to 2019, the Group reduced the amount of Greenhouse Gas (GHG) emissions (-5%).

The quantity of carbon dioxide-equivalent emitted per litre manufactured was reduced to 0.11 Kg/L, an overall -21% compared to 2020 (0.14 Kg/L) and overall -27% compared to 2019 (0.15 Kg/L).
As an important contribution to the reduction of scope 2 emissions compared to 2020 (-4%) and to 2019 (-33%), the renewable origin of all the electricity being purchased and used by the European plants and the headquarters in Sesto San Giovanni was certified through the attainment of a Guarantee of Origin.
In 2021 Campari Group has extended the review of its value chain footprint. It carried out a screening of the fifteen (15) categories identified by the GHG Protocol standard for the accounting of Scope 3 emissions, to determine the most relevant ones. As a next step, it shall explore ways of reducing our value chain emissions and determine the initiatives required.
With regard to methodology, as in 2019, we applied the conversion factors provided for under the GHG Protocol[42].

GHG emissions, scopes 1 and 2	2019	2020	2021
GHG emissions, scope 1 (t of CO_2 e.)	76,765	72,025	78,108
GHG emissions, scope 2 location-based (t of CO_2 e.)	19,900	13,289	15,431
GHG emissions, scope 2 market-based (t of CO_2 e.)	17,030	11,850	11,325
GHG emissions, scope 1+scope 2 market-based (t of CO_2 e.)	93,795	83,829	89,432
GHG emissions performance scope 1+scope 2 market-based (kg of CO2 e./L manufactured)	0.15	0.14	0.11

GHG emissions by type	2019	2020	2021
Combustion in thermal plants [t of CO_2 e.]	75,385	70,889	77,461
Refrigerants [t of CO_2 e.]	1,380	1,136	647
Purchased electricity location-based (t of CO_2 e.)	19,900	13,289	15,431
Purchased electricity market-based (t of CO_2 e.)	17,030	11,850	11,325

(42) The Greenhouse Gas (GHG) Protocol, developed by the World Resources Institute (WRI) and the World Business Council on Sustainable Development (WBCSD), establishes the global standard for measuring greenhouse gas emissions.

• *Water management*

TARGET	2021 ACHIEVEMENTS	NEXT STEPS
Reduce water usage (L/L) by 40% within 2025 and by 42.5% within 2030, having 2019 as a baseline.	• Launch of a Water Reduction program. • Water usage (L/L) reduced by 37% compared to 2019.	Water Reduction program implementation in the Group direct operations.
Return 100% of wastewater from operations to the environment safely.	• Safe return to the environment of 100% of wastewater from operations.	Continue to guarantee the safe return to the environment of 100% of wastewater from operations.

Water is a precious and shared natural resource, increasingly a point of interest for many stakeholders and an essential component in the production processes.
Despite the fact that our production sites are not located in geographical areas exposed to an extremely high-water risk, as confirmed by the Aqueduct Water Risk Atlas (World Resources Institute)[43], Campari Group recognizes the importance of water and is committed to preventing and reducing use of this primary resource through a proper and more sustainable water management programme.

In 2021, the Group launched a Water Reduction programme to develop water saving activities for all its production sites. The goal is to optimise water use, reduce costs and improve the Group's environmental impact. As a result of the water efficiency activities implemented by the production sites, the Group achieved its short and long-term commitments earlier than planned leading it to reset its water performance targets with more challenging ones aimed at reducing water usage by 40% within 2025 and by 42.5% within 2030.

As part of the global programme, the Group developed a water cycle diagnostic toolkit for its sites and performed a pilot on-site audit in Novi Ligure (Italy). As a next step, all production sites will be using the diagnostic toolkit to identify key areas of improvement and the related investments needed to achieve the Group's commitment.
As an example of its commitment, Campari Group is the first rum producer in Jamaica to make a commitment to invest over US$25 million in the implementation of a wastewater treatment plant for its rum distillery in New Yarmouth. The outcome of this process is to ensure the safe return of the treated wastewater to the environment and the full recover and rescue of solid residues as animal feed and natural fertilizer.

Across all production sites, Campari Group continues to guarantee the safe return to the environment of 100% of its wastewater from operations and no incidents or breaches of legislation were recorded in 2021.

The Group's water performance was improved by 26% compared to 2020 and 37% compared to 2019, as a result of water efficiency activities implemented by the Group's production sites. Consequently, the volume of water used per liter manufactured decreased to 13.4L/L.

(43) www.wri.org/resources/maps/aqueduct-water-risk-atlas

Water withdrawal[44]	2019	2020	2021
Total volume of water withdrawn [m³]	**13,007,137**	**11,073,051**	**10,439,074**
Performance of water use [L/L manufactured]	**21.4**	**18.0**	**13.4**

Water withdrawal by source	2019	2020	2021
Surface water-rivers [m³]	6,689,587	4,184,933	2,054,681
Groundwater [m³]	5,551,922	6,207,046	7,663,205
Rainwater [m³]	3,640	2,756	6,335
Municipal water supply [m³]	760,619	678,196	714,843

Water discharges and intensity	2019	2020	2021
Total volume of water discharged [m³]	5,564,158	3,873,939	2,845,549
Performance of water discharged [L/L manufactured]	9.1	6.3	3.7

Water discharges by destination	2019	2020	2021
Wastewater discharged in bodies of surface water [m³]	350,727	956,432	487,752
Wastewater discharged into groundwater [m³]	4,420,019	2,169,852	1,441,930
Wastewater discharged into consortium plants [m³]	249,872	237,640	368,584
Wastewater discharged into municipal or other facilities [m³]	424,469	341,640	335,169
Total volume of wastewater reused by/sent to another organisation (m³)	119,071	168,391	212,115

In order to fulfil its commitment, a robust chemical, physical and biological testing programme has been put in place across all its manufacturing locations.

Analysis of water and treatment	2019	2020	2021
Volume of physically treated water [m³]	43,040	36,879	20,593
Volume of chemically treated water [m³]	82,144	82,047	78,423
Volume of biologically treated water [m³]	315,242	244,263	232,427
Volume of chemically/biologically treated water [m³]	5,589	6,816	6,007
Volume of chemically/physically treated water [m³]	29,876	28,851	32,660

(44) All water withdrawal at Campari Group facilities can be categorized as fresh water, e.g. with a total dissolved solids concentration < 1000 mg/L.

• ***Waste management***

TARGET	2021 ACHIEVEMENTS	NEXT STEPS
Zero waste to landfill within 2025.	• Launch of a global reduction program to reduce waste to landfill. • Waste to landfill reduced by 24%, equal to 2,627 tons of waste.	Continue the global reduction program towards the zero waste to landfill target within 2025.

Campari Group is committed to reduce total waste from its production sites, through different local initiatives aimed at optimizing the use and disposal of materials, improving efficiency, increasing recycling, recovery and reuse processes. To reach this goal, the company is moving from a linear to circular approach by improving the supply of raw materials and packaging products, maximising the use of materials and reducing or eliminating them, where possible.
The Group aims to achieve zero waste to landfill across its production sites by 2025. In order to accomplish the target, a dedicated programme was launched for the Campari production sites in Americas, which represent more than 95% of the Group's total waste to landfill.

In 2021 the Group already experienced a reduction of waste to landfill volumes (-24% compared to the previous year), by improving the recycling and recovering processes of materials.
Regarding organic waste, production sites aim to increase the recovery and reuse rate of by-products generated in its production cycle, by using them as animal feed, biomass or compost.
Hazardous waste produced during manufacturing activities represents 0.15% of total waste. Despite this low percentage, the Group explores any technological and scientific innovation ways to prevent and eliminate any such environmental impact. The ratio of hazardous waste produced decreased by 52% compared to 2020 and by 72% compared to 2019. In 2021, the Group experienced a slight increase in total waste produced, mainly due to the increased production, but at the same time the amount of waste destined for recovery or recycling processes increased. In summary, the amount of waste produced per liter manufactured is 0.07kg/L and decreased by 13% compared to 2020 and by 30% compared to 2019.

Waste produced and intensity	2019	2020	2021
Total waste produced (t)	**45,486**	**46,146**	**57,213**
Performance of waste produced (kg/L manufactured)	**0.10**	**0.08**	**0.07**

Hazardous and non-hazardous waste	2019	2020	2021
Hazardous waste produced (t)	251	143	83
Non-hazardous waste produced (t)	45,236	46,003	57,130
Hazardous waste produced (%)	0.55	0.31	0.15

Destination of total waste produced	2019	2020	2021
Internal reuse [t]	0	0	0
External reuse [t]	8,934	10,150	11,171
Recovery, including energy recovery [t]	5,110	8,953	17,098
Composting [t]	4,772	4,352	11,096
Incineration [t]	20	4	10
Landfill [t]	8,159	11,108	8,481
On-site storage [t]	82	67	29
Fertilisation in agriculture [t]	10,546	8,149	5,108
Recycling [t]	2,001	1,944	3,206
Other destinations [t]	5,860	1,417	1,014

Destination of hazardous waste produced	2019	2020	2021
Internal reuse (t)	0	0	0
External reuse (t)	0	0	1
Recovery, including energy recovery (t)	22	19	21
Composting (t)	0	0	0
Incineration (t)	5	2	0
Landfill (t)	1	0	1
On-site storage (t)	82	59	6
Fertilisation in agriculture (t)	104	0	0
Recycling (t)	0	3	13
Other destinations (t)	36	59	41

Destination of non-hazardous waste produced	2019	2020	2021
Internal reuse (t)	0	0	0
External reuse (t)	8,934	10,150	11,169
Recovery, including energy recovery (t)	5,088	8,935	17,077
Composting (t)	4,772	4,352	11,096
Incineration (t)	15	2	10
Landfill (t)	8,159	11,108	8,481
On-site storage (t)	0	8	22
Fertilisation in agriculture (t)	10,442	8,149	5,108
Recycling (t)	2,001	1,941	3,194
Other destinations (t)	5,824	1,358	972

• *Spills*

The total number of environmental spills increased compared to the previous year. All issues were treated accordingly, eliminating the impact on the environment.

Total spills	2019	2020	2021
Total spills [number]	13	13	23

Spills by destination	2019	2020	2021
Ground spills [number]	2	8	8
Surface water spills [number]	3	2	6
Groundwater spills [number]	0	0	1
Industrial consortium wastewater spills [number]	1	0	1
Spills in municipal water supplies or other utilities [number]	1	0	0
Air spills [number]	6	3	7

• *Penalties and Fines*

In 2021 no environmental penalties or fines were received, as proof of the Group's continuous attention to compliance.

• *Certifications*

The performance of Environmental Certification rate (%), as bottles produced in production units certified according to international standards for environment, remains in line with the previous years.

Environmental certifications	2019	2020	2021
Bottles produced in production units certified in accordance with international environmental standards (ISO14001/EMAS/ISO50001) [%]	72%	67%	67%

• *EU Taxonomy*

As part of the European Union's overall efforts to reach the objectives of the European Green Deal and make Europe climate-neutral by 2050, the EU taxonomy (Regulation (EU) 2020/852-EU Taxonomy Regulation) was published in the Official Journal of the European Union on 22 June 2020 and entered into force on 12 July 2020. It is a classification system which establishes a list of environmentally sustainable economic activities, thus translating the EU's climate and environmental objectives into criteria for specific economic activities. According to this new regulation, from the 2021 sustainability disclosure, companies have to report all the main economic activities that most contribute to meeting the climate change mitigation and adaptation objectives, under the provision of the EU Taxonomy Climate Delegated Act.

The Campari Group Taxonomy-eligible economic activities, their description, their related capital expenditures ('Capex') and operational expenditures ('Opex') as a percentage of the Group's total Capex and Opex are shown in the list below. The selection of these taxonomy-eligible economic activities was based on at least one of the following criteria: effective reduction of i) electricity ii) water consumption (per litre produced) iii) reduction of waste taken off-site, even if it was later recycled. Considering that the Group's core business relates to the sale of spirits in the market, no specific turnover was allocated to the economic activities under consideration. Consequently, the percentage of turnover attributed is zero for all the categories shown in the table.

Category mitigation	% Turnover	% Capex[(1)]	% Opex[(2)]
4.1 Electricity generation using solar photovoltaic technology	-	0.14%	-
4.25 Production of heat/cool using waste heat	-	0.13%	-
5.1 Construction, extension and operation of water collection, treatment and supply systems	-	0.07%	-
5.2 Renewal of water collection, treatment and supply systems	-	0.44%	-
5.3 Construction, extension and operation of waste water collection and treatment	-	4.95%	0.01%
7.3 Installation, maintenance and repair of energy efficiency equipment	-	1.25%	0.02%
Total Taxonomy-eligible activities	**-**	**6.99%**	**0.03%**

(1) Please refer to paragraph 'Capital expenditure' in the management report of this annual report and note 7 'Operating assets and liabilities' of Campari Group consolidated financial statements at 31 December 2021.
(2) Please refer to note 6 iii. 'Cost of sales' and to note 6 v. 'Selling, general and administrative expenses' and 'Other operating income and expenses' of Campari Group consolidated financial statements at 31 December 2021.

Campari Group considers the data, overall, is a valuable starting point for its sustainability journey aimed at reaching its medium-to-long term sustainability targets. Campari Group will consider the EU taxonomy eligibility and alignment for its future activities and target setting.

The above Taxonomy-eligible activities of the Group refer to: photovoltaic systems, energy and water saving projects, waste treatment systems, an aerobic treatment of the sugarcane vinasse able to optimizing energy efficiency, the implementation of high-efficient steam boilers fed by Liquid Natural Gas, the upgrade of the compost slab to prevent any contamination of the soil, a specific treatment plant in the New Yarmouth distillery (Jamaica) to transform the liquid waste from the distillery in clean water and syrup destinated to the animal feeding industry and biogas, a micro-filtration system to replace the existing pasteurizer and reduce the need for steam and energy, a distillation column energy to recover heat and save steam required by the process. The main purpose of the projects is to ensure production waste treatment capacity (along with future increasing production) in compliance with applicable local rules whilst improving ESG footprint. In 2021, main projects included here were in progress and/or assets under construction so there is a disproportion between Capex and Opex as in many cases Opex have not yet started. Capex refer to capital expenditure for each assets of the project according to legal entities inputs and translated into EUR at consolidation rates. Opex refer to direct non-capitalised costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets, according to legal entities inputs and translated into EUR at consolidation rates. In case the project is still work in progress, capital expenditure for the asset under construction is shown but Opex is zero. Double counting is avoided as only directly allocable Capex and Opex have been considered. We have taken into consideration the possibility of overlap of business activities and possible double count and have verified that there is no double counted eligibility.
The Group's operating businesses are periodically reviewed by the Chief Executive Officer to assess performance and inform resource allocation decisions. Since 2012, the Group has mainly based its management analysis on geographical regions, identified as operating segments that reflect the Group's operating model and current way of working by business unit. The geographical regions considered are: i) the Americas ii) Southern Europe, Middle East and Africa iii) Northern, Central and Eastern Europe and iv) Asia-Pacific. The assessment in the allocation of revenues or expenditures to different economic activities is therefore managed as described above.

3.2 LOGISTICS AND SUSTAINABLE DISTRIBUTION

Defining a sustainable freight transport system in which all the operators involved operate in a responsible manner clearly has a significant environmental impact. Campari Group thus continued in 2021 to implement the sustainable distribution innovations already started in 2016, especially in Europe. Over the years, the two main actions undertaken as part of the redefinition of the logistics network have related to intermodal transport and sustainable pallet management.
Unfortunately, international transportation throughout 2021 has been severely impacted by three adverse variables that halved intermodal usage from approximately 50% to 25%:

- Covid-19 Pandemic: European markets showed a surge in demand in the second and third quarters that dramatically reduced their finished goods stock coverage; re-building safety stock required fastest possible transit time from factories to markets in order to maximise service level. Intermodal transportation was hence reduced to allow faster replenishment of country based Distribution Centres and deliveries to Customers.
- Ocean Freight Market Volatility: strong imbalance of demand versus supply in trade lanes plus recurring closures of Asian and American ports due to either the Covid-19 pandemic or extreme weather conditions caused an overall surge in container prices. Ocean Carriers as a consequence re-deployed their assets (i.e., ships and containers) on Asia to US/EU lanes resulting in shortage in the short-sea transportation within Europe (i.e. mainly containers). The disruption of the ocean freight market started in the first quarter and has been continuing till the end of 2021.
- Brexit: newly introduced Customs formalities and controls at EU/UK border resulted in longer and unpredictable transportation lead times from/to UK. Brexit's constraints combined with market demand surge boosted an increased usage of road transportation thanks to its shorter lead time versus intermodal.

It is worth noting that the Group's ability to get back the levels of intermodal transport of 2019 is still intact. More intermodal transport will be quickly redeployed as soon as the above adverse variables gradually fade away, hopefully already in 2022. Not only is intermodal transport having a greener impact compared with other means but it is also associated with lower operational costs, which is a key lever for the Group to regain productivity in its logistics operations.

• *Europe-Intermodal transport*

Intermodal transport represents a significant opportunity in freight transport thanks to the use of multiple integrated modes of transport. In 2021, intermodal journeys accounted for 36% of journeys in Europe.

	TOTAL JOURNEYS	ROAD TRAVEL		INTERMODAL TRAVEL	
2019	3,246	1,245	38%	2,001	62%
2020	4,473	1,898	42%	2,575	58%
2021	**5,708**	**3,671**	**64%**	**2,037**	**36%**

In Italy too, the Group continues to choose road/rail and road/ship intermodal transport wherever possible, as an alternative solution to road freight transport, keeping performance in line with that of last year. In fact, of the 4,976 freight transfers, more than 11% were carried out on an intermodal basis.

• *Europe-Sustainable pallet management*

In 2021, the Group continued its collaboration with the supplier PAKi, a company operating in the pallet handling sector. Thanks to its extensive network, PAKi deals with picking up pallets at the unloading points and transferring them to the nearest depot, whether its own or that of another client, and simultaneously delivering the same type of pallet to loading points from its nearest collection points. This mechanism enables us to significantly reduce the number of kilometres travelled across Europe. In 2021, the number of pallets managed using the 'PAKi recovery and reused method' slightly increased in relation to previous years.

PAKi method	2019	2020	2021
Exports - Germany, Austria, Belgium, the Netherlands and Switzerland	51,804	80,322	103,424
Italy	93,761	76,746	85,838
Greece	5,610	7,854	12,516
France	2,445	3,035	2,340
Total	**153,620**	**167,957**	**204,118**

• *Italy-Eco-mobility*

With regard to road transport in Italy, Campari Group has continued its partnership with the operator Berger Logistik, a particularly innovative company in the world of sustainable mobility and road transport. The Austrian company has, in fact, a particular fleet consisting of vehicles complying with the EU Euro 6 regulations on harmful exhaust gases that are built with lightened steel, making it possible to optimize the product load by transporting two more pallets than could normally be moved using a standard vehicle (additional payload of 7.4%). During the year, 573 extra pallets were loaded using Berger ecotrail lightweight semi-trailer vehicles, thus avoiding the need for the movement of about 18 vehicles which would have occurred if a standard transporter had been used.

Liquefied Natural Gas ('LNG')- LNG, which is mainly made of methane obtained through the use of a number of cooling and condensation processes, is liquefied, reducing its volume 400 times from its original state and enabling a greater quantity of energy to be stored.
In 2021, LNG accounted for 0,6% of 4,976 total travel (-5.4% versus 2020). The increase in demand for transport has led to greater difficulty in finding LNG-burning vehicles on the market, contributing to the decline in the use of low environmental impact means of transport. Consequently, the transfers carried out by Davide Campari-Milano using various transport means that have a low environmental impact (LNG and intermodal transport) accounted for 11.2% of total transfers in Italy (-2.1% as compared with 2019).
In environmental terms, the use of LNG instead of a Euro 5 diesel vehicle and road-rail transports have allowed us to cut emissions of CO2 and PMx particulates by the following amounts.

963.8 KG OF CO_2 NOT EMITTED

145.09 GR OF PMX NOT EMITTED

4 COMMUNITY INVOLVEMENT

Also in 2021, culture was a key element of the Campari Group's DNA. The 'Campari' name has always been associated with the world of art, design and cinema. The promotion of culture and its dissemination also means focusing on people's education and well-being. Work, education and culture will continue to be key areas on which the Group has decided it will concentrate its efforts, identifying local best practices to be exported in other geographies across the world. The Group is sensitive to the needs of the communities in the countries in which it has a significant presence.

The principal community involvement projects that it has undertaken are described below.

4.1 ART AND CULTURE

CAMPARI GALLERY

Campari Gallery was opened in 2010 on the 150th anniversary of the brand. It is an interactive and multimedia space, dedicated to the relationship between the Campari and Campari Soda brand and their communication through art and design. The Gallery exhibits a selection from its Historical Archives, made of over 4,000 sketches on paper, photographs, original Belle Époque posters, posters and advertising graphics from the 1920s to the 1990s by artists such as Marcello Dudovich, Leonetto Cappiello, Marcello Nizzoli, Fortunato Depero, Bruno Munari, Guido Crepax and Ugo Nespolo; caroselli (advertising short films dated 1950s-1970s) and commercials by directors such as Federico Fellini, Singh Tarsem, Paolo Sorrentino, Stefano Sollima, Matteo Garrone; objects signed by designers such as Matteo Thun, Dodo Arslan, Markus Benesch and Matteo Ragni.
The Campari Gallery tells - in a tangible way, starting with advertising material - the story of the brands, of entrepreneurship, of a territory and society, with a particular focus on the world of creativity art and the city of Milan.
Following its core values and mission, the Gallery reacted to the unexpected closure in 2020-2021, due to the sanitary global health situation, by continuing to share and enhance its historical and artistic heritage through a vast offer of online activities in order to narrate its contents, and preserve and diffuse its heritage. On the other hand, once the situation started to improve, Campari Gallery started to re-open to on-site visits and activities always following strict and meticulous safety policies. Campari Gallery re-opened to the public on 18 May 2021. Visitors, in 2021, were around 3,500; among them 1,650 were virtual visitors and 1,850 on-site visitors.

• *Promotion of the cultural heritage: Campari Gallery online activities*

The Gallery remained closed from February 2020 until May 2021, nonetheless it was made accessible through a system of free online guided tours, led by the Gallery Team.

- Online Guided Tours-Free online guided tours

were offered using a 3D high resolution tool reproducing the museum's spaces and contents and were presented live by the Campari Gallery team members in 75 minute-tours.
- Art Journal-A series of free multidisciplinary online publications focusing on various aspects of the history of Campari. The project was carried on also in 2021, completing the series with 15 editions, focusing on the following themes: Architecture, Street Art, Art works, Restoration, Campari Seltz, Campari Soda, Negroni Cocktail, Campari and Cinema, Futurist Mixology, Poetry, Art Nouveau, Americano Cocktail, the artist Leonetto Cappiello, the Lettering, and Bar history.
- Digital Pills-In March 2020, through its social media channels, the Gallery started an ongoing story telling activity focusing in depth on the materials in the Historical Archive and aimed at sharing the history of the company and its heritage with the community, despite the museum being closed.

• Exhibitions at Campari Group Headquarters

2021 signs the 100 years of Lo Spiritello, the iconic Manifesto designed by Leonetto Cappiello. The centenary represents an occasion to homage the artistic DNA of Campari.

For this reason, from September 2021 until February 2022 a special exhibition is on display at Campari Gallery: a journey through original vintage posters by Leonetto Cappiello and two other artists from 1921, Franz Lazkoff and Enrico Sacchetti. Moreover, in addition to the historical manifestos, the exhibition includes a project room showcasing sketches, historical photos, labels and vintage objects that represent lo Spiritello in various ways; reinterpretations of the iconic Campari mascot realised over time by different authors. The exhibition is a way to highlight how Lo Spiritello remained a source of inspiration for Campari advertising for over a century.

Thanks to this exhibition Campari Gallery offered the opportunity to the external public to have access to a selection of original artworks that are usually not on display or that were never shown to the public before.

The exhibition panels containing the descriptions of the artworks are created with a special recycled and recyclable material called Greencast.

• Activities in partnership with other Institutions

In 2021, Campari Gallery participated in online events as part of national and local initiatives promoted at national level and by the City of Milan. These included: the International Museum Day, Archivissima, Open House, the European Heritage Days and The 20th Corporate Culture Week. For these initiatives Campari Gallery promoted its heritage by offering online and on-site guided tours of the permanent and temporary exhibitions. Campari Gallery also collaborated with the Corriere della Sera Foundation (one of Milan's most important cultural institutions) to promote a series of four talks that highlight the relationship between advertising and art, and with Scuola Holden (a school of storytelling, communication and performing arts founded in 1994 in Turin, where it is still based). The Gallery Team supported and trained 16 students in undertaking a project for the 2020 Corporate Storytelling workshop. In 2021 The project was brought to life creating a progressive web app that includes all the tests written by the students and recorded by professional speakers.

• Loans to third parties

Campari Gallery participated into the artistic panorama contributing with its heritage to enrich various important exhibitions in Italy.

CINZANO ARCHIVE

The Archivio Cinzano (Cinzano Archive) preserves over 260 years of history of a brand which has managed to intertwine its company development with the change in customs and traditions in Italy. The collection is made up of more than 20,000 items, including family documents, posters designed by the most important artists of the past century (i.e. Adolf Hohenstein, Leonetto Cappiello, Raymond Savignac), vintage bottles & labels, diplomas, advertising objects and mixology tools from the beginning of the 19th century to today.

With the rising importance of the digital world, it is becoming key to be present on digital channels a strategic and meaningful way and to find a distinctive way to interact and engage with local community. In 2021, a new digital strategy was developed presenting the brand in a very authentic and modern way, being it founded in 1757. 'Combinations for genuine moments' highlights how the brand is a mix of heritage, history, expertise, product's quality, tradition and innovation. The concept lives in creativity thanks to a fresh and modern style. Classic elements are reimagined with a contemporary touch, through the collage technique: raw backgrounds, solid colours and black and white speak both the language of the past and that of today. A tool with all these artistic contents has been provided to the Group's key markets to use the contents in their local social media accounts.

CAMPARI AND THE CINEMA

• Film Festivals and Campari Passion for Film award

A strong bond has been established between Campari and cinema and is renewed each year. Italy's best known aperitif brand long chose cinematographic art as its cultural and communicative universe of reference, and Campari celebrated it again through multiple initiatives as the Main Sponsor of the 78th edition of the Mostra Internazionale d'Arte Cinematografica della Biennale di Venezia (Venice International Film Festival), the most important international festival for the promotion of cinema in all its forms.

For the 11 days of the festival, Campari was a point of reference for celebrities, influencers, directors and new talents, through a wide range of activities. Furthermore, together with the Artistic Direction of the Venice International Film Festival, Campari continued to recognise, through the fourth edition of the official 'Campari Passion for Film Award', the extraordinary contribution of the professional figures who, together with the director, transform each film into a small work of art. Following Venice, Campari sponsored the 59th New York Film Festival for the third year running, demonstrating the brand's continued commitment to championing film industry creatives and their Red Passions. From 2020 Campari Group is also an official partner of the Locarno Film Festival.

• Campari LAB

At its third edition, Campari LAB is an educational film laboratory created in collaboration with Rome's Experimental Film Centre (Centro Sperimentale di Cinematografia), Italy's oldest institution for higher education, conservation and research in the field of film culture, with the aim of showcasing new talents on the Italian film scene across all of the professions that give life to the world of film and promoting experimentation with new visual languages and innovative storytelling methods. As part of the educational programmes of the National School of Cinema, Campari LAB is a cultural incubator in which to discover and train new talents in all the professions that passionately bring the world of cinema to life: from producers, directors, actors and screenwriters to photographers, set designers, editors and composers. It is the first branded content laboratory of the Experimental Centre aimed at the creation of short films inspired by the core values of the Campari brand. The result of this collaboration in 2021 was 'Framing Passion', an anthological series developed in 5 episodes, all united by the common thread of Passion and its creative force, an element capable of bringing to the highest levels those who choose to follow their art.

• Campari #PerIlCinema (#ForTheCinema)

The difficult situation experienced in the last two years has severely tested the world of Italian cinema and the entire industry associated with it, a source of national pride and excellence. This is why Campari - together with other prestigious partners-has decided to further strengthen its historic link with the Big Screen with the special Campari #PerIlCinema initiative aimed at offering concrete help to this world and to the extraordinary contribution of people who, through their talent and passion, make it possible.

• Red Diaries 2021

In 2021, Campari returned with a new Red Diaries project, Fellini Forward: a pioneering project exploring the late Federico Fellini's creative genius using modern technology and machine learning to emulate the works of one of the greatest filmmakers of all time in a new and unique short movie set in Rome. Thanks to a team of experts from production and innovation studio UNIT9, dedicated Artificial Intelligence tools were explored and developed to unearth Federico Fellini's creative genius in ways that had never yet been attempted until now. This seamless collaboration between human and Artificial Intelligence showcases how the sentimental and the rational, the emotional and data-driven can come together to create a brand-new piece of art. Throughout the process, Fellini's niece, the original members of Fellini's crew, art historians and Fellini experts were involved and consulted, providing key insights on the Maestro's oeuvre. The result culminated in a fascinating short movie, set in the heart of Rome that explores Fellini's life and dreams with distinctive signature characters and arrangements throughout.

CAMPARI SODA AND THE DESIGN

In 2021 the Design Connection project makes its debut: the first collection of Campari Soda objects signed by three young Italian talents who have customised the ti-

meless 1930s Campari Soda bottle, making it the protagonist of three exceptional pieces: a lamp, a clothes stand and a clock.
#DesignConncection was created with the aim of reinforcing and making visible and concrete the strong link between Campari Soda and the world of design, which began back in 1932, the year in which Davide Campari-an enlightened entrepreneur and a great art lover-created the first single-serving aperitif in history and asked futurist Fortunato Depero to design the unmistakable 9.8 cl inverted goblet-shaped bottle.
As further example of the strong bond between the brand and the art of design, during the 2021 Milano Design Week Campari Soda has dressed an entire neighbourhood in red with innovative urban installations created by designer Riccardo Sverzellati, who has reinterpreted Fortunato Depero's iconic bottle through the concepts of no labels.

4.2 SUPPORT TO LOCAL COMMUNITIES

STRONGER TOGETHER-CAMPARI GROUP AND THE COVID-19 PANDEMIC

With the outbreak of the first wave of the emergency in Italy, Campari Group wanted to make its own contribution to the healthcare system in Lombardy: first with a donation to the public healthcare institution ASST Fatebenefratelli Sacco, then, by donating alcohol for the production of hand sanitiser which was later distributed to a number of hospitals in Lombardy and to a small town near Bergamo, Ambivere, which was among the areas mostly impacted by the pandemic. The overall donation was approximately 45 thousand bottles. A major effort was also made to support the hospitality sector to help face the Covid-19 emergency, with the donation of US$1 million to the non-profit organisation Another Round Another Rally, launching the campaign 'Shaken Not Broken' which started in the US and was picked up by other countries where the Group operates. Numerous activities have also been undertaken to support other local communities in countries such as Jamaica, Canada, Brazil, Argentina, Australia, France and Belgium.
In the second wave of the pandemic, Campari Group relaunched the 'Shaken Not Broken' initiative in the US with an additional donation of USD100,000 to drinks industry non-profit organisation Another Round, Another Rally and in UK, inviting British companies to devolve part of their unused budgets for corporate events to the relief fund set up for struggling hospitality workers and which offers financial assistance, mental health and well-being support, as well as grants for education and training. With the relaunch of the 'Shaken Not Broken' campaign the Group also donated USD50,000 to Canada's Bartenders Benevolent Fund. Campari Canada, with the pandemic continuing to devastate bars and restaurants nationwide, also used its marketing channels to amplify Canada Takeout's call for Canadians to celebrate National Takeout Day, an opportunity for Canadians to unite behind the foodservice industry. Since 2020, Campari Canada has donated over CAD180,000 in support of Canada's hospitality industry and will continue supporting people and businesses experiencing financial hardship through donations and other initiatives.
Last May 2021, the MultiMedica Marelli corporate vaccination centre was inaugurated in Sesto San Giovanni, Milan, where the Campari Headquarters are located, arising from the collaboration between the health facility Gruppo MultiMedica and Campari Group. The space represents a concrete opportunity to guarantee vaccination to the largest possible number of Camparistas and their families, workers in local companies and to the citizens of Sesto San Giovanni, in the shortest time possible. The MultiMedica Marelli hub is a virtuous example of collaboration between the public and the private sectors. Thanks to this virtuous partnership, it has been possible to reconvert and adapt the large spaces of a disused building by creating an extraordinary territorial vaccination centre in a very short time. With an area of about 2,000 square meters, the MultiMedica Marelli hub has 10 vaccine lines and is able to guarantee up to 200 vaccine administrations per hour, for a total of 2,000 per day.
Similarly, in Jamaica, J. Wray&Nephew Ltd. supported the Private Sector Organisation of Jamaica's vaccine Initiative (PSVI), provided funding to the logistics and delivery of 1,200 doses of vaccines for Camparistas and their families, and launched the #JWNCares initiative with a contribution of JMD45,000,000 (€256,500) to support hospitals and health centres across the island.
Regular updates on the Group's initiatives fighting against Covid-19 are reported on the official website: Stronger Together | Campari Group.

#NEGRONI WEEK

For the 9th consecutive year, Campari Group, along with Imbibe Magazine, promoted #Negroni Week 2021, the annual international fundraising campaign which celebrates more than 100 years of the Negroni Cocktail. The aim of this one-week initiative, which has been taking place internationally since 2013, is to raise funds for charities and non-governmental organisations ('NGOs'). In addition to a series of special activities created for this year's Negroni Week, the initiative raised over USD361,000 and supported a total of 50 charities from each corner of the world contributing to the overall sum of more than USD3 million that has been raised over the past 9 years. As Negroni Week returned, a total of over 7,612 bars got involved in 60 markets across the globe, with US, Greece, UK, China, Germany, Canada and Spain.

THE FOUNDATIONS

• ***Fondazione Campari***
Fondazione Campari was founded in 1957. Recognised as a charitable trust by the Presidential Decree of 10 July 1957, it began its activities towards the end of that year. Fondazione Campari is a private law foundation subject to the rules of the Italian Civil Code. Pursuant to its Statute, the purpose of the Foundation is to pursue social solidarity projects and, in particular, to promote assistance, training, education and charity in favour of all deserving individuals. This purpose may be pursued in Italy and/or abroad and mainly benefits employees and former employees of Davide Campari-Milano N.V., of the companies or entities that control it or are controlled by it ('Campari Group'), of their families and of all those who have contributed to the success of the 'Campari' name. Fondazione Campari may also pursue social solidarity purposes and, in particular, assistance, training, education and charity in favour of persons other than Campari Group employees.

Despite the complexities of 2021, with the persistence of the pandemic, Fondazione Campari did not stop its philanthropic support work, continuing to be close to Campari's members and their families all over the world; in particular, the Foundation supported two major macro-projects: the Liceo Malpighi school in Bologna with a wide-ranging series of initiatives, and the Associazione Cometa educational institution. In 2021 Fondazione Campari provided philanthropic aid amounting to a total of €305,160.
As regards Camparistas, the philanthropic effort was €218,150 broken down as follows.

Type	Economic value (€)
Mortgage subsidies	€57,000.00
Scholarships and awards	€65,000.00
Nursery/kindergarten fees	€15,750.00
One-off applications-Italy	€65,400.00
One-off applications-abroad (Mexico and South Africa)	€15,000.00
Total	**€218,150.00**

• ***J. Wray&Nephew Foundation***
J. Wray&Nephew Foundation ('JWNF') is the vehicle used by the Group's subsidiary in Jamaica (J. Wray & Nephew-JWN) to promote social inclusion, culture and education in Jamaica, developing interventions for the benefit of the local community with the support of Camparista volunteers.
In 2021, JWNF carried out nineteen targeted interventions under its three main pillars of education, social inclusion and cultural expression, for a total value of for a total value of JMD156,074,536 (€889,624), directly impacting 767,006 persons directly and 5,290,781 persons indirectly. As a result of the ongoing pandemic and current demands, greater focus has been placed on social inclusion. The main programmes and projects developed within each area are shown below.

- ***Education***
  - 2021 Scholarship Awards;
  - Back 2 School Support;
  - Read Across Jamaica Day 2021;
  - Teacher's Day Big Up;
  - JWNF Internship;
  - Seaview Gardens Primary School refresher.
- ***Social inclusion***
  - International Women's Day Activation #EndPeriodPoverty;
  - Tackling the crime wave (Crime Stop partnership);
  - Private Sector Organisation of Jamaica Vaccine Initiative (PSVI) support;
  - JWNCares (Hospital donations and Celebrating local heroes);
  - Community bars and bartenders' support;
  - Community outreach (Social Fair-St. Elizabeth and Clarendon/Kingston Food Package Distribution);
  - Mini Agro Processing Plant-Elim, St. Elizabeth (from 2022);
  - Appleton Basic School Renovation-Siloah, St. Elizabeth (from 2022);
- ***Cultural expression***
  - St. Elizabeth Technical High School Music programme support.
- ***Campari Foundation Mexico***

Fundación Campari was created in Mexico in 2016 with the aim of supporting education and health and combating poverty, especially in the Arandas region, where Campari Mexico's production facility is located. The two main projects promoted by Fundación Campari México are the 'School Kits' programme and the 'Espolòn School', an educational programme for distillery employees. The Mexican distillery was recognised as a study centre by local institutions and has consequently been granted authorisation for external teachers to teach officially recognised lessons there. Lastly, the Fundación promotes various projects in support of the local community.

4.3 CREATING VALUE FOR STAKEHOLDERS

Campari Group's goal is to create and share long-term value with stakeholders. Firstly, the economic value generated and distributed provides an indication of how wealth is created, on the other there are plenty of intangible resources and initiatives that derive from the Campari Group's Global Sustainability roadmap[45] and contribute to the value creation processes. In this regard, community engagement and involvement with the local territory are of fundamental importance, as described in the above and subsequent chapters.

· *Economic value generated and distributed[46]:*

(€ million)

- economic value generated by Campari Group:
- revenues from sales: +€2,172.7 million;
- financial income collected (interest income): +€6.9 million;

· *Economic value distributed by Campari Group:*

- operating costs:
- cost of sales: -€875.8 million (of which -€79.4 million for personnel costs);
- advertising and promotional costs: -€397.8 million (of which -€3.5 million for personnel costs);
- overheads: -€463.8 million (of which -€285.8 million for personnel costs);

The previous costs include total personnel costs of +€368.6 million, taxes other than income taxes of -€15.6 million, and donations and gifts of -€1.0 million;

- dividends distributed: -€61.6 million;
- financial expenses paid (interest expenses paid)[47]: -€22.5 million;
- direct taxes paid: -€79.1 million

During 2021, the economic value generated by the Group was +€2,179.6 million, while the economic value distributed during the year was +€1,900.8 million.

(45) For more information on the Global Sustainability roadmap, refer to the paragraph 'Sustainability for the Group'.
(46) The values are taken from the Group's Income Statement, classified by function. With regard to financial charges and income, dividends, and direct taxes, the cash principle rather than the accruals principle was applied.
(47) Starting from 2019 the financial charges include the notional interest payables for leases, following the application of IFRS 16-'Leases'.

Also considering the amortization of €79.7 million, and the write-downs of fixed assets, provisions net of utilizations: €2.6 million, the value retained, given by the difference between the economic value generated and the economic value distributed, was equal to +€361.1 million.

· *Tax transparency*

Approach to tax

Davide Campari-Milano N.V. has been operating since its incorporation in Italy, in first instance in Sesto San Giovanni (MI), in the historical production site, and now in Novi Ligure, Canale, Alghero and Caltanissetta. From July 2020, the company transferred its registered office to the Netherlands, transforming into a Naamloze Vennootschap (N.V.) governed by Dutch law, but maintaining all its operations and assets and its tax residence in Italy.
Campari Group approach to tax seeks to enable and support the company business strategy, as well as balance the various interests of the stakeholders including shareholders, governments, employees, customers, consumers and the communities in which the Group operates.
Management and reporting of tax affairs ensure compliance with laws and consistency with international best practice guidelines, such as international accounting standards and the Organisation for Economic Co-operation and Development ('OECD') Guidelines for Multinational Enterprises, along with the respect of the Group Code of Ethics published on the corporate website and inspired by cooperative and transparent behaviours, in order to minimise the impact of any tax and reputational risks. In particular, with respect to intercompany transactions the Group follows a Transfer Pricing Policy, in line with the arm's length principle, an international standard established by the Model Tax Convention and referred to in the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations (hereinafter also referred to as the 'OECD Guidelines'). Intercompany relations are structured at market prices and conditions, ensuring value creation in the places where the Group conducts its business. Based on the OECD Guidelines, the pricing method to be used to test the arm's length nature of a transaction between associated companies is one which is based on the facts and circumstances of the transaction under analysis and which is able to provide the most reliable measure in line with the market.

Tax governance, control and risk management

The responsibility for managing tax issues falls within the Tax Department, which ultimately reports to the Chief Financial Officer.
In more detail, taxation management is addressed to the Headquarter Tax Department together with local teams in each country. The Headquarter Tax Department is responsible for coordination and support of the local teams, also with the assistance of tax advisors from leading firms/networks.
Under the Group Tax Director, the tax function at the Parent Company is organized in order to cover the following areas: International Tax, Regional and local Tax Compliance, Transfer Pricing and Tax Risk Management.
Tax management mainly includes:

- determining Group Tax Guidelines and Governance;
- monitoring tax law;
- overseeing tax compliance of all the Group subsidiaries, in accordance to the Group's guidelines and rules;
- monitoring Group Transfer Pricing Policy, to secure transfer pricing compliance;
- support to Local Finance Directors on key transactions and fiscal deliverables definitions;
- cooperation with other departments and/or affiliates, providing valuable tax advice, including M&A and restructuring;
- support in case of local tax audits;
- stakeholder engagement and management of concerns related to tax.

Tax management is inspired to the principles of transparency, collaboration, honesty, appropriateness and compliance with all tax legislations.
Specific tax disclosures are included in the Group annual report, including Group tax rate analysis (note 6 x-'Taxation' of Campari Group consolidated financial statements at 31 December 2020)
The choice of countries where the Group operates is guided by business assessments and not by tax reasons. As a general principle, tax compliance is considered a key area of the company's ethical and responsible management and Campari Group's approach with tax authorities is always inspired by transparency and collaboration principles, also in the case of tax audits, in line with the Group Code of Ethics and relevant regulations. So far, the Group has not received any solicitation from its stakeholders on tax issues.

2020 reporting (€ million)
Data in columns 'Revenues', 'Profit (Loss) before income tax', 'Income tax paid (on cash basis)', 'Income tax accrued', 'Net Tangible assets', 'Average number of em-

ployees' are stated taking into account the Country by Country Reporting approach, in line with GRI207 instructions.

Region[48]	Revenues			Profit (loss) before income tax	Income tax paid (on cash basis)	Income tax accrued	Net tangible assets	Average number of employees
	Unrelated party	Related party	Total					
AMERICAS	809.2	138.8	947.9	69.5	7.9	13.2	282.0	1,792
APAC	131.0	5.4	136.4	1.9	3.3	2.4	14.9	226
NCEE	456.3	24.6	480.9	-86.4	9.3	7.1	22.1	444
SEMEA	575.5	421.6	997.0	56.7	99.5	39.3	150.8	1,373
Total	**1,971.9**	**590.4**	**2,562.3**	**41.8**	**120.1**	**62.0**	**469.7**	**3,772**

Reference to the table in note 3 iv 'Basis of consolidation' of Campari Group consolidated financial statements at 31 December 2020 for the list of legal entities part of Campari Group and related brief activity description.

Last April 2021 Campari Group was listed by the Italian Ministry of Economy and Finance among the Italian Solidarity Taxpayer, being one of the select companies that have renounced the right to suspend tax payments during the Covid-19 emergency. Thanks to such contributions, the Group was able to support the Italian health system, workers and companies to withstand the impact of a very tough crisis.

(48) Region details-main markets:
Americas ('AMERICAS'): Canada, Jamaica, Mexico, US, Argentina, Brazil and Peru.
Asia Pacific ('APAC'): Australia, China, India, New Zealand and Singapore.
Northern and Central Europe ('NCEE'): Austria, Belgium, Germany, The Netherlands, Russia, Switzerland, The UK and Ukraine.
Southern Europe, Middle East and Africa ('SEMEA'): France, Greece, Italy, South Africa and Spain.

CAMPARI GROUP STAKEHOLDERS

The following categories of stakeholders have been identified in the course of conducting business, with which the Group maintains an ongoing dialogue.

Stakeholder	Engagement and channels of dialogue	Key issues
Consumers	Market research and customer satisfaction; tests and focus groups; social media; company websites; events.	Product quality and safety; transparency of information; responsible communication.
Bartenders	Campari Academy courses; Campari Academy Truck; Campari Barman Competition; events; sustainability questionnaire.	Professional, high-quality and responsible serving.
Local communities	Corporate volunteering; Negroni Week; charity activities for NGOs; Covid-19-related supporting initiatives; visits to Galleria Campari; contributions to external shows and exhibitions.	Investments and aid for the community; social and environmental impacts generated; job creation.
Press	Press releases and PR material; websites; preparation and coordination of interviews with senior management; events.	Timely and transparent communication, information/statements on the relevance of sustainability issues and their impact on the company's strategy, targets and activities prepared, involvement of top management in business sustainability related issues.
Camparistas	Biennial survey on internal morale (Great Place to Work 2018); internal and external training courses; performance appraisal; internal communication tools (press review, intranet, mailing); 'Yammer' internal social network; internal events for Camparistas (such as guided tastings, lunch in the Galleria, product tastings); business meetings; management committees.	Business climate; career development and growth; remuneration and incentives; training; work/life balance; corporate welfare; equal opportunities; health and safety at work; internal communication.
Suppliers, distributors and commercial partners	Supplier Code; Sedex; co-product development; innovation projects; business meetings; third-party verification; validation and certification of documents and reports.	A solid and transparent negotiating relationship that is subject to continuous checks; contractual terms and conditions; order planning; compliance with Campari Group policies.
Competitors	Participation in sector association conferences.	Protection of sector interests; promotion of responsible consumer behaviours and models.
Shareholders, investors and analysts	Shareholders' meeting; management board reports, press releases and investor presentations; analyst calls, investor meetings, road shows and investor conferences; dedicated email address investor.relations@campari.com.	Dividends, stock performance; investor relations; capital base.
Trade associations	Regular meetings; preparation and sharing of projects and best practices; participation in meetings and activities of associations.	Protection of sector interests; promotion of responsible consumer behaviours and models.
Trade unions	Collective and supplemental bargaining; meetings with company union representatives; conferences.	Ongoing dialogue and fulfilment of obligations arising from collective bargaining with the trade union associations.
Institutions	Participation in national and international conferences on issues facing the industry.	Transparent communication; compliance with laws and sound business management.
Schools and universities	Undertaking projects in partnership; graduate programmes; company testimonials at educational institutions; guided tours for students at Galleria Campari; company testimonials.	Partnerships and projects; financing.

5

CAMPARI GROUP AND THE SUSTAINABLE DEVELOPMENT GOALS

Campari Group contributes to the achievement of 11 of the 17 Sustainable Development Goals (SDGs)[49] established under the UN 2030 Sustainable Development Agenda, which promotes the active participation of all stakeholders (i.e. private sector, public sector, institutions and local communities).

In particular, the objectives shown in the table below were linked to the sustainability issues that constituted the starting point for carrying out the materiality analysis:

SDGs	Campari Group topics[50]	Campari Group Commitments
1-No Poverty	**Remuneration policies** **Relationships and initiatives for the community** Activities of the Foundations	**Exporting best practices across key markets** • Strong commitment to **work, education and culture** will continue to be key for Campari Group. • Best local practices will be exported in other geographies around the world.
4-Quality Education	**Employee training and development** **Relationships and initiatives for the community** Activities of the Foundations	**Learning and development, rewarding and engaging** • The Group will continue to enlarge **the online learning offer,** by continuing to nurture the Camparistas growth mindset with strategic and business-related learning opportunities. • **Rewarding and engagement**: plans for Camparistas through the Launch of the first Employee Stock Ownership Plan.
8-Decent Work and Economic Growth	**Value generated and distributed to stakeholders** **Economic sustainability** Job creation **Diversity, equal opportunities and inclusion** **Training and employee development** **Human rights** **Recruitment, turnover and pension policies** **Talent attraction** **Remuneration policies** Industrial relations **Work-life balance** **Employee satisfaction** **Health and safety**	**Education and involvement on responsible drinking** • Ad hoc and continuous **training for the global marketing** community going into digital communication in great depth. • Educational sessions on responsible drinking for 100% of Camparistas, especially for new hires. • **Responsible serving project** for bartenders to be leveraged at global level. • Continue to invest in **No/Low alcohol** (NOLO) products.
3-Good Health and Wellbeing	**Health and safety** **Emissions** **Waste** **Water**	**Energy and GHG emissions** • Achieve net-zero emissions by 2050 or, hopefully, sooner. • **Reduce greenhouse gas (GHG) emissions** from direct operations (Scope 1 and 2) **by 20% within 2025, by 30% within 2030 and by 25% for the total Supply Chain within 2030.** • **100% renewable electricity** for European production sites by 2025.
6-Clean Water and Sanitation	**Water**	
7-Affordable and Clean Energy	**Energy** Renewable energy	
12-Responsible Consumption and Production	**Emissions** **Energy** **Water** **Waste** **Materials** **Supply chain transparency and traceability** **Product quality** **Food safety**	**Water** • **Reduce water usage (L/L) by 40% within 2025 and by 42.5% within 2030.** • **Return 100% of wastewater** from Campari Group operations to the environment **safely.** **Waste** • **Zero waste** to landfill **within 2025.**
13-Climate Action	**Emissions** **Energy** Suppliers-Qualification and evaluation with respect to environmental criteria	
5-Gender Equality	**Diversity, equal opportunities and inclusion** **Remuneration policies** **Human rights**	**Diversity, Equity and Inclusion** • **A strategy to strengthen DEI** in the workplace with multi-channels internal and external communication campaign and with dedicated online and offline learning activities and workshops. The Group's progress is monitored through an internally developed **Campari Group DEI Index**, based on an internal people survey and GRI Standard Key Performance Indicators (KPIs), developing action plans in the field of *Culture* (focusing on education) and **Power Acts** (focusing on concrete initiatives).
10-Reduced Inequalities	**Diversity, equal opportunities and inclusion** **Remuneration policies** **Human rights** **Indirect economic impact on communities** **Initiatives for the community** Activities of the Foundations	
17 - Partnerships for the Goals	Business relations with responsible and transparent partners Relations with institutions Projects and initiatives on sustainability	**Exporting best practices across key markets**, by • **Continuous involvement in the world of art**, by sponsoring major events and further developing iconic brand houses and the Campari Gallery. • **Dedicated support for business partners** through activations and events, reflecting a commitment to play a significant role in the comeback of the on-premise channel.

(49) www.un.org/sustainabledevelopment/sustainable-development-goals/
(50) The material issues for the Group are highlighted in bold as reported in the materiality matrix.

CAMPARI GROUP
CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2021

INDEX

CONSOLIDATED PRIMARY STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS[1]

	notes	for the years ended 31 December	
		2021	2020
		€ million	€ million
Gross sales		**2,695.9**	**2,246.9**
Excise duties[2]		(523.2)	(474.9)
Net sales	6 ii.	**2,172.7**	**1,772.0**
Cost of sales	6 iii.	(875.8)	(746.1)
Gross profit		**1,296.8**	**1,025.9**
Advertising and promotional costs	6 iv.	(397.8)	(309.8)
Contribution margin		**899.0**	**716.1**
Selling, general and administrative expenses	6 v.	(463.8)	(394.2)
Other operating expenses	6 v.	(54.1)	(97.3)
Other operating income	6 v.	19.8	7.2
Operating result		**400.8**	**231.8**
Financial expenses	6 viii.	(32.0)	(27.1)
Financial income	6 viii.	19.8	7.7
Share of profit (loss) of associates and joint ventures	6 x.	(0.1)	(2.8)
Profit before taxation		**388.6**	**209.6**
Taxation	6 xi.	(105.6)	(22.7)
Profit for the period		**283.0**	**186.9**
Profit attributable to:			
Shareholders of the parent Company		284.8	187.9
Non-controlling interests		(1.8)	(1.0)
Basic earnings per share (€)		0.25	0.17
Diluted earnings per share (€)		0.25	0.16

(1) For information on the definition of alternative performance measures reported in the management board report, see the paragraph 'Definitions and reconciliation of the Alternative Performance Measures (APMs or non-GAAP measures) to GAAP measures'.
(2) Excise duties where Campari Group acts as an agent.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	notes	for the years ended 31 December	
		2021	2020
		€ million	€ million
Profit for the period (A)		**283.0**	**186.9**
B1) Items that may be subsequently reclassified to the statement of profit or loss			
Gains (losses) on cash flow hedge	10 iii.	5.9	3.8
Related Income tax effect	6 xi.	(1.4)	(0.9)
Cash flow hedge		**4.5**	**2.9**
Exchange differences on translation of foreign operations	10 iii.	**139.2**	**(232.8)**
Total: items that may be subsequently reclassified to the statement of profit or loss (B1)		**143.7**	**(229.9)**
B2) Items that may not be subsequently reclassified to the statement of profit or loss			
Gains/(losses) on remeasurement of defined benefit plans	10 iii.	1.7	0.2
Related Income tax effect	6 xi.	(0.4)	(0.1)
Remeasurements of defined benefit plans		**1.3**	**0.2**
Total: items that may not be subsequently reclassified to the statement of profit or loss (B2)		**1.3**	**0.2**
Other comprehensive income (expenses) (B=B1+B2)		**145.0**	**(229.8)**
Total comprehensive income (A+B)		**428.0**	**(42.9)**
Attributable to:			
Shareholders of the parent Company		429.7	(41.3)
Non-controlling interests		(1.7)	(1.4)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(BEFORE APPROPRIATION OF RESULTS)

	notes	for the years ended 31 December	
		2021 € million	2020 post-reclassifications € million
ASSETS			
Non-current assets			
Property, plant and equipment	7 ii.	560.3	482.7
Right of use assets	7 iii.	71.8	71.5
Biological assets	7 iv.	13.4	8.9
Goodwill	7 v.	1,416.3	1,354.1
Brands	7 v.	974.9	956.6
Intangible assets with a finite life	7 v.	54.0	44.3
Interests in associates and joint ventures	6 x.	26.1	26.1
Deferred tax assets	6 xi.	55.3	44.5
Other non-current assets	7 vi.	5.3	5.7
Other non-current financial assets	9 iii.	5.7	7.1
Total non-current assets		**3,183.0**	**3,001.5**
Current assets			
Inventories	8 iii.	742.0	656.7
Biological assets	8 iii.	3.7	1.6
Trade receivables	8 i.	290.4	281.8
Other current financial assets	9 ii.	15.8	1.2
Cash and cash equivalents	9 i.	791.3	548.1
Income tax receivables	6 xi.	17.7	17.4
Other current assets		49.2	45.0
Assets held for sale	7 viii.	-	3.3
Total current assets		**1,910.1**	**1,555.2**
Total assets		**5,093.1**	**4,556.7**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Issued capital and reserves attributable to shareholders of the parent Company	10 iii.	2,371.8	1,996.6
Non-controlling interests	10 iii.	3.0	1.8
Total shareholders' equity		**2,374.8**	**1,998.4**
Non-current liabilities			
Bonds	9 v.	845.5	894.7
Loans due to banks	9 v.	355.2	320.0
Other non-current financial liabilities	9 v.	120.9	169.3
Post-employment benefit obligations	11 vii.	30.1	33.4
Provisions for risks and charges	11 ii.	34.4	41.8
Deferred tax liabilities	6 xi.	366.0	338.0
Other non-current liabilities	7 ix.	21.5	7.3
Total non-current liabilities		**1,773.6**	**1,804.6**
Current liabilities			
Bonds	9 vi.	50.0	-
Loans due to banks	9 vi.	198.1	244.3
Other current financial liabilities	9 vi.	73.9	31.9
Trade payables	8 ii.	394.6	321.2
Income tax payables	6 xi.	54.4	16.1
Other current liabilities	7 x.	173.7	140.3
Total current liabilities		**944.7**	**753.7**
Total liabilities		**2,718.3**	**2,558.3**
Total liabilities and shareholders' equity		**5,093.1**	**4,556.7**

CONSOLIDATED STATEMENTS OF CASH FLOWS

	notes	for the years ended 31 December	
		2021 € million	2020 € million
Operating profit		**400.8**	**231.8**
Depreciation and amortisation	6 vii.	79.7	78.0
Gain or loss on sale of fixed assets		1.3	0.6
Impairment loss (or reversal) of tangible fixed assets, goodwill, brand and sold business	6 v.	8.0	45.7
Change in provisions		11.1	(1.5)
Change in payables to employees		54.8	(4.4)
Change in net operating working capital		5.0	43.4
Income taxes refund (paid)		(79.1)	(119.7)
Change in other indirect taxes		(7.3)	(8.8)
Other operating items		9.3	13.1
Cash flow generated from (used in) operating activities		**483.7**	**278.1**
Purchase of tangible and intangible fixed assets	7 ii.- iv.- v.	(145.8)	(84.7)
Disposal of tangible and intangible assets	7 ii.- iv.	10.1	4.9
Acquisition of companies or business divisions		(3.8)	(95.4)
Cash and cash equivalents at acquired companies		0.7	3.4
Put options and earn-out payments		(8.2)	(85.1)
Interests received		6.9	6.2
Decrease (increase) in short-term deposits and investments	9 ii.	(13.2)	-
Other changes		-	(1.8)
Cash flow generated from (used in) investing activities		**(153.2)**	**(252.4)**
Proceeds from issue of bonds, notes and debentures	9 vii.	-	545.0
Repayments of bonds, notes and debentures	9 vii.	-	(580.9)
Proceeds from non-current borrowings	9 vii.	130.0	195.1
Repayment of non-current borrowings	9 vii.	(158.2)	(13.2)
Net change in short-term financial payables and loans due to bank	9 vii.	19.1	80.7
Payment of lease payables	9 iv.	(15.8)	(14.6)
Interest on paid leases	9 iv.	(2.9)	(3.2)
Interests paid on other financial items	9 vii.	(19.6)	(26.8)
Inflows (outflows) of other financial items	9 vii.	(3.7)	12.3
Purchase of own shares	10 iii.	(71.0)	(290.5)
Sale of own shares	10 iii.	68.2	19.4
Dividend paid to equity holders of the Parent	10 iii.	(61.6)	(62.9)
Cash flow generated from (used in) financing activities		**(115.6)**	**(139.7)**
Net change in cash and cash equivalents: increase (decrease)		**214.9**	**(114.0)**
Effect of exchange rate changes on cash and cash equivalents		**28.3**	**(42.4)**
Cash and cash equivalents at the beginning of period	9 i.	548.1	704.4
Cash and cash equivalents at end of period	9 i.	791.3	548.1

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	notes	issued capital	retained earnings and other reserves	cash flow hedge reserve	currency translation differences	remeasurement of defined benefit plans	equity attributable to owners of the parent	non-controlling interests	total
		€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
at 31 December 2020		**18.3**	**2,297.2**	**(12.4)**	**(304.7)**	**(1.8)**	**1,996.6**	**1.8**	**1,998.4**
Dividends to shareholders of the parent Company	10 iii.	-	(61.6)	-	-	-	(61.6)	-	(61.6)
Increase (decrease) through treasury share transactions	10 iii.	-	(2.8)	-	-	-	(2.8)	-	(2.8)
Increase (decrease) through share-based payment transactions	10 iii.	-	11.3	-	-	-	11.3	-	11.3
Changes in ownership interests	10 iii.	-	(0.7)	-	-	-	(0.7)	3.4	2.8
Increase (decrease) through other changes	10 iii.	-	(0.6)	-	-	-	(0.6)	(0.6)	(1.2)
Profit (loss)		-	284.8	-	-	-	284.8	(1.8)	283.0
Other comprehensive income (expense)	10 iii.	-	-	4.5	139.1	1.3	144.9	0.1	145.0
Total comprehensive income		**-**	**284.8**	**4.5**	**139.1**	**1.3**	**429.7**	**(1.7)**	**428.0**
at 31 December 2021		**18.3**	**2,527.5**	**(7.9)**	**(165.6)**	**(0.5)**	**2,371.8**	**3.0**	**2,374.8**

	issued capital	retained earnings and other reserves	cash flow hedge reserve	currency translation differences	remeasurement of defined benefit plans	equity attributable to owners of the parent	non-controlling interests	total
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
at 31 December 2019 restated	**58.1**	**2,418.1**	**(15.2)**	**(72.4)**	**(2.0)**	**2,386.5**	**1.9**	**2,388.5**
Dividends to shareholders of the parent Company	-	(62.9)	-	-	-	(62.9)	-	(62.9)
Increase (decrease) through treasury share transactions	-	(271.2)	-	-	-	(271.2)	-	(271.2)
Increase (decrease) through share-based payment transactions	-	9.1	-	-	-	9.1	-	9.1
Changes in ownership interests	-	(22.2)	-	-	-	(22.2)	1.2	(21.0)
Increase (decrease) through other changes	(39.8)	38.3	-	-	-	(1.5)	-	(1.5)
Profit (loss)	-	187.9	-	-	-	187.9	(1.0)	186.9
Other comprehensive income (expense)	-	-	2.9	(232.3)	0.2	(229.3)	(0.4)	(229.8)
Total comprehensive income	**-**	**187.9**	**2.9**	**(232.3)**	**0.2**	**(41.4)**	**(1.4)**	**(42.9)**
at 31 December 2020 restated	**18.3**	**2,297.2**	**(12.4)**	**(304.7)**	**(1.8)**	**1,996.6**	**1.8**	**1,998.4**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1

GENERAL INFORMATION

Davide Campari-Milano N.V., the Group's parent company, is listed on the Italian Stock Exchange, with its official seat in Amsterdam, the Netherlands, and its corporate address at Via Franco Sacchetti 20, 20099 Sesto San Giovanni, Milan, Italy.
For the purposes of carrying out its business operations in Italy, the Company has established a secondary seat with a permanent representative office, within the meaning of article 2508 of the Italian Civil Code.
The Company is entered in both Dutch Companies' Register under the number 78502934 and Milan Monza Brianza Lodi Chamber of Commerce with the number 06672120158.
At 31 December 2021, 53.9% of the share capital and 66.7% of the total voting rights of the Company were held by Lagfin S.C.A., Société en Commandite par Actions, headquartered in Luxembourg, in its turn controlled by Artemisia Management S.A., Société Anonyme, which is the ultimate controlling company of the Group.
Founded in 1860, Campari is the sixth-largest player in the branded spirits industry, with an extensive and varied product portfolio. Its internationally-recognised brands include Aperol, Appleton Estate, Campari, Grand Marnier, SKYY Vodka and Wild Turkey.
Campari Group operates in around 190 countries and has prime positions in Europe and the Americas. It has 22 production plants and its own distribution network in 22 countries and employs around 4,000 people.

On 23 February 2022 the Board of Directors of the Parent Company approved the consolidated financial statements of Campari Group for the year ended 31 December 2021 and authorised it for issue.
The Board of Directors reserves the right to amend the financial statements, up to the date of the Shareholders' meeting of the Parent Company, should any significant events occur that require changes to be made. The financial statements are presented in million of Euro. The Euro is the reference currency of the Parent Company and many of its subsidiaries.

2

SIGNIFICANT EVENTS OF THE YEAR

Significant events during the year relating to corporate actions, significant events, acquisitions and commercial agreements and other significant events impacting the results are reported in the corresponding section in the management board report of this annual report, to which reference is made.

3

ACCOUNTING INFORMATION AND POLICIES

The consolidated financial statements at 31 December 2021 were prepared in accordance with the International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board ('IASB') and ratified by the European Union ('IFRS-EU'), and with Part 9 of Book 2 of the Dutch Civil Code. These include all the international accounting standards ('IAS') and interpretations of the International Financial Reporting Standards Interpretation Committee ('IFRS IC'), formerly the Standing Interpretations Committee ('SIC').

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the date of signing the Company's consolidated financial statements.

The financial statements were prepared in accordance with the historical cost method and taking any value adjustments into account where appropriate for certain categories of assets and liabilities, which were measured in accordance with the methods provided by IFRSs.

Unless otherwise indicated, the figures reported in these notes are expressed in millions of Euro.

i. Principles of consolidation

The consolidated financial statements include the financial statements of the Parent Company and of the Italian and foreign subsidiaries.
These accounting statements are based on the same financial year as the Parent Company and drawn up for the purposes of consolidation. Joint ventures and associates are consolidated applying the equity method.

ii. Form and content

In accordance with the format selected by the Group, the statement of profit or loss has been classified by function, and the statement of financial position is based on a distinction between current and non-current assets and liabilities.
We consider that this format will provide a more meaningful representation of the items that have contributed to the Group's results and its assets and financial position.
Transactions or events that may generate income and expenses that are not relevant for assessing performance, such as gains (losses) on the sale of fixed assets, restructuring and reorganisation costs, financial expenses and any other non-recurring income (expenses), are described in the notes. This presentation complies with the requirements and guidelines of the European Securities and Markets Authority ('ESMA') set out in ESMA/2015/1415.
In the 2021, the Group did not carry out any atypical and/or unusual transactions that, due to their materiality or size, type of counterparties to the transaction, or method for determining the price and timing of the event (proximity to the close of the period), could give rise to concerns over the accuracy or completeness of the information in the financial statements, conflicts of interest, the safeguarding of company assets or the protection of minority shareholders.
The statement of cash flows was prepared using the indirect method.

iii. Use of estimates

Preparation of the financial statements and the related notes in accordance with IFRS requires the management to make estimates and assumptions that have an impact on the Group's assets and liabilities and items in the profit or loss during the year. These estimates and assumptions, which are based on the best valuations available at the time of their preparation and are reviewed regularly, may differ from the actual circumstances and may be revised accordingly at the time the circumstances change or when new information becomes available. Future outcomes can consequently differ from estimates.
Details of critical estimates and judgements that could have a significant impact on the financial statements are set out in the related notes as follows:

- Business combination: management judgement to determine all the factors relevant to the relationship with the investee to ascertain whether control has been established and whether the investee should be consolidated as a subsidiary. Management judgment to define acquisition fair values that are attributed to the assets and liabilities acquired. Please refer to note 7 i-'Acquisition and sale of businesses and purchase of non-controlling interests' of the consolidated financial statements at 31 December 2021;
- disclosure regarding 'other operating income and expenses': management judgement whether non-recurring or not usual. Please refer to note 6 v-'Selling, general and administrative expenses and other operating income and expenses ' of consolidated financial statements at 31 December 2021;
- disclosures for contingent assets and liabilities: management judgement in assessing the likelihood of whether a liability will arise and an estimate to quantify the possible range of any settlement and judgement in assessing the likelihood of the assets collection. Please refer to note 11 ii-'Provisions for risks and future charges' of the consolidated financial statements at 31 December 2021;
- restructuring provisions, provisions for risk and charges: management judgement in assessing the likelihood of whether a liability will arise and an estimate to quantify the possible range of any settlement. Please refer to note 11 ii-'Provisions for risks and future charges' of the consolidated financial statements at 31 December 2021;
- compensation plans in the form of share-based payments: management estimate in determining the assumptions in calculating the fair value of the plans. Please refer to note 11 i-'Share-based payments' of the consolidated financial statements at 31 December 2021;
- goodwill and intangible assets: management judgement of the assets to be recognised and synergies resulting from an acquisition. Management judgements and estimates required to determine future cash flows and appropriate applicable assumptions to support the intangible asset value. Please refer to note 7 v-'Intangible assets' of the consolidated financial statements at 31 December 2021;
- taxation: management judgement and estimate required to assess uncertain tax positions and the recoverability of deferred tax assets. Please refer to note 6 xi-'Taxation' of the consolidated financial statements at 31 December 2021;
- incremental interest rate for lease transactions: management judgements and estimates required to determine the rate level. Please refer to note 9 iv-'Lease components' of the consolidated financial statements at 31 December 2021.

• *Climate related matters*
There has been increasing interest in how climate change will impact the Group's business. With reference to the climate related matters, a critical review was undertaken, and a focused analysis was performed to identify, and consequently manage, the principal risks and uncertainties to which the Group is exposed. The most significant area of effort

will be the management of water scarcity and waste and reducing energy and GHG emissions in the supply chain area. The Campari Group recognises the importance of climate change risk and promotes a responsible use of resources and a reduction of the environmental impact of production to mitigate climate change. In this context, the Campari Group has adopted an environmental policy that applies to all company locations and divisions and has set up a structure dedicated to control environmental pollution, waste, and water disposal as well as emission reduction.
Financial statements information is presented through historical values which, by their nature, do not fully capture future events. One area identified as climate related matter is the inventory management. The Group's plantations are exposed to the risk of damage caused by extreme weather events like storms, strong winds hurricanes and droughts. Changes in global climatic conditions could intensify one or more of these events. Periods of drought and associated high temperatures or lack of water can increase the risk of fires and insect outbreaks. In addition to their effects on yields, they are extreme weather events, which could also increase the cost of production. Therefore, the Group has processes in place to monitor and mitigate these risks through some insurance programmes, as well as through proactive initiatives to promote responsible use of resources and reduction in the environmental impact of production (for more information, please reference to the 'Risk management' and 'Non-financial information' sections).
In determining fair value measurement, the impact of potential climate-related matters, including legislation, which may affect the fair value measurement of assets and liabilities in the financial statements, has been considered. These risks in respect of climate-related matters are included as key assumptions where they materially impact the measure of the recoverable amount. At present, the impact of climate-related matters is not material to the Group's financial statements, as even in the inventory management identified as climate-related matter, mitigation actions were put in place to minimize any possible emergency.
With regard to the preparation of the financial statements and the analysis conducted aiming to identify and address the new uncertainties related to climate changes which could affect the business, based on the Group strategy outlined in the context of the global supply chain environmental targets, no critical situation that cannot be attributable to and addressed in the ordinary course of the business was identified.

• *Outbreak of Covid-19*

The Covid-19 pandemic continues to impact countries and economies in different ways. While some governments are starting to ease restrictions, with a very positive impact on consumption trends in the on-premise channel which has gradually reopened across all countries, others continue to enforce lockdown measures. The timing and intensity of the world recovery still remain uncertain even though the ongoing mass vaccination campaigns launched since the beginning of 2021 are progressively accelerating in many countries, albeit at a different pace. Despite the vaccine roll-out, some countries continue to be heavily affected by the pandemic, whilst others are cautiously observing a new spike of contagions of variants. Overall, the situation seems to be improving in many parts of the world, also thanks to the effective interventions by governments in terms of either the imposition of selective and temporary lockdowns or the gradual lifting of the restrictions also through the introduction of vaccination green passes.
The Campari Group is continuing to monitor and analyse the evolution of the pandemic and its effects on the macroeconomic scenario, the markets in which it operates, the behavioural patterns of its consumer base and the related impact on the Group's financial position and the results of its operations, despite the objective difficulty in making predictions in a context constrained by numerous and new variables that are beyond the Group's control.

Either way, Covid-19 continues to potentially affect the recognition and measurement of assets, liabilities, income and expenses. As a result of the above-mentioned uncertainty associated with the unprecedented nature of Covid-19, in preparing these 2021 consolidated financial statements, despite the very strong business performance recovery compared with the previous year, which also benefitted from an overall increased consumption and penetration of its brands with respect to pre-pandemic levels, the Group performed a greater assessment analysis than the usual update required. In addition, the going concern has also been carefully reassessed.
A critical review was conducted, and a focused analysis performed to identify, and consequently manage, the principal risks and uncertainties to which the Group is exposed.
In particular, all significant assumptions and estimates underlying the preparation of the following items were the subject to an analysis to identify and address new uncertainties linked to the unpredictability of the pandemic: impairment of non-financial assets, fair value measurement of financial instruments, expected credit loss assessment, deferred tax assets and tax reliefs, revenue recognition, reverse factoring agreements, lease agreements, provisions and onerous contracts. The analysis conducted did not highlight any critical situations that cannot be attributable to and addressed during the ordinary course of business.

Specific additional supplementary information is provided below with respect to the Covid-19 impact on the Group disclosure.

GOING CONCERN

The Group continues to be very sound, in terms of its operating and financial profiles, and was not exposed to any going-concern issues during 2021 thanks to the agility and resilience of its organisation.
While the Group's priority is, and will continue to be, to guarantee the safety of its employees ('Camparistas') and the continuity of its business, no business continuity issues have been identified since all Campari Group plants and distilleries continue to be fully operational, while complying with the rigorous health and safety measures in force to protect the health of Camparistas. With reference to the Group's visitor centres around the world, most of them are now open sometimes following reduced opening hours, limited tours and experiences, in strict compliance with the emergency health measures in force to protect the health of both guests and Camparistas. Whilst smart-working is still the recommended policy for office-based Camparistas, the Campari Group has begun to set the guidelines for the introduction of new globally consistent ways of working for a safe return to the workplace, respecting the specific regulations that each country will enforce. For the Group the togetherness of Camparistas in a space that will be increasingly designed to support collaboration and relationship building is fundamental to the Group's culture and success.
During 2021, the Campari Group continued to build on its agility and learning ability, particularly strengthened during the pandemic peak in 2020, to engage with consumers with new online and digital initiatives, thus supporting the positive own brand momentum across key markets thanks to resilient off-premise dynamics, combined through gradual on-premise re-opening. The very sound performance achieved in 2021 boosted by a strong generation of cash flows allowed the Group to reinvest in long-term growth, including production capacity, digital capabilities and supporting the Group sustainability agenda.

GOODWILL, BRANDS AND INTANGIBLE ASSETS WITH A FINITE LIFE

Goodwill and intangible assets with an indefinite useful life were subject to annual impairment tests to verify if any substantial deterioration of business performance occurred with respect to each cash generation unit and brands. During the year an additional analysis was performed to verify whether trigger events occurred during the intra-annual period: no issues was identified since over the year no deterioration in consumer demand affecting business plans was registered and there was no interruption in the Group's plants operations or supplies or any other issues involving logistics and freight transport activities. Compared with 2020, 2021 was characterised by a significantly improved business and consumer sentiment for the Campari Group, thanks to the acceleration of the vaccination campaigns and the gradual reopening of the on-premise channel. The spirits industry has demonstrated strong resilience throughout the pandemic thanks to sustained home consumptions with strong home cocktail mixing trends, also favoured by a positive development of the e-commerce channel and ready-to-drink category. The impairment loss identified with respect to the annual test were not material overall for the Group.

NET FINANCIAL DEBT

In conducting the assessment to identify whether in 2021 there were events triggering issues on the Group's financial performances, certain characteristics specific to the Group's situation have been taken into consideration.

As far as financial assets are concerned, they are not subject to particular risks, since the investments considered by the Group are always the subject of a careful and scrupulous preliminary analysis and are always aligned with the financial needs of the moment.

With regard to financial liabilities, the Group's indebtedness ratios measured internally (given the lack of covenants on existing debt) were under control, standing at a level considered entirely manageable by the Group. During 2021, the Group's financial structure was confirmed to have been boosted by the availability of significant committed and uncommitted credit lines. No renegotiation of interest rates or other terms of existing agreements (derivatives included) have been performed if not required by the Group in the normal course of its business, and the fact that the Group's loan profile is mainly at fixed-interest rates has minimised its exposure to market risks.

In terms of fair value measurement hierarchies of financial items, during 2021 there were no changes to be reflected in the 2021 consolidated Group's financial statements other than those disclosed in the related notes.

With respect to lease and rental agreements, there have been no significant lease agreements, including sub-leases, generating financial receivables for the Group. During 2021, there were no significant contract amendments directly linked to the pandemic and no significant rental concessions were agreed with lessors exclusively in relation to Covid-19. The lease amendment referred in particular to buildings linked to planned changes in the route-to-market strategy and were managed in compliance with the normal recurring transactions they represent.

A separate analysis has been performed with reference to put option and earn-out agreements valued at fair value and where the basis of estimate is linked to brand performance. The analysis was conducted in conjunction with the considerations described above in relation to the impairment test on goodwill, brands and intangible assets with a finite life, in order to ensure homogeneity and consistency in the valuation, and from the analyses no particular circumstances emerged requiring significant revisions of these liabilities.

OPERATING WORKING CAPITAL, REVENUE RECOGNITION AND PROVISION AND ONEROUS CONTRACTS

The pandemic environment over the year did not trigger any significant change with clients' contracts and any change in the revenue recognition criteria previously identified. Significant judgements were used to review the expected credit losses in the normal course of business and based on the Group business model to manage financial instruments, since no specific issues were identified during the year. No significant anticipated partial payments were experienced, indicating an implicit price concession to be accounted for or an impairment loss.

To facilitate the management of liquidity, the Group continued the reverse factoring agreements introduced at the end of 2020, confirming a limited number of trusted suppliers involved during 2021. A detailed analysis was reassessed to confirm the proper representation of these agreements within the consolidated figures: the trade payables under reverse factoring agreements continued to be classified as a component of the Group's operating working capital with no separate disclosure as primary line items of the Group financial statements in consideration of the total exposure.

During 2021 the coronavirus outbreak did not generate the need to include dedicated and additional adjustments to be reflected in the net realisable value of inventories nor to change the production cost allocation linked to inefficiencies. With respect to biological assets, during the year there were no changes to the fair value measurement hierarchies to be reflected in the consolidated Group's financial statements. In terms of the assessment of provision for risks and charges, there were no events or situations generating the need to include additional provisions outside the normal course of business or requiring any significant estimate of onerous contracts to be reflected in the Group's accounts.

TAXATION

All significant assumptions and estimates considered in the preparation of the 2021 annual report were reviewed. In particular, all tax rates were investigated to check for any changes occurred during the period in the various tax jurisdictions and any amendments substantially enacted were considered in assessing both current and deferred taxes. The review conducted has not identified any new triggering events, which could have an effect on the recoverability on deferred tax assets and on the recognition of any additional liabilities for uncertain tax positions.

PROPERTY, PLANT AND EQUIPMENT

Over 2021 the business development confirmed no issues related to operations. In terms of production facilities, all the Group's plants and distilleries remained fully operational and the outbreak did not trigger the need to perform an impairment test for the production facilities, apart from specific transactions in progress, such as the restructuring of the sugar business in Jamaica commenced in 2020, and planned changes in route to markets managed as part of the normal course of business.

iv. Basis of consolidation

The following changes were made to the basis of consolidation, resulting from the creation, acquisition, sale and reorganisation of companies:

- on 4 January 2021 Campari Group increased its interests in the South Korean joint venture Trans Beverages Company Ltd. leading to the consolidation of the company, with its 40% stake growing to 51% and confirming the call option on the remaining share capital, which can be exercised from 2024;
- on February 2021 the liquidation process of Campari Services S.r.l. was completed and the company was therefore excluded from the consolidation perimeter;
- on 1 May 2021 Campari France Distribution S.A.S. and Marnier-Lapostolle Bisquit S.A.S. were merged with the aim of optimising and streamlining the Group's structure. The name of the new company following the merger was Campari France S.A.S.. For statutory and fiscal purposes, the effective date of the merger was 1 January 2021;
- on 25 May 2021, Dioniso S.r.l. ('Dioniso') was established by Campari Group also via a contribution of its interests in the joint-venture Tannico e Wineplatform S.p.A. Following the closing concerning the establishment of 50/50 joint-venture with Moët Hennessy, the Group sold 50% of Dioniso's shares to the joint partner;
- on 1 September 2021 a selection of previously held shareholdings of Di.Ci.E. Holding BV (i.e., Campari Mexico S.A. de C.V., Campari South Africa Pty Ltd., Licorera Ancho Reyes y cia, S.A.P.I. de C.V, Casa Montelobos, S.A.P.I. de C.V) were transferred to Campari España S.L.;
- on 17 November 2021, the Group signed an agreement with Taiwan Hsin Lin Enterprise Company Limited ('THL') to acquire an initial interest stake of 40% in Spiritus Co Ltd., a newly incorporated joint-venture in Taiwan. Spiritus Co Ltd. was incorporated on 15 December 2021 and it was therefore classified as a joint-venture from the agreement date;
- on 14 December 2021, as part of the ongoing process of optimising and streamlining the corporate structure of the Group and the aforementioned first step taking place in September 2021, Di.Ci.E. Holding B.V has been incorporated into Davide Campari-Milano N.V. and the merger was effective from that date. Consequently Di.Ci.E.'s remaining shareholdings (i.e. Campari Deutschland GmbH, Campari Austria GmbH, Campari Ukraine LLC, Campari RUS LLC, Forty Creek Distillery Ltd., Campari Schweiz A.G., CT Spirits Japan Ltd., Kaloyiannis-Koutsikos Distilleries S.A., Campari India Private Ltd., Campari (Beijing) Trading Co. Ltd., Campari Singapore Pte Ltd., Campari Argentina S.A., Campari Australia Pty Ltd) were transferred to Davide Campari-Milano N.V.;
- on 9 December 2021 Campari Mexico Corporativo S.A. de C.V. and Campari Mexico Destiladora S.A. de C.V. signed a merger agreement with the aim of optimising and streamlining the Group's structure. For statutory and fiscal purposes, the effective date of the merger was 31 December 2021 with Campari Mexico Destiladora S.A. de C.V. as the surviving company.

THE TABLES BELOW LIST THE COMPANIES INCLUDED IN THE BASIS OF CONSOLIDATION AT 31 DECEMBER 2021.

name of company, activity	registered office	share capital at 31 December 2021		% owned by the Company		
		currency	amount	direct	indirect	direct shareholder
Davide Campari-Milano N.V., holding, trading and manufacturing company	official seat: Amsterdam (Netherlands) corporate address: Via Franco Sacchetti 20, 20099 Sesto San Giovanni, Milan, Italy.	€	11,616,000			
Fully consolidated companies						
Italy						
Campari International S.r.l., trading company	Via Franco Sacchetti 20, Sesto San Giovanni; Milan, Italy	€	700,000	100.00		
Camparino S.r.l., trading company	Piazza Duomo 21, Milan, Italy	€	48,880	100.00		
Terrazza Aperol S.r.l., trading company	Sestiere San Marco 2775, Venice, Italy	€	20,000	100.00		
Europe and Africa						
Campari Austria GmbH, trading company	Naglergasse 1/Top 13,1010 Wien, Austria	€	500,000	100.00		
Campari Benelux S.A., finance and trading company	Avenue de la Méterologie, 10, Bruxelles, Belgium	€	1,000,000	61.00	39.00	Glen Grant Ltd. 39%
Campari Deutschland GmbH, trading company	Adelgundenstr. Munich, 80538 Germany	€	5,200,000	100.00		
Campari España S.L., holding and trading company	Calle de la Marina 16-18, planta 28, Barcelona, Spain	€	4,279,331	100.00		
Campari RUS LLC, trading company	115088, Moscow, 2nd Yuzhnoportovy proezd, 14/22, Russia	RUB	2,010,000,000	100.00		
Campari Schweiz A.G., trading company	Lindenstrasse 8, Baar, Switzerland	CHF	500,000	100.00		
Campari Ukraine LLC, trading company	8, Illinska Street, 5 Floor, block 8 and 9, Kiev, Ukraine	UAH	87,396,209	99.00	1.00	Campari RUS LLC 1%
Glen Grant Ltd., manufacturing and trading company	Glen Grant Distillery, Rothes, Morayshire, AB38 7BN, United Kingdom	GBP	24,949,000	100.00		
Kaloyiannis-Koutsikos Distilleries S.A., manufacturing and trading company	6 & E Street, A' Industrial Area, Volos, Greece	€	6,811,220	100.00		
Société des Produits Marnier Lapostolle S.A.S., holding and manufacturing company	32 rue de Monceau, 75008 Paris, France	€	27,157,500	92.71[1]		Minority Shareholders 7.29%
Société Civile Immobilière Du VAL, property company	32 rue de Monceau, 75008 Paris, France	€	16,769,392		92.71[1]	Campari France S.A.S. 100%
Campari France S.A.S., manufacturing and trading company	14 rue Montalivet 75008 Paris, France	€	112,759,856		92.71[1]	Société des Produits Marnier Lapostolle S.A.S. 100%
Bellonnie&Bourdillon Successeurs S.A.S., manufacturing and trading company	Zone de Génipa, 97224, Ducos, Martinique	€	5,100,000		89.49	Campari France S.A.S96.53% minority shareholders 3.47%
Distilleries Agricole de Sainte Luce S.A.S., agricultural production company	Zone de Génipa, 97224, Ducos, Martinique	€	2,000,000		89.49	Bellonnie et Bourdillon S.A.S. 99.99% minority shareholders 0.01%
SCEA Trois Rivières, agricultural service company	Zone de Génipa, 97224, Ducos, Martinique	€	5,920		89.49	Bellonnie et Bourdillon S.A.S. 25% Distilleries de Sainte Luce S.A.S 75%
Champagne Lallier S.a.r.l., manufacturing company	4 Place de la Libération, 51160, AY, France	€	3,575,420		74.16	Campari France S.A.S. 80% minority shareholders 20%
Scev des Gloriettes, property company	4 Place de la Libération, 51160, AY, France	€	34,301		74.16	Campari France S.A.S. 80% minority shareholders 20%

name of company, activity	registered office	share capital at 31 December 2021		% owned by the Company		
		currency	amount	direct	indirect	direct shareholder
Les Rives Marne S.A.S., trading company	4 Place de la Libération, 51160, AY, France	€	100,000		74.16	Champagne Lallier S.a.r.l. 100%
Sci Athena, property company	4 Place de la Libération, 51160, AY, France	€	1,000		74.16	Champagne Lallier S.a.r.l. 99.9% Les Rives Marne S.a.s. 0.1%
Campari South Africa Pty Ltd., trading company	2nd Floor ICR House Alphen Park, Constantia main road, Constantia, Western Cape 7806, South Africa	ZAR	310,247,750		100.00	Campari España S.L.
Americas						
Campari America, LLC, manufacturing and trading company	1114 Avenue of the Americas, 19th Floor New York, United States	USD	566,321,274	100.00		
Campari Argentina S.A., manufacturing and trading company	Olga Cossettini, 243 Piso 3, Puerto Madero, CABA, Argentina	ARS	1,179,365,930(2)	98.81	1.19	Campari do Brasil Ltda. 1.19%
Campari do Brasil Ltda., manufacturing and trading company	Alameda Rio Negro 585, Edificio Demini, Conjunto 62, Alphaville-Barueri-SP, Brasil	BRL	239,778,071	99.999	0.001	Campari Schweiz AG 0.001%
Campari Mexico S.A. de C.V., trading company	Avenida Americas 1500 Piso G-A Colonia Country Club, Guadalajara, Jalisco, Mexico	MXN	1,670,184,642		100.00	Campari España S.L. 99% Campari America, LLC 1%
Campari Mexico Destiladora S.A. de C.V., manufacturing company	Camino Real a Atotonilco No. 1081, La Trinidad, San Ignacio Cerro Gordo, Jalisco, Z.C. 47195, Mexico	MXN	10,100,000		100.00	Campari Mexico, S.A. de C.V. 99% Campari America, LLC 1%
Licorera Ancho Reyes y cia, S.A.P.I. de C.V., manufacturing and trading company	Paseo de los Tamarindos No. 90 Edificio Arcos Bosques Torre II-Piso 5C Col. Bosques de las Lomas, 05120, Mexico	MXN	177,888,738		51.00	Campari España S.L. 51% minority shareholders 49%
Casa Montelobos, S.A.P.I. de C.V., manufacturing and trading company	Paseo de los Tamarindos No. 90 Edificio Arcos Bosques Torre II-Piso 5C Col. Bosques de las Lomas, 05120, Mexico	MXN	144,823,850		51.00	Campari España S.L. 51% minority shareholders 49%
Campari Peru SAC, trading company	Av. Jorge Basadre No.607, oficina 702, distrito de San Isidro, Lima, Peru	PEN	34,733,589(3)		100.00	Campari Espãna S.L. 99.92%, Campari do Brasil Ltda. 0.08%
Forty Creek Distillery Ltd., manufacturing and trading company	297 South Service Road West, Grimsby, Canada	CAD	105,500,100(3)	100.00		
J. Wray&Nephew Ltd., manufacturing and trading company	23 Dominica Drive, Kingston 5, Jamaica	JMD	750,000		100.00	Campari Espãna S.L.
Asia						
Campari (Beijing) Trading Co. Ltd., trading company	Building 1, Level 5, Room 66, 16 Chaowai Avenue, Chaoyang District, Beijing, China	CNY	104,200,430	100.00		
Campari Australia Pty Ltd., manufacturing and trading company	Level 21, 141 Walker Street North Sydney, Australia	AUD	56,500,000	100.00		
Campari India Private Ltd., services company	Upper Ground & First Floor Shop No. SG-1 & SF-1, DT Greater Kailash-II, New Delhi 110048, India	INR	172,260	99.9	0.01	Campari Australia Pty Ltd. 0.01%
Campari New Zealand Ltd., trading company	C/o KPMG 18, Viaduct Harbour Av., Maritime Square, Auckland, New Zealand	NZD	10,000		100.00	Campari Australia Pty Ltd.
Campari Singapore Pte Ltd., trading company	152 Beach Road, #24-06, 1Gateway East, 189721, Singapore	SGD	100,000	100.00		
Trans Beverages Company Ltd., trading company	Nr 1702,c-dong (GL Metrocity Munjung SK V1) 642-3 Munjung-dong, Songpa-gu, Seoul, Korea	KWD	2,000,000,000		51.00	Glen Grant Ltd.

ASSOCIATES AND JOINT VENTURE ACCOUNTED FOR USING THE EQUITY METHOD

name of company, activity	registered office	share capital at 31 December 2021		% owned by the Company		
		currency	amount	direct	indirect	direct shareholder
CT Spirits Japan Ltd., trading company	2-26-5 Jingumae Shibuya-ku, Tokyo 150-0001, Japan	JPY	100,000,000	40.00		
Dioniso S.r.l., holding and trading company	Via Franco Sacchetti, 20 Sesto San Giovanni; Milan, Italy	€	1,000,000	50.00		
Spiritus Co Ltd., trading company	4F., No, 70, Sec. 3, Nanjing E. Rd Zhongshan Dist, Taipei City 104503, Taiwan (R.O.C.)	NTD	33,600,000		40.00	Glen Grant Ltd.

(1) This figure does not include the portion of capital with right of usufruct, equal to 0.59%, whose bare ownership is held by shareholders of Société des Produits Marnier Lapostolle S.A.S. who hold 7.29% of the capital, both covered by agreements for Campari Group purchases.
(2) The share capital does not include effects related to the hyperinflation accounting standard.
(3) Includes the capital contribution.

v. Definition of control

Control is determined when the Group is exposed to or has a right to variable returns resulting from its involvement with the investee, and, at the same time, has the ability to use its power over the investee to affect these returns. Specifically, the Group controls a subsidiary if, and only if, it has:

- power over the investee (or holds valid rights that give it the actual ability to manage significant activities of the investee);
- exposure or rights to variable returns resulting from its involvement with the investee;
- the ability to use its power over the investee to affect the size of its returns.

Generally, control is assumed to exist when the Group possesses a majority of the voting rights. In support of this assumption and when the Group holds less than the majority of the voting rights (or similar rights), the Group considers all relevant facts and circumstances in assessing whether it controls the investee, including contractual arrangements with other holders of voting rights, rights arising from contractual arrangements, and the Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls a subsidiary if facts and circumstances indicate that one or more of the three significant elements defining control have changed. Consolidation of a subsidiary begins when the Group obtains direct or indirect control of that subsidiary (or through one or more other subsidiaries) and ceases when the Group loses control therefrom.

The assets, liabilities, revenues and costs of the subsidiary acquired or disposed of over the year are included in the consolidated financial statements from the date on which the Group obtains control until the date on which the Group no longer exercises control over the company.

The profit (loss) for the year and all other components of the statement of other comprehensive income are attributed to the shareholders of the Parent Company and to non-controlling interests, even if this results in non-controlling interests having a negative value.

When necessary, appropriate adjustments are made to subsidiaries' financial statements to bring them into line with the Group's accounting policies.

All intra-group assets and liabilities, shareholders' equity, revenues, costs and cash flow relating to transactions between Group entities are fully derecognised on consolidation.

vi. Subsidiaries

All subsidiaries are consolidated on a line-by-line basis.
Under this method, all assets and liabilities, and expenses and revenues of the subsidiaries, are fully reflected in the consolidated financial statements.
The carrying amount of the equity of the investments is derecognised against the corresponding portion of the shareholders' equity of the subsidiaries.
At the first consolidation stage individual assets and liabilities are measured at fair value in the context of the purchase price allocation at the date control was acquired. Any residual positive difference in the allocation is recorded under the asset item 'Goodwill', and any negative amount is allocated to the statement of profit or loss.
Non-controlling interests in shareholders' equity and related results are reported under the appropriate items in the financial statements.
Changes in investments in subsidiaries that do not result in acquisition or loss of control are recorded as changes in shareholders' equity.
If the Group loses control of a subsidiary, the related assets (including goodwill), liabilities, non-controlling interests and other components of shareholders' equity are derecognised, while any gain or loss is recognised in the statement of profit or loss.
Any ownership interest maintained is recorded at fair value.

vii. Associates and joint venture

An associate is a company over which the Group exercises significant influence.
Significant influence means the power to contribute to determining a subsidiary's financial and management policies, without having control or joint control over it.
A joint venture exists where there is a joint-control agreement under which the parties, which hold joint control, have a right to the net assets covered by the agreement. Joint control is the contractually agreed sharing of control under an agreement, which solely exists when decisions on relevant activities require unanimous consensus from all the parties sharing control.
The factors considered to determine significant influence or joint control are similar to those necessary to determine control over subsidiaries.
These companies are initially recognised at cost plus acquisition-related costs and are subsequently reported in the consolidated financial statements using the equity method from the date on which significant influence or joint control commences and ending when that influence or control ceases.
If there is a significant loss of influence or joint control, the holding and/or investment is recognised at fair value and the difference between the fair value and the carrying amount is recorded in the statement of profit or loss.
Any committed payments to increment the ownership interest in an associate or a joint venture, in the form of a put and/or call option or a combination of both, cannot be estimated and recorded as a financial liability at the time of the transaction since the guidance valid for financial instruments does not apply to interests in associates and joint ventures that are accounted for using the equity method.
These written agreements for put and/or call options are considered to be derivative agreements and represented in the Group accounts as financial instruments measured at fair value with an impact in the statement of profit or loss.
At that time of expiration of the call and/or put options, the derivatives will be replaced by an increased value of the investment to be recorded against the cash out for the derivative settlement.
Contingent or committed payments in the form of an incentive plan granted to personnel of the associate or joint venture are recorded as an incremental cost of the investment once the attainment of the performance condition becomes probable, based on the fair value of the replacement award as of the acquisition date.
If the Group's interest in any losses of associates exceeds the carrying amount of the equity investment in the financial statements, the value of the equity investment is derecognised, and the Group's portion of further losses is not reported, unless, and to the extent to which, the Group has a legal or implicit obligation to cover such losses.
The Group assesses the existence of any impairment indicators on an annual basis by comparing the value of the investment measured at equity with the recoverable value; any impairment value is allocated to the investment as a whole with an offsetting entry in the statement of profit or loss.

viii. Transactions derecognised during the consolidation process

When preparing the consolidated financial statements, unrealised gains and losses resulting from intra-group transactions are derecognised, as are the entries giving rise to payables and receivables, and costs and revenues between the companies included in the basis of consolidation.
Unrealised gains and losses generated on transactions with associated companies or joint ventures are derecognised to the extent of the Group's percentage interest in those companies.
Dividends collected from consolidated companies are derecognised.

ix. Currency conversion criteria and exchange rates applied to the financial statements

Figures expressed in currencies other than the accounting currency (Euro) are converted as follows:

- statement of profit or loss items are converted at the average exchange rate for the period, while statement of financial position items are converted at period-end exchange rates; exchange rate differences resulting from the application of differing criteria for conversion to the Euro of statement of profit or loss and statement of financial position items are recorded under the currency translation reserve under shareholders' equity until the investment in question is sold;
- any conversion differences between the value of initial shareholders' equity, as converted at end-of-period exchange rates, and the value of shareholders' equity for the previous year converted at current exchange rates are also recorded under the currency translation reserve.

When preparing the consolidated statement of cash flows, average exchange rates were used to convert the cash flows of subsidiaries outside the Eurozone.

THE KEY EXCHANGE RATES USED FOR CONVERSION TRANSACTIONS ARE SHOWN BELOW.

	for the year ended 31 December 2021 average rate	at 31 December 2021 end-of-period rate	for the year ended 31 December 2020 average rate	at 31 December 2020 end-of-period rate
US Dollar	1.184	1.133	1.141	1.227
Canadian Dollar	1.483	1.439	1.530	1.563
Jamaican Dollar	178.337	174.455	162.606	174.805
Argentine Peso(1)	116.362	116.362	103.249	103.249
Australian Dollar	1.575	1.562	1.655	1.590
Brazilian Real	6.381	6.310	5.890	6.374
Swiss Franc	1.081	1.033	1.070	1.080
Chile Peso	897.632	964.350	903.135	872.520
Yuan Renminbi	7.634	7.195	7.871	8.023
Great Britain Pounds	0.860	0.840	0.889	0.899
Japanese Yen	129.857	130.380	121.778	126.490
South Korea Won	1,353.946	1,346.380	1,345.104	1,336.000
Mexican peso	23.990	23.144	24.514	24.416
New Zealand Dollar	1.673	1.658	1.756	1.698
Peruvian Sol	4.588	4.519	3.992	4.443
Russian Ruble	87.232	85.300	82.654	91.467
Singapore Dollar	1.590	1.528	1.574	1.622
Ukraine Hryvnia	32.296	30.922	30.815	34.769
South Africa Rand	17.479	18.063	18.768	18.022

(1) The average exchange rate of the Argentine Peso was equal to the spot exchange rate at the reporting date.

x. Hyperinflation

If a subsidiary operates in a hyperinflationary economy, the related economic and financial results are adjusted in accordance with the method established by IFRS, before being translated into the functional currency of the Group (Euro). The economic and financial data are restated in local currency, taking into account the current purchasing power of the currency on the financial statements date. This process requires a number of complex procedural steps, which are maintained consistent over time.

The restatement procedures used by the Group are as follows:

a) selection of a general price index;
b) segregation of cash and non-cash items;
c) restatement of non-cash items;
d) restatement of the statement of profit or loss;
e) calculation of monetary profit or loss;
f) restatement of adjusted balance-sheet and income-statement values.

The effect of restating non-cash items is recognised in the statement of profit or loss under net financial income (expenses).

The restated statement of profit or loss is converted into Euro by applying the spot exchange rate at the end of the period instead of the average exchange rate for the period.

No restatement of the values presented in the comparative period prior to the official

declaration of the subsidiary's adoption of hyperinflationary accounting is required in the Group's consolidated figures.

The indices used to remeasure the values at 31 December 2021, in accordance with hyperinflationary economies IFRS rules, are shown in the table below. Specifically, the national Consumer Price Index ('nationwide CPI') of Argentina was used.

	for the years ending 31 December	
	2021 average rate	2020 average rate
Consumer Price Index	579.990	385.862
	2021 conversion factor	2020 conversion factor
January	1.445	1.331
February	1.395	1.305
March	1.331	1.263
April	1.278	1.244
May	1.237	1.225
June	1.199	1.198
July	1.164	1.176
August	1.136	1.145
September	1.097	1.113
October	1.060	1.073
November	1.034	1.040
December	1.000	1.000

xi. Reclassification of comparative figures at 31 December 2020

RECLASSIFICATIONS FOR PURCHASE PRICE ALLOCATION

On 10 June 2020, the Campari Group completed the acquisition of an 80% interest in the share capital of Champagne Lallier S.a.r.l. and other companies in its group.

As allowed by the applicable standard, the acquisition values initially allocated can be modified during the measurement period in which the acquirer shall retrospectively adjust the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date. The measurement period ends as soon as the acquirer receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. However, the measurement period shall not exceed one year from the acquisition date. The final fair value allocation of net assets identified was published the Group half year condensed consolidated financial statements at 30 June 2021, and are provided as well here below. Changes to the net assets, which were shown provisionally at 31 December 2020, have been identified separately and detailed in the following tables as required amendments to the opening balances. The updated allocation did not have a significant impact on the statement of profit or loss, statement of changes in shareholders' equity and cash flow statement for 2020.

RECLASSIFICATIONS OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	at 31 December 2020		
	stated figures € million	change resulting from provisional allocation of acquisition value € million	reclassified figures € million
ASSETS			
Non-current assets			
Property, plant and equipment	485.7	(3.0)	482.7
Right of use assets	71.5	-	71.5
Biological assets	5.5	3.4	8.9
Investment properties	-	-	-
Goodwill	1,356.6	(2.5)	1,354.1
Brands	954.5	2.1	956.6
Intangible assets with a finite life	44.7	(0.4)	44.3
Investments in associates and joint ventures	26.1	-	26.1
Deferred tax assets	44.5	-	44.5
Other non-current assets	5.7	-	5.7
Other non-current financial assets	7.1	-	7.1
Total non-current assets	**3,001.9**	**(0.4)**	**3,001.5**
Current assets		**-**	
Inventories	655.1	1.5	656.7
Biological assets	1.6	0.1	1.7
Trade receivables	281.8	-	281.8
Other current financial assets	1.2	-	1.2
Cash and cash equivalents	548.1	-	548.1
Income tax receivables	17.4	-	17.4
Other current assets	45.0	-	45.0
Assets held for sale	3.3	-	3.3
Total current assets	**1,553.6**	**1.6**	**1,555.2**
Total assets	**4,555.5**	**1.1**	**4,556.7**
LIABILITIES AND SHAREHOLDERS' EQUITY		-	
Shareholders' equity		-	
Issued capital and reserves attributable to shareholders of the parent Company	1,996.6	-	1,996.6
Non-controlling interests	1.8	-	1.8
Total shareholders' equity	**1,998.4**	**-**	**1,998.4**
Non-current liabilities		**-**	
Bonds	894.7	-	894.7
Loans due to banks	320.0	-	320.0
Other non-current financial liabilities	169.3	-	169.3
'Post-employment benefit obligations	33.4	-	33.4
Provisions for risks and charges	41.6	0.2	41.8
Deferred tax liabilities	337.0	0.9	338.0
Other non-current liabilities	7.3	-	7.3
Total non-current liabilities	**1,803.4**	**1.1**	**1,804.6**
Current liabilities		**-**	
Bonds	-	-	-
Loans due to banks	244.3	-	244.3
Other current financial liabilities	31.9	-	31.9
Trade payables	321.2	-	321.2
Income tax payables	16.1	-	16.1
Other current liabilities	140.3	-	140.3
Total current liabilities	**753.7**	**-**	**753.7**
Total liabilities	**2,557.2**	**1.1**	**2,558.3**
Total liabilities and shareholders' equity	**4,555.5**	**1.1**	**4,556.7**

RECLASSIFICATIONS OF THE RECLASSIFIED STATEMENT OF FINANCIAL POSITION STATEMENT IN THE MANAGEMENT BOARD REPORT

	at 31 December 2020		
€ million	stated figures	change resulting from provisional allocation of acquisition value	reclassified figures
fixed assets	2,944.6	(0.4)	2,944.2
other non-current assets and (liabilities)	(369.2)	(1.1)	(370.3)
operating working capital	617.4	1.6	618.9
other current assets and (liabilities)	(90.6)	-	(90.6)
total invested capital	**3,102.2**	**-**	**3,102.2**
Group shareholders' equity	1,996.6	-	1,996.6
non-controlling interests	1.8	-	1.8
net financial debt	1,103.8	-	1,103.8
total financing sources	**3,102.2**	**-**	**3,102.2**

RECLASSIFICATIONS OF THE OPERATING WORKING CAPITAL STATEMENT IN THE MANAGEMENT BOARD REPORT

	at 31 December 2020		
€ million	stated figures	change resulting from provisional allocation of acquisition value	reclassified figures
Trade receivables	281.8	-	281.8
Total inventories, of which:	656.8	1.6	658.3
maturing inventory	*368.1*	-	*368.1*
biological assets	*1.6*	*0.1*	*1.7*
other inventory	*287.0*	*1.5*	*288.6*
Trade payables	(321.2)	-	(321.2)
Operating working capital	**617.4**	**1.6**	**618.9**
Sales in the previous 12 months rolling	1,772.0		1,772.0
Working capital as % of sales in the previous 12 months	34.8		34.9

4

SIGNIFICANT ACCOUNTING POLICIES

i. Intangible assets

Intangible assets include all assets without any physical form that are identifiable, controlled by the Company and capable of producing future economic benefits, as well as goodwill when purchased for a consideration.
Intangible assets acquired are recorded under assets, when it is likely that the use of the assets will generate future economic benefits, and when the cost can be reliably determined.
If acquired separately, these assets are reported at acquisition cost including all allocable ancillary costs on the acquisition date.
Intangible assets acquired through business combinations are reported separately from goodwill at fair value, when this can reliably be measured, on the acquisition date.
Subsequently, intangible assets are recorded at cost, net of accumulated amortisation and any impairment losses.
Assets produced internally, are not capitalised and are reported in the statement of profit or loss for the financial year in which they are incurred; there are no significant development costs to be considered.
Intangible assets with a finite life are amortised on a straight-line basis in relation to their remaining useful life, taking into account losses due to a reduction in the cumulative value.
The period of amortisation of intangible assets with a finite life is reviewed at least at the end of every financial year in order to ascertain any changes in their useful life, which, if identified, will be treated as changes in estimates.
The costs of innovation projects and studies are recorded in the income statement in full in the year in which they are incurred.
Costs relating to industrial patents, concessions, licences and other intangible fixed assets are recorded on the assets side of the statement of financial position only if they are able to produce future economic benefits for the company. These costs are amortised based on the period of use, if this can be determined, or according to the contract term.
Software licences represent the cost of purchasing licences and, if incurred, external consultancy fees; there are normally no cost associated with internal personnel necessary for development. These costs are recorded in the year in which the internal or external costs are incurred to train personnel and other related costs.
Cloud computing arrangements under which the Group contracts to pay a fee in exchange for a right to access the supplier's application software for a specified term and in which the cloud infrastructure is managed and controlled by the supplier, insofar as access to the software is on an 'as needed' basis over the internet or via a dedicated line and, the contract does not convey any rights over tangible assets to the Group, are managed as a service contract with the related costs expensed as they are incurred. Any prepayment giving a right to a future service is recognised as a prepaid asset. Detailed analysis is undertaken to determine whether the implementation costs for software hosted under cloud arrangements can be capitalised.
Goodwill and brands that result from acquisitions and qualify as intangible assets with an indefinite life are not amortised. The possibility of recovering their carrying amount is ascertained at least once a year, and in any case when events occur that lead to the assumption of a reduction in value based on the criteria specified in the section entitled 'Impairment'.
For goodwill, a test is performed on the smallest cash-generating unit to which the goodwill relates. On the basis of this, management directly or indirectly assesses the return on investment including goodwill. See also the paragraph on 'Business combinations' below.
Goodwill write-downs can no longer be written back in future years. When control of a previously acquired company is transferred, the gain or loss on the sale takes into account the corresponding residual value of the previously recorded goodwill.

ii. Business combinations

Business combinations are recorded by applying the acquisition method.
The Group verifies firstly whether a business combination falls within the definition of a Business according to the IFRS guidance. In particular, the Group deems an undertaking to be a business only if it is an integrated set of activities and assets that includes at least an input and a substantive process which, together, contribute to the ability to create an output. A business can therefore exist even without the inclusion of all the inputs and processes necessary to create an output. The Group undertakes this assessment for each business combination to segregate asset deal transaction.
The cost of an acquisition is determined by the sum of the payments transferred as part of a business combination, measured at fair value, on the acquisition date and at the value of the portion of shareholders' equity relating to non-controlling interests, measured at fair value or as a pro-rata share of the net assets recognised for the acquired entity. The designated methodology for each acquisition is specified when the values deriving from the allocation process are shown.
In the case of business combinations made in stages, the interest previously held by the Group in the acquired business is revalued at fair value on the date on which the control is acquired, and any resulting gains or losses are recognised in the statement of profit or loss.
Contingent considerations are measured at fair value on the acquisition date and are included among the transferred payments for the purposes of calculating goodwill. Among other factors, the nature of and compensation for the selling shareholders' continuing employment is considered to determine if any contingent payments are for post-combination employee services, which are excluded from consideration. Subsequent changes to the fair value of the contingent considerations, i.e. when the amount and future disbursement are dependent on future events that are classified as a financial instrument, are reported on the statement of profit or loss or separately in equity under the other components of comprehensive income. The designated methodology for each acquisition is specified when the values deriving from the allocation process are shown. Conditional payments that are classified as equity instruments are not revalued; they are therefore recorded under equity when settled.
Ancillary costs relating to the transaction are recognised in the statement of profit or loss at the time at which they are incurred. Any changes in fair value occurring once more information becomes available during the measurement period (12 months from the date of acquisition) are included retrospectively in goodwill.
Goodwill acquired in business combinations is initially measured at cost, as the excess of the sum of payments transferred as part of a business combination, the value of the portion of shareholders' equity relating to non-controlling interests and the fair value of any interest previously held in the acquired business over the Group's portion of the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired company.
If the value of the net assets acquired and liabilities assumed on the acquisition date exceeds the sum of the transferred payments, the value of the non-controlling interests' portion of shareholders' equity and the fair value of any interest previously held in the acquired

business, this excess value is recorded in the statement of profit or loss as income from the transaction.
After initial recognition, goodwill is measured at cost, less cumulative impairment. To establish whether impairment has occurred, the goodwill acquired in a business combination is allocated from the acquisition date to the individual cash-generating units or to the groups of cash-generating units likely to benefit from merger synergies, regardless of whether other assets or liabilities from the acquisition are assigned to these units or groups of units. When the goodwill is part of a cash-generating unit (or group of cash-generating units) and some of the internal assets of the unit are sold, the goodwill associated with the assets sold is included in the carrying amount of the assets in order to establish the gain or loss generated by the sale. Goodwill sold in this way is measured according to the relative value of the assets sold compared with the value of the remaining portion of the unit.

iii. Recognition of non-controlling interests

Non-controlling interests relate to the portion of a subsidiary's shareholders' equity that is not directly or indirectly attributable to the Group.
Non-controlling interests are determined using one of the following methods:

- based on the subsidiary's proportionate share of net assets, determined according to the rules set out by the accounting standard for business acquisitions;
- in proportion to the price paid (i.e. at fair value).

The choice of method for determining non-controlling interests is made on a case-by-case basis separately for each business combination.
If there are cross-mechanisms which give the Group the right to acquire the non-controlling interests (call option agreement) or rights to sell the same to the Group (put option agreement) or a combination of both (put and call option agreements), an analysis is made as to whether the risks and benefits connected with the share of legal ownership of the business to which the non-controlling interests pertain are broadly attributable to the latter or to the Group. These rights to purchase or sell the non-controlling interests may be set at a fixed price, a variable price or a fair value, and may be exercisable on a fixed date or at any time in the future. Each of these variables is examined to determine the effects on the presentation of the accounts.

If the non-controlling interests have an effective involvement in the conduct of the business, those interests must continue to be represented in addition to the Group's shareholders' equity and, at the same time, the financial liability for contingent deferred consideration for the put and/or call option agreements (normally set at a variable price) estimated to be paid on the exercise of those options, must be recorded.
Movements in the estimated liability in respect of options are recognised in retained earnings. At the close of each year, the effects of agreements with non-controlling interests are shown as follows:

- an allocation is made of the portion of net shareholders' equity that would have been recognised under non-controlling interests, including the related operating result, as well as the changes to the consolidated statement of profit or loss and the dividends paid during the year;
- non-controlling interests recognised at the time of initial acquisition (a) are shown as if they were eliminated on that date and deducted from the financial liabilities for put and/or call options;
- financial liabilities associated with put and/or call option agreements are shown at fair value (b) as changes in the Group's shareholders' equity, without the need for measurement based on amortised cost;

- the difference between (a) and (b) is recorded under the Group's shareholders' equity.

The financial liability for contingent consideration in the form of put and/or call options, measured at its fair value, is not considered to be one of the components of the purchase price to be allocated to the net assets of the acquired business. Any subsequent remeasurements of the fair value of the financial liability relating to the put and/or call option agreements are treated as transactions with minority shareholders and recognised under the Group's shareholders' equity up to the date of their liquidation.

If the risks and benefits associated with ownership of the non-controlling interests are borne by the Group, the non-controlling interests are not shown. The financial liability for put and/or call options is considered to be one of the components of the purchase price to be allocated to the net assets of the acquired business. Any change in the liability is recorded as financial income (expense) in the Group results.

iv. Property, plant and equipment

Property, plant and equipment are recorded at acquisition or production cost, gross of capital grants (if received) and directly charged expenses and are not revalued. Subsequently, tangible fixed assets are recorded at cost net of accumulated depreciation and any impairment losses. Any costs incurred after purchase are only capitalised if they increase the future financial benefits generated by using the asset.
The replacement costs of identifiable components of complex assets are allocated to assets on the statement of financial position and depreciated over their useful life. The residual value recorded for the component being replaced is allocated to the statement of profit or loss; other costs are charged to profit or loss when the expense is incurred.
Financial expenses incurred in respect of investments in assets which normally take a substantial period of time to be prepared for use or sale are capitalised and depreciated over the useful life of the asset class to which they belong. All other financial expenses are posted to the statement of profit or loss when incurred.
Ordinary maintenance and repair expenses are expensed in profit or loss in the period in which they are incurred.
If there are current obligations for dismantling or removing assets and cleaning up the related sites, the carrying amount of the assets includes the estimated costs (discounted to present value) to be incurred when the structures are abandoned, which are posted as an offsetting entry to a specific provision.
Depreciation is applied using the straight-line method, based on each asset's estimated useful life as established in accordance with the company's plans for use of such assets, taking into account wear and tear and technological obsolescence, and the likely estimated realisable value net of disposal costs.
When the tangible asset consists of several significant components with different useful lives, depreciation is applied to each component individually.
The amount to be depreciated is represented by the carrying amount, less the estimated residual value, at the end of its useful life, if this value is significant and can reasonably be determined.
Land, even if acquired in conjunction with a building, is not depreciated, and nor are held-for-sale tangible assets, which are reported at the lower of their carrying amount and fair value less cost to sell. Barrels are depreciated based on the useful life, which can vary depending on the maturing work in progress for the liquid. For lease-hold-improvements, the period of depreciation is the shorter of the economic life of the asset and the contract duration of the underlying lease agreement.

The Group depreciation rate ranges are as follows:

• business related properties and light construction:	3%-10%
• plant and machinery:	10%
• furniture, office and electronic equipment:	10%-20%
• vehicles:	20%-25%
• miscellaneous equipment:	20%-30%

Depreciation ceases on the date on which the asset is classified as held for sale or on which the asset is derecognised for accounting purposes, whichever occurs first.
A tangible asset is derecognised from the statement of financial position at the time of sale or when there are no future economic benefits associated with its use or disposal.
Any profits or losses are included in the statement of profit or loss in the year of this derecognition.

v. Grants

The Group recognises unconditional public grants, including those relating to biological assets, in the statement of profit or loss for the period in which the Group has complied with all the underlying conditions to be entitled to receive the grant. Grants made to compensate the Group for certain expenses incurred in the operation of business, are recognised in the statement of profit or loss when the expenses are incurred.
Capital grants are recorded when there is a reasonable certainty that all the requirements necessary for access to such grants have been met and that the grant will be disbursed. This generally occurs when the decree acknowledging the grant is issued. Capital grants that relate to tangible fixed assets are recorded as deferred income and credited to the statement of profit or loss over the whole period corresponding to the useful life of the asset in question.

vi. Impairment

Intangible assets with an indefinite useful life and goodwill are subjected to impairment tests every year, or more frequently if, there is any indication that the asset may be impaired. With reference to intangible assets with finite useful life and tangible assets the Group ascertains, at least once a year, whether there are indicators of potential impairment. If the Group finds that such indications exist, it estimates the recoverable value of the relevant asset.
The ability to recover the assets is ascertained by comparing the carrying amount to the related recoverable value, which is represented by the higher of the fair value less cost of disposal, and the value in use.
In the absence of a binding sale agreement, the fair value is estimated on the basis of recent transaction values in an active market or based on the best information available to determine the amount that could be obtained from selling the asset. The value in use is determined by discounting expected cash flows resulting from the use of the asset, and if significant and reasonably determinable, the cash flows resulting from its sale at the end of its useful life.
Cash flows are determined on the basis of reasonable, documentable assumptions representing the best estimate of the future economic conditions that will occur during the remaining useful life of the asset, with greater weight given to external information. Growth rate assumptions are applied to the years beyond the business plan horizon. The discount rate applied takes into account the implicit risk of the business segment.
When it is not possible to determine the recoverable value of an individual asset, the

Group estimates the recoverable value of the unit generating the financial flows to which the asset belongs.
Impairment loss is recorded if the recoverable value of an asset is lower than its carrying amount, by posting the related cost in the statement of profit or loss. In the event that in subsequent periods, circumstances arise in support of an impaired asset other than goodwill that has recovered the lost value, the carrying amount of the asset or the related cash-generating unit is increased to reflect the new estimate of recoverable value, which may not exceed the value that would have been calculated if no impairment had been recorded. The recovery of impairment is posted in the statement of profit or loss.

vii. Investment property

Property and buildings held to generate rental income (investment property) are valued at cost less accumulated depreciation and impairment losses. The depreciation rate for buildings is that used for the relevant fixed asset category. Investment property is derecognised from the statement of financial position when sold or when it becomes permanently unusable, and no future economic benefits are expected from its disposal.

viii. Leases

The Group has various agreements in place for the use of offices, vehicles, machinery, shops and other minor assets belonging to third parties. Lease agreements are generally entered into for a term of 3-10 years but may contain options to extend them. The terms of a lease are negotiated individually and may contain a wide range of different terms and conditions. Such agreements do not include covenants, but the leased assets may be used to guarantee the liability arising from contractual commitments.

Rights of use are valued at cost, net of accumulated amortisation and impairment losses and adjusted after each remeasurement of the lease liabilities. The value assigned to the rights of use corresponds to the amount of the lease liabilities recognised, plus initial direct costs incurred, lease payments settled on the start date of the agreement or previously, and restoration costs, net of any lease incentives received. Restoration costs, which may be recognised in rare cases, normally relate to offices, for which there could be a contractual requirement to restore them to their original state at the end of the lease agreement. The Group estimates the fair value of the restoration obligation based on the agreement with the lessor or by using expert valuations of third parties. The value of the liability, discounted to present value, as determined above, increases the right of use of the underlying asset, and a dedicated provision is created to offset. Unless the Group is reasonably certain that it will obtain ownership of the leased asset at the end of the lease term, the rights of use are amortised on a straight-line basis over its estimated useful life or the term of the agreement, whichever is the shorter.

The financial liability for leases is recognised on the start date of the agreement at a total value equal to the present value of the lease payments to be made during the term of the agreement, discounted to present value using incremental borrowing rates (IBR) when the implicit interest rate in the lease agreement cannot easily be determined (explicit interest rates in lease agreements are rare). The incremental borrowing rates used to evaluate leasing contracts are determined by the Group and are revised on a recurring basis; they are applied to all agreements with similar characteristics, which are treated as a single portfolio of agreements. The rates are determined using the average effective debt rate of the subsidiary, appropriately adjusted as required by the accounting rules, to

simulate a theoretical interest rate consistent with the agreements being valued. The most important elements considered in adjusting the rate are the credit-risk spread of each country observable on the market and the varying durations of the lease agreements.
After the start date, the amount recorded for the liabilities relating to lease contracts increases to reflect the accrual of interest and decreases to reflect the payments made. Each lease payment is divided into a repayment of the capital portion of the liability and a financial cost. The financial cost is charged to the statement of profit or loss over the term of the agreement to reflect a constant interest rate on the remaining debt portion of the liability for each period.

If there are sublease agreements or agreements to modify the lease agreement, the rules required by IFRS 16-'Leases', are applied.

The term of the lease is calculated taking into account the non-cancellable period of the lease, together with the periods covered by an option to extend the agreement if it is reasonably certain that it will be exercised, or any period covered by an option to terminate the lease contract, if it is reasonably certain that it will not be exercised. The Group assesses whether it is reasonably certain that it will exercise the options to extend or will terminate the agreements taking into account all the relevant factors that create a financial incentive for such decisions.

Lease incentives received at the latest by the start date of the agreement are deducted directly from the value of the right of use; the corresponding value reflects the money already received, net of the credit amount to be collected. Lease incentives agreed during the term of the agreement are considered to be amendments to the original agreement, measured at the date of the amendment, with a resulting impact of the same value on both the right of use and the liability relating to leases.

The management is required to make estimates and assumptions that might influence the valuation of the right of use and the financial liability for leases, including the determination of:
- whether the arrangements are or contains a lease by applying the lease definition;
- terms of the agreement;
- interest rate used to discount future lease payments to current value.

The agreements are either included or excluded from the application of the standard based on a detailed analysis carried out for each agreement and in line with the rules laid down by IFRS standards. Variable lease payments that are not linked to an index or rate continue to be charged to the statement of profit or loss as costs for the period.

ix. Financial instruments

Financial instruments held by the Group are categorised as follows.

- **Financial assets**

Financial assets include investments, short-term securities and financial receivables, which, in turn, include the positive fair value of financial derivatives, trade and other receivables and cash and cash equivalents.
Specifically, cash and cash equivalents include cash, bank deposits and highly liquid securities that are readily convertible into cash and are subject to an insignificant risk of a change in value. Deposits and securities included in this category mature in less than three months based on the conditions existing on the date of the acquisition of the asset. Current securities include short-term securities or marketable securities that represent a temporary investment of cash and do not meet the requirements for classification as cash and cash equivalents.

Financial assets are classified and measured on the basis of a business model developed by the Group. The business model has been defined at a level that reflects the way in which groups of financial assets are managed to achieve a particular business objective. The model's measurement process requires an assessment based in part on quantitative and qualitative factors relating to, for example, the way in which the performance of the financial assets in question is communicated to management with strategic responsibilities and the way in which the risks connected with these financial assets are managed.

The Group measures a financial asset at amortised cost if it meets both of the following conditions:
- it is held under a business model whose objective is to hold assets in order to collect contractual cash flows; and,
- its contractual terms and conditions are such that the cash flows generated by the asset are attributable exclusively to payments of the principal and the related interest.

Financial assets measured at amortised cost are measured at fair value at the time of initial recognition; subsequent measurements reflect the repayments made, the effects of applying the effective interest method and any write-downs. Any gain or loss made on derecognition is recognised in profit or loss, together with foreign exchange gains and losses.
Financial assets also include investments in companies that are not held for trading. These assets are strategic investments, and the Group has decided to recognise changes in the related fair values through profit or loss (FVTPL).
Financial assets represented by debt securities are classified and valued in the statement of financial position based on the business model adopted to manage these financial assets and on the financial flows associated with each financial asset. They are measured at fair value through other comprehensive income (FVOCI) if all the conditions required by IFRS 9 are respected.

- **Impairment of a financial asset**

Financial assets are tested for recoverability by applying an impairment model based on the expected credit loss (ECL).
The Group applies the simplified method for trade receivables, which considers the probabilities of default over the financial instrument's life (lifetime expected credit losses). In making impairment assessments, the Group considers its historical credit loss experience, adjusted for forward-looking factors specific to the nature of the Group's receivables and economic environment. If any such evidence exists, an impairment loss is recognised under selling, general and administrative expenses. More specifically, non-performing receivables are analysed based on the debtor's creditworthiness and ability to pay the sums due, as well as the degree of effective coverage provided by any collateral and personal guarantees in existence.
With regard to trade receivables, two approaches are applied to estimate impairment, based on the specific characteristics of the individual countries in which the Group operates and its constant growth at a global level: one is a matrix-based model and the other applies the probability of default (PD) obtained from external sources specialising in the country in which each subsidiary is located. The provision matrix, including the overall actual result of the year, is reported in the relevant disclosure notes.

A financial asset is considered to be impaired when internal or external information indicates that it is unlikely that the Group will receive the full contractual amount.
Lastly, with regard to other financial assets measured at amortised cost, and, more specifically, cash and cash equivalents, the impact in terms of expected loss is not considered material and for this reason no adjustment is made to the book values.

• **Financial liabilities**
Financial liabilities include financial payables which, in turn, include the negative fair value of financial derivatives, trade payables and other payables.
Financial liabilities are classified and measured at amortised cost, except for financial liabilities that are initially measured at fair value, for example, financial liabilities relating to earn-out linked to business combinations and derivative instruments and financial liabilities for put options on non-controlling interests.

• **Derecognition of financial assets and liabilities**
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:
- the rights to receive cash flows from the asset have expired or,
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (i) the Group has transferred substantially all the risks and rewards of the asset, or (ii) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

• **Financial derivatives and hedging transactions**
Financial derivatives embedded in contracts in which the primary element is a financial asset that falls within the scope of IFRS 9 are not treated separately. The hybrid instrument is instead examined as a whole for classification in the statement of financial position and subsequent measurement.
Financial derivatives are used exclusively for hedging purposes to reduce exchange and interest-rate risk. Financial derivatives are only accounted for by applying the methods established for hedge accounting (fair value hedge or cash flow hedge) if, at the start of the hedging period, the hedging relationship has been designated. It is assumed that the hedge is highly effective: it must be possible for this effectiveness to be reliably measured during the accounting periods for which it is designated. All financial derivatives are measured at fair value.
Where financial instruments meet the requirements to be reported using hedge accounting procedures, the following accounting treatment is applied:
- fair value hedge: if a financial derivative is designated as a hedge against exposure to changes in the fair value of an asset or liability attributable to a particular risk that could have an impact in the statement of profit or loss, the gains or losses resulting from subsequent measurements of the fair value of the hedging instrument are reported in the statement of profit or loss. The gain or loss on the hedged item, which is attributable to the hedged risk, is reported as a portion of the carrying amount of this item and as an offsetting entry in the statement of profit or loss;
- cash flow hedge: if a financial instrument is designated as a hedge of exposure to fluctuations in the future cash flow of an asset or liability recorded in the financial statements, or of a transaction that is considered to be highly probable and that could have an impact on the statement of profit or loss, the effective portion of the gains or losses on the financial instrument is recognised in the statement of other comprehensive income. Cumulative gains or losses are reversed from shareholders' equity and recorded in the statement of profit or loss in the same period in which the transaction being hedged has an impact on the statement of profit or loss. The gain or loss associated with a hedge or the portion of a hedge that has become ineffective is posted to the statement of profit or loss when the ineffectiveness is reported.

If a hedge instrument or hedge relationship is closed out, but the transaction being hedged has not been carried out, the cumulative gains and losses, which, until that time had been posted to shareholders' equity, are recognised in the income statement at the time in which the related transaction is carried out.
If the transaction being hedged is no longer considered likely to take place, the pending unrealised profits or losses in shareholders' equity are recorded in the statement of profit or loss.
If hedge accounting cannot be applied, any gains or losses resulting from measuring the financial derivative at its present value are posted to the statement of profit or loss.
A highly probable intra-group transaction qualifies as a hedged item in a cash flow hedge of exchange rate risk, provided that the transaction is denominated in a currency other than the functional currency of the company entering into the transaction and that the financial statements are exposed to exchange rate risk.
In addition, if the hedge of a forecast intra-group transaction qualifies for hedge accounting, any gain or loss that is recognised directly in the statement of other comprehensive income must be reclassified in the statement of profit or loss in the same period in which the currency risk of the hedged transaction affects the consolidated statement of profit or loss.

• **Financial guarantee contract liabilities**
The Group recognises financial guarantees as a financial liability if the likelihood of these guarantees being called is assessed not to be remote and the Group is expected to be liable for any legal obligation in respect of these financial guarantee agreements. Financial guarantee contract liabilities are measured initially at their fair values. These liabilities are subsequently measured at the higher of the amount determined under IAS 37 and the amount initially recognised (i.e. fair value) less, where appropriate, any cumulative amortisation of the initial amount recognised. They are represented as a long- or short-term financial liability, depending on the time of the expected execution of the guarantees.
If the likelihood of these guarantees being called is assessed to be remote, they are treated as commitments with disclosure requirements only. It occurs when they are represented as other forms of security in favour of third parties, such as customs guarantees for excise duties and guarantees to grant credit lines.

x. Own shares

Own shares (both ordinary and special voting shares) are reported as a reduction in shareholders' equity.
The original cost of own shares and the economic effects of any subsequent sales are reported as movements in shareholders' equity.

xi. Inventories

Inventories of raw materials and semi-finished and finished products are valued at the lower of purchase or production cost, determined using the weighted average method, and market value.
Work in progress is recorded at the acquisition cost of the raw materials used including the actual production costs incurred up to the point of production reached.
Inventories of raw materials and semi-finished products that are no longer of use in the production cycle and inventories of unsaleable finished products are fully written down.

xii. Biological assets

The Group's biological assets include grapes for champagne production, sugar cane plantations and agave, which are used as raw materials for the production of spirits.
Grape vines remain classified as fixed biological assets valued at cost, net of accumulated depreciation and accumulated impairment losses. Immature vines are stated at accumulated cost. Capitalisation of costs ceases when the vines reach maturity. Depreciation commences when the grape vines are considered mature, which is when they produce their first commercially viable crop. Grapes growing on the plant are immediately classified as biological inventory since agricultural output covers a one-year period and the harvest is expected to occur in the second half of the year. Taking into account the biological and vegetative cycle, all the costs incurred in anticipation of the future harvest (service, products and other ancillary costs) are considered as inventory in current biological assets at the reporting date at a value that is in line with the fair value of the growing grapes based on available information on commodities markets.
Sugar cane plantations remain classified as fixed biological assets valued at cost, net of accumulated depreciation and accumulated impairment losses up to the harvest, which occurs from February to June. At the harvest time the agricultural output that covers a one-year period, is classified as an inventory item at a value estimated based on the costs of infrastructure, land preparation and sugar cane cultivation, with reference to an active market for comparable plantation and similar output in terms of age and qualitative characteristics, if available.
Agave plantations remain classified as fixed biological assets valued at cost, net of accumulated depreciation and accumulated impairment losses. The vegetative cycle for the ripening of the agave fruit is approximately six years. During this period the agave plants have not yet matured to be used for distillation purposes but can theoretically be sold as medium-aged plants. Agave cannot be distinguished from planting and can only be harvested once. The value of the growing product is represented as biological inventory and the reported fair value is estimated on the basis of the costs of infrastructure, soil preparation and agave cultivation, in the absence of an active reference market for comparable plantations and similar productions in terms of age and qualitative characteristics.

xiii. Assets held for sale

Assets held for sale include assets (or disposal groups), whose carrying amount will be recovered primarily from their sale rather than their ongoing use, and whose sale is highly probable in the short term (within one year) and in the assets' current condition.
Assets held for sale are valued at the lower of their net carrying amount and fair value less cost to sell and they are not amortised.

xiv. Employee benefits

• **Post-employment benefits**
Group companies provide post-employment benefits to staff, both directly and by contributing to external funds.
The procedures for providing these benefits vary depending to the legal, fiscal and economic conditions in each country in which the Group operates.
Group companies provide post-employment benefits through defined contribution and/or defined benefit plans.

a) Defined benefit plans
The Group's obligations and the annual cost reported in the statement of profit or loss are determined by independent actuaries using the projected unit credit method.
The net cumulative value of actuarial gains and losses is recorded directly in the statement of other comprehensive income and is not subsequently recognised in the statement of profit or loss.
The costs associated with an increase in the present value of the obligation, as the time for payment of the benefits draws nearer, are included under financial expenses. Service costs are posted to the statement of profit or loss. The liability recognised represents the present value of the defined benefit obligation, less the present value of plan assets. If an amendment to the plan changes the benefits accruing from past service, the costs arising from past service are recognised in the statement of profit or loss at the time the change to the plan is made. The same treatment is applied if there is a change to the plan that reduces the number of employees or that amends the terms and conditions of the plan (the treatment is the same, regardless of whether the final result is a profit or a loss).

b) Defined contribution plans
Since the Group fulfils its obligations by paying contributions to a separate entity (a fund), with no further obligations, the company records its contributions to the fund in respect of employees' service, without making any actuarial calculation.
When these contributions have already been paid at the reporting date, no liabilities are recorded in the financial statements.

• **Compensation plans in the form of stock options**
The Group pays additional benefits in the form of stock option plans to employees, directors and individuals who regularly carry out work for one or more Group companies.
Pursuant to IFRS 2-'Share-Based Payment', the total fair value of the stock options on the grant date is to be reported as a cost in the statement of profit or loss, with an increase in the respective shareholders' equity reserve, in the period beginning at the time of allocation and ending on the date on which the employees, directors and individuals who regularly carry out work for one or more Group companies become fully entitled to receive the stock options.
Changes in the present value after the grant date have no effect on the initial valuation while, in the event of changes to the terms and conditions of the plan, any additional costs are recorded for each change that determines an increase in the present value of

the recognised option. The cost is recognised as a portion, for each period in which the vesting conditions have been met. In the event of forfeiture of an option, the cumulated cost recorded until that date is released to the statement of profit or loss. If an option is cancelled, it is treated as an acceleration of the vesting period and any outstanding charge is recognised immediately in the statement of profit or loss.
The fair value of stock options is represented by the value of the option calculated by applying the Black-Scholes model, which takes into account the terms and conditions to exercise the option, the current share price, the expected volatility and dividend, and the risk-free rate, as well as the non-vesting conditions. Volatility is estimated with the help of data supplied by a market information provider together with a leading bank and corresponds to the estimate of volatility recorded in the period covered by the plan.
The stock options are recorded at fair value with an offsetting entry in the stock option reserve.
The dilutive effect of options not yet exercised is included in the calculation of diluted earnings per share.

- **Share-based payments in the form of 'Employees Share Ownership Plan'**

Employee Share Ownership Plan ('ESOP') is a share matching plans offering employees the opportunity to invest in Davide Campari-Milano N.V. shares for which free shares will be granted after a certain vesting period. The free shares granted represent an equity settled arrangement.
The accounting treatment for the ESOP follows the accounting treatment applied for benefits granted in the form of stock option plans. The fair value of the ESOP plan is represented by the value of the option calculated by applying the Black-Scholes model. In the event that the granting of the benefit in the form of a share-based scheme is not permitted or it is not effective on the basis of specific national legislation, the same benefits are granted in the form of a phantom stock option plan. These plans confer the same rights as the ESOP plan but are cash-settled and the initial fair value measurement is calculated by applying the Black-Scholes model. The cost resulting from this valuation is spread over the vesting period, with an impact on the income statement using a long-term liability offsetting account (in place of an equity reserve). As a subsequent measurement, at each balance sheet date and at least once a year and on the settlement date, the value of the phantom plan must be fully remeasured on the basis of the current market value of the Davide Campari-Milano N.V. shares. Any cumulative changes in fair value are recognised in the income statement in the remeasurement period to align the liability with the "pro-rata" value of the expected bonus payment pay-out. This initiative will start having an impact on the Group's accounts from the first quarter of 2022.

The Extra-Mile Bonus Plan ('EMB') awarded in 2021 represents a preparatory assignment to the launch of the ESOP program with which it shares the main features. The fair value of the EMB plan is represented by the awarded number of rights assigned calculated based on the annual base gross salary of eligible employees at 31 December 2020, divided by twelve.

xv. Provisions for risks and charges and contingent assets

The provisions for risks and charges are recognised when:

- there is a current legal or implicit obligation resulting from a past event;
- it is likely that the fulfilment of the obligation will require some form of payment;
- the amount of the obligation can be reliably estimated.

Provisions are recorded at a value representing the best estimate of the amount that the company would reasonably have to pay to discharge the obligation or transfer it to third parties on the reporting date.
When the financial impact of the timing is significant, and the payment dates of the obligations can be reliably estimated, the accrual is discounted to present value. The change in the related provision over time is allocated to the statement of profit or loss under 'Financial income (expenses)'.
Provisions are periodically updated to reflect changes in estimates of cost, timescales and discount rates. Revisions to estimates of provisions are booked to the same statement of profit or loss item that contains the accrual or, if the liability relates to tangible assets (i.e. dismantling and restoration), these revisions are reported as an offsetting entry to the related asset. When the Group expects that all or part of the provisions will be repaid by third parties, a receivable is recorded under assets only if it is virtually certain, and the accrual and related repayment are posted to the statement of profit or loss.
The Group discloses purely contingent assets and provides information when there are significant amounts that are highly likely to be realised. The Group records the relevant asset only when the original uncertainty relating to it no longer applies and it is virtually certain that the asset will be realised.

xvi. Restructuring provisions

The Group reports restructuring provisions only if there is a restructuring obligation deriving from a formal detailed restructuring programme that has led to a reasonable expectation by interested parties that the restructuring will be carried out with an outflow of resources whose amount can be reliably estimated, either because the process has already started or because the main features of the restructuring programme have already been communicated.

xvii. Revenues from sales and services

Revenues are recognised when the customer gains control of the goods. Transfer of control is determined using a five-step analytical model that is applied to all revenues from contracts with customers.
This occurs when the goods are delivered to the customer, who has full discretion over the sales channel and price of the products themselves, and there is no unfulfilled obligation that could affect acceptance by the customer. Delivery takes place when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer and the customer has accepted the products in accordance with the sales contract, the terms and conditions of acceptance have expired or the Group has objective evidence that all criteria for acceptance have been met. The Group's revenues mainly include sales of spirits on the market and, to a marginal extent, revenues from co-packing services in some way linked to the Group's core business, for which the breakdown of sales is not disclosed in consideration of their limited importance.
Their nature, amount, timing and uncertainty, as well as the connected cash flows, are affected by economic factors influenced by homogeneous elements, although markets have different sizes and maturity profiles. These elements are primarily attributable to features of geographical areas and the related breakdown by countries and, secondarily, attribu-

table to the development of brand clusters (global, regional and local) and the related breakdown by brands. For the Group, the four operating segments managed in terms of resource allocation, particularly investment in brand-building and distribution capabilities, are the following: Americas ('AMERICAS'), Southern Europe, Middle East and Africa ('SEMEA'), Northern, Central and Eastern Europe ('NCEE'), and Asia-Pacific ('APAC'). In order to highlight the main business performance drivers in a geographically diversified context and assess the contribution of the newly-acquired brands to the overall sales performance of the Group, further breakdowns by brand category (global, regional and local brands) and for major brands are provided, to better explain their contribution to the region. The categorisation of brands into the three main clusters mentioned above is based on the geographic scale, business priorities and the growth potential of the brands themselves.

Revenues are recognised at the price stated in the contract, net of any estimates of deferred discounts or incentives granted to the customer in line with industry practice, for example:

- volume/value discounts based on cumulative sales above a threshold at the end of a given period;
- performance-based discounts (such as discounts, rebates, performance bonuses, logistical discounts), based on promotional activities carried out by the customer and agreed in advance;
- customer incentives, such as discount vouchers, free products, price protection, market development allowances and price reduction allowances (to compensate low sales);
- product placement allowances (such as contributions for placement and range).

Historical experience is used to estimate deferred discounts/incentives based on agreements with clients, and revenues are recognised only to the extent that it is highly probable that there will be no need for subsequent significant adjustments.
No element of financing is deemed to be present as sales are made with only a brief delay before payment: contracts are not normally entered into when there is more than one year between the transfer of the goods and the payment by the customer.
Discounts relating to specific payment terms that lower the Group entity's collection risk or reduce administrative costs and/or improve liquidity (such as payments at the time of sale) are recognised as a reduction in revenue.
A liability reducing the related trade receivable is recognised for deferred discounts due to customers in relation to sales made up to the end of the period. Such liabilities can then be offset against the amounts payable by the customer.
Receivables are recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before payment is due.
The Group incurs consumption taxes worldwide. In most jurisdictions, excise duty is a production tax that is payable by the manufacturer, becomes payable when the product is removed from captive warehouses, and is not directly related to the sales value: the excise duty is consequently recognised as a cost for the Group. Excise duties are normally recovered through the sales although they are generally not shown as a separate item on external invoices. Excise duty increases are not always passed on to the customer and if a customer does not pay for the product received, the Group cannot request a refund of the excise duty. For excise duties passed on to customers, the Group considers itself an agent of the regulatory authorities and, consequently, the re-invoiced excise values are excluded from the presentation of net sales in the primary statements and are presented to offset the cost incurred by the Group.

xviii. Recognition of costs and expenses in the statement of profit or loss

Costs are recognised in the statement of profit or loss when they relate to goods and services consumed during the period.
Personnel costs include stock option plans (in keeping with their largely remunerative nature) allocated to employees, directors and individuals who regularly carry out work for one or more Group companies. Personnel costs also include the share-based payments connected with the 'Employees Share Ownership plan'.
Costs incurred in developing alternative products or processes, or in conducting technological research and development, are considered to be current costs and are recognised in profit or loss in the period in which they are incurred.

xix. Financial income and expenses

Financial income and expenses (including exchange rate differences) are mainly recognised in the statement of profit or loss in the year in which they are incurred; recognition in other components of the statement of other comprehensive income is governed by the rules of IFRS. Financial expenses that are not capitalised are recognised interest method.

xx. Taxation

Current income taxes are calculated on estimated taxable income and the related payable is recorded under 'Tax payable'.
Current tax payables and receivables are recognised in the amount to be paid to/received from tax authorities by applying the tax rates and regulations in force or effectively approved on the reporting date. In preparing the above estimates, a detailed assessment was also given of uncertainties regarding the tax treatment of transactions carried out, which could give rise to disputes with the tax authorities.
Current taxes relating to items posted directly to shareholders' equity are included in shareholders' equity.
Other non-income taxes, such as property and capital taxes, are included in operating expenses.
Deferred tax assets and liabilities are calculated on all temporary differences between the asset and liability values recorded in the financial statements and the corresponding values recognised for tax purposes using the liability method.
Provisions for deferred taxes that could be incurred from the transfer of undistributed profit from subsidiaries have been recognised only where there is a genuine intention to transfer that profit. Taxes payable on undistributed profits are recognised taking into account the tax burden arising from the distribution profit reserves estimated by the Group, pertaining to certain subsidiaries. Dividend payments are scheduled over a medium and long-term horizon, taking into account the Parent Company's financial requirements and business needs.
Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss or
- in respect of deductible temporary differences associated with investments in sub-

sidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, or
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are determined on the basis of the tax rates projected to be applicable under the respective laws of the countries in which the Group operates, in those periods in which the temporary differences are generated or derecognised.

Current tax assets and liabilities are offset when these relate to income taxes levied by the same tax authority and a legal right of set-off exists, provided that the realisation of the asset and the settlement of the liability take place simultaneously.

xxi. Transactions in foreign currencies (not hedged with derivatives)

Revenues and costs related to foreign currency transactions are reported at the exchange rate applying on the date on which the transaction is carried out.

Monetary assets and liabilities in foreign currencies are initially translated into Euro at the exchange rate in effect on the transaction date and subsequently converted into Euro at the exchange rate applying on the reporting date, with the difference in value being posted to the statement of profit or loss.

Non-monetary assets and liabilities arising from the payment/collection of a foreign currency advance are initially recognised at the exchange rate in effect on the transaction date and are not subsequently modified to take account of any change in the exchange rate in effect on the reporting date.

xxii. Earnings per share

Basic earnings per share are calculated by dividing the Group's net result by the weighted average number of shares outstanding during the period, excluding any own shares held. For the purposes of calculating the diluted earnings (loss) per share, the weighted average of outstanding shares is adjusted in line with the assumption that all potential shares with a diluting effect will be converted.

5

CHANGE IN ACCOUNTING STANDARDS

i. Summary of the new accounting standards adopted by the Group from 1 January 2021

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 on 'Interest Rate Benchmark Reform' phase 2 (issued on 27 August 2020). The amendments support companies in applying IFRS standards when i) changes are made to contractual cash flows or hedging relationships because of the reform; and ii) assist companies in providing useful information to users of financial statements.

The amendment was considered in the preparation of this Group's consolidated financial statements with no significant impact to be reported. For additional information please refer to note 11 iii-' Fair value information on assets and liabilities'.

Amendments to IFRS 16-'Leases' Covid-19-Related Rent Concessions beyond 30 June 2021 (issued on 31 March 2021). The IFRS 16 was amended to extend the availability of the practical expedient, allowed in 2020, by one year. Specifically, the practical expedient in the 2021 amendment applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

The amendment, applicable to annual reporting periods beginning on or after 1 January 2021, was considered in the preparation of this Group's consolidated financial statements with no impact to be reported.

ii. Accounting standards, amendments and interpretations that have been endorsed but are not yet applicable/have not been adopted in advance by the Group

The Group is still assessing the impact of these amendments on its financial position or operating results, in so far as they are applicable.

Amendments to IFRS 3-'Business Combinations' (issued on 14 May 2020).

The amendments are intended to replace a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version without significantly changing its requirements. In particular, an exception to the recognition principle of IFRS 3 is added to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37-'Provisions, Contingent Liabilities and Contingent Assets' or IFRIC 21-'Levies', if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The first application scheduled for 1 January 2022.

Amendments to IAS 16-'Property, Plant and Equipment' on Proceeds before Intended Use (issued on 14 May 2020).

The amendments prohibit a company from deducting, from the cost of an item of property, plant and equipment, amounts received from selling items produced while bringing that asset to the location and into the condition necessary for it to be capable of operating in the manner intended by management. Instead, the company must recognise the proceeds from selling such items, and the cost of producing them, in profit or loss. The first application is scheduled for 1 January 2022.

Amendments to IAS 37-'Provisions, Contingent Liabilities and Contingent Assets' on Onerous Contracts-Cost of Fulfilling a Contract (issued on 14 May 2020).
The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. They can either be the incremental costs of fulfilling that contract (examples would be direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The first application is scheduled for 1 January 2022.

Amendments to Annual improvements 2018-2020 (issued on 14 May 2020) include the following amendments to IFRS:

- IFRS 9-'Financial Instruments'. The amendment clarifies the fees that an entity may include when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.
- IAS 41-'Agriculture'. The amendment removes the requirement to exclude taxation cash flows when measuring the fair value of assets falling within the scope of IAS 41.
- IFRS 16-'Leases'. The amendment to illustrative example 13 in IFRS 16 removes the illustration of payments from the lessor relating to leasehold improvements, in order to resolve any potential confusion regarding the treatment of lease incentives that might arise due to the form in which the lease incentives were illustrated in that example.

The first application of these amendments is scheduled for 1 January 2022.

iii. Accounting standards, amendments and interpretations not yet endorsed

The Group is still assessing the impact of these amendments on its financial position or operating results, in so far as they are applicable.

Amendment to IAS 1-'Presentation to Financial Statements' (issued on 23 January 2020).
The amendment specifies the requirements to classify liabilities as current or non-current by clarifying i) what is meant by a right to defer the settlement; ii) that if an entity has the right to roll over an obligation for at least twelve months after the end of reporting period, it classifies the obligation as non current, even if it would otherwise be due within a shorter period; iii) that the classification is unaffected by the likelihood that an entity will exercise its deferral right; and iv) that the settlement refers to a transfer to the counterparty that results in the extinguishment of the liability. The first application is scheduled for 1 January 2023.
Amendments to IAS 8-'Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021).
The amendments introduce a new definition of 'accounting estimates', clarifying the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The first application is scheduled for 1 January 2023.

Amendments to IAS 1-'Presentation of Financial Statements' and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021).
The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The first application is scheduled for 1 January 2023.

Amendments to IAS 12-'Income Taxes' Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 6 May 2021). The amendment requires an entity to recognise deferred tax on initial recognition of particular transactions to the extent that the transaction gives rise to equal amounts of deferred tax assets and liabilities. The proposed amendments would apply to transactions such as leases and decommissioning obligations for which an entity recognises both an asset and a liability.
The first application is scheduled for 1 January 2023.

6
RESULTS FOR THE PERIOD

This section details the results and performance for the period ended 31 December 2021. Disclosures are provided for segmented information, operating costs, other operating items, finance income and expenses, the Group's share of profit or loss of associates and joint ventures and taxation. For taxation, associates and joint ventures the balance sheet disclosures are also provided in this section.

i. Seasonal factors

Sales of certain Group products are more affected than others by seasonal factors, because of different consumption patterns or consumer habits. In particular, aperitif consumption tends to be concentrated during spring and summer whereas sales of other products, such as sparkling wines and spirits, are concentrated in the last quarter. Seasonal consumption cycles in the markets in which the Campari Group operates may impact on its financial results and operations. In general, the Group's diversified product portfolio and its sales geographical spread substantially helps reduce risks relating to seasonal factors. Moreover, in order not to be excessively exposed to seasonal peaks, the Group is carrying out initiatives to de-seasonalise the consumption moments of the main brands, with particular attention to the aperitif segment, guaranteeing constant consumption throughout the year.

ii. Net sales and Operating segment

Business results are affected by economic factors influenced by homogeneous elements, although markets have different sizes and maturity profiles. These elements are primarily attributable to geographical areas' features and the related breakdown by countries and, secondarily, attributable to the development of brand clusters (global, regional and local) and the corresponding breakdown by brands. Since 2012, the Group has mainly based its management analysis on geographical regions, identified as operating segments that reflect the Group's operating model and current way of working by business unit. The geographical regions considered are: i) the Americas ii) Southern Europe, Middle East and Africa iii) Northern, Central and Eastern Europe and (iv) Asia-Pacific. The Chief Executive Officer periodically reviews the Group's operating businesses to assess performance and inform resource allocation decisions.
The level of profitability analysed is the operating result. The profitability of each region reflects the profit generated by the Group through sales to third parties in that region, thereby eliminating the effects of inter-company margins.

THE RESULT OF THE OPERATING SEGMENTS IS SHOWN IN THE TABLE BELOW.

for the year ended 31 December 2021	Americas	Southern Europe, Middle East and Africa	Northern, Central and Eastern Europe	Asia-Pacific	Total allocated	Non-allocated items and adjustments	Consolidated
	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Net sales to third-parties	927.9	638.8	438.1	167.8	2,172.7	-	2,172.7
Net sales between segments	54.7	416.6	21.6	-	492.8	(492.8)	-
Total net sales	**982.6**	**1,055.5**	**459.6**	**167.8**	**2,665.5**	**(492.8)**	**2,172.7**
Segment result	**177.5**	**45.8**	**162.0**	**15.5**	**400.8**	**-**	**400.8**
Operating result	-	-	-	-	-	-	400.8
Financial income (expenses)	-	-	-	-	-	(12.2)	(12.2)
Share of profit (loss) of associates and joint ventures	-	-	-	-	-	(0.1)	(0.1)
Taxation	-	-	-	-	-	(105.6)	(105.6)
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**283.0**
Non-controlling interests	-	-	-	-	-	(1.8)	(1.8)
Group profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**284.8**
Goodwill	**740.7**	**400.6**	**249.3**	**25.6**	**1,416.3**	**-**	**1,416.3**

for the years ended 31 December 2020	Americas	Southern Europe, Middle East and Africa	Northern, Central and Eastern Europe	Asia-Pacific	Total allocated	Non-allocated items and adjustments	Consolidated
	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Net sales to third parties	773.9	463.6	403.7	130.8	1,772.0	-	1,772.0
Net sales between segments	51.1	329.1	17.4	-	397.7	(200.7)	-
Total net sales	**825.0**	**792.8**	**421.1**	**130.8**	**2,169.7**	**(200.7)**	**1,772.0**
Segment result	**117.4**	**(13.9)**	**116.9**	**11.3**	**231.8**	**-**	**231.8**
Operating result						-	231.8
Financial income (expenses)						(19.4)	(19.4)
Share of profit (loss) of associates and joint venture						(2.8)	(2.8)
Taxation						(22.7)	(22.7)
Profit for the period						**-**	**186.9**
Non-controlling interests						(1.0)	(1.0)
Group profit for the period							**187.9**
Goodwill at 31 December 2020	**684.4**	**403.1**	**247.0**	**22.0**	**1,356.6**	**-**	**1,356.6**
Restatements	-	(2.5)	-	-	(2.5)	-	(2.5)
Goodwill at 31 December 2020 post-reclassifications	**684.4**	**400.6**	**247.0**	**22.0**	**1,354.1**	**-**	**1,354.1**

Net sales, which almost entirely relate to the sale of spirits, totalled €2,172.7 million at the total Group level, compared with €1,772.0 million of the previous year. The overall performance in 2021 was very positive and achieved thanks to strong business momentum over brand and geography combinations with overall increased consumption and penetration versus pre-pandemic level.
In order to highlight the main business performance drivers in a geographically diversified context and assess the contribution of the newly acquired brands to the overall sales performance of the Group, further breakdowns by brand category and for major brands

are provided below, to explain better their contribution to the region and the main related market. The categorisation of brands into three main clusters is based on the brands' geographic scale, business priorities, and growth potential.

	for the years ended 31 December	
Group net sales focus by region	2021 € million	2020 € million
Americas	927.9	773.9
Southern Europe, Middle East and Africa	638.8	463.6
North, Central and Eastern Europe	438.1	403.7
Asia-Pacific	167.8	130.8
Total	**2,172.7**	**1,772.0**

	for the years ended 31 December	
	2021 € million	2020 € million
Aperol	441.5	333.3
Campari	219.6	170.5
Wild Turkey portfolio(1) (2)	161.3	148.9
SKYY(1)	127.2	118.1
Grand Marnier	156.8	112.6
Jamaican rums portfolio(3)	119.7	102.0
global priority brands	**1,226.1**	**985.4**
Espolòn	118.8	89.1
Bulldog	15.6	11.4
The GlenGrant	23.0	15.9
Forty Creek	24.0	22.2
Italian bitters(4)	69.1	57.4
Cinzano	62.7	54.3
other(5)	105.8	74.0
regional priority brands	**419.1**	**324.5**
Campari Soda	72.5	50.4
Crodino	52.6	47.6
Wild Turkey portfolio ready-to-drink(7)	45.0	42.2
Dreher and Sagatiba	21.0	17.9
other(8)	75.9	56.1
local priority brands(6)	**266.9**	**214.1**
rest of the portfolio	**260.5**	**248.1**
total	**2,172.7**	**1,772.0**

While the global priority includes brands with a more diversified geographic exposure, regional priorities are concentrated in a limited number of countries and local priorities are primarily one-market oriented.
To provide information on the brands' contribution to each geography, the breakdown of the main geographic areas and key markets is provided, according to a scale that considers the contribution rate of the brands to each relevant geographic area/market. The table provided below shows the contribution rate of the brand category/brand to each relevant geographic area/market.

	for the years ended 31 December 2021	
	percentage of Group net sales	main region/markets for brands
global priority brands	**56.4%**	
Aperol	20.3%	- Italy, SEMEA Germany, NCEE US, AMERICAS France, SEMEA Russian Fed., NCEE
Campari	10.1%	- Italy, SEMEA US, AMERICAS Germany, NCEE Jamaica, AMERICAS Brazil, AMERICAS
Wild Turkey portfolio(1)(2)	7.4%	- US, AMERICAS Australia, APAC South Korea, APAC Japan, APAC Canada, AMERICAS
SKYY (1)	5.9%	- US, AMERICAS Argentina, AMERICAS China, APAC South Africa, SEMEA Germany, NCEE
Grand Marnier	7.2%	- US, AMERICAS Canada, AMERICAS France, SEMEA Italy, SEMEA Germany, NCEE
Jamaican rums portfolio(3)	5.5%	- Jamaica, AMERICAS US, AMERICAS United Kingdom, NCEE Canada, AMERICAS Mexico, AMERICAS
regional priority brands	**19.3%**	-
Espolòn	5.5%	AMERICAS
Bulldog	0.7%	NCEE
The GlenGrant	1.1%	SEMEA
Forty Creek	1.1%	SEMEA
Italian bitters(4)	3.2%	NCEE
Cinzano	2.9%	SEMEA
other(5)	4.9%	-
local priority brands(6)	**12.3%**	-
Campari Soda	3.3%	SEMEA
Crodino	2.4%	SEMEA
Wild Turkey portfolio ready-to-drink(7)	2.1%	APAC
Dreher and Sagatiba	1.0%	AMERICAS
other(8)	3.5%	-
rest of the portfolio	**12.0%**	-
total	**100.0%**	-

(1) Excludes ready-to-drink.
(2) Includes American Honey.
(3) Includes Appleton Estate, Wray&Nephew Overproof and Kingston 62.
(4) Includes Braulio, Cynar, Averna and Frangelico.
(5) Includes Bisquit&Dubouché, Riccadonna, Mondoro, Trois Rivières, Maison La Mauny, Ancho Reyes, Montelobos and Lallier.
(6) In light of the positive trends recorded over the past periods, starting from 1 January 2021 Aperol Spritz ready-to-enjoy and X-Rated were moved from the rest of the portfolio category and reported as local priority brands.
(7) Includes American Honey ready-to-drink.
(8) Includes Cabo Wabo, Ouzo, X-Rated and Aperol Spritz ready-to-enjoy. Aperol Spritz ready-to-enjoy is a stand-alone brand not included in the Aperol brand performance.

iii. Cost of sales

A breakdown of the cost of sales is shown in the table below.

	for the years ended 31 December	
	2021 € million	2020 € million
Materials and manufacturing costs	753.9	656.7
Distribution costs	121.9	89.4
Total cost of sales	**875.8**	**746.1**
Breakdown by nature		
Raw materials and finished goods acquired from third parties	562.9	478.2
Inventory write-downs	18.0	8.7
Personnel costs(1)	79.4	74.9
Depreciation/amortisation(1)	44.7	43.7
Utilities	14.7	11.9
External production and maintenance costs	28.4	34.1
Variable transport costs	90.7	63.9
Other costs	37.1	30.6
Total cost of sales	**875.8**	**746.1**

(1) For an analysis of personnel costs and depreciation and amortisation components by nature, please see also the breakdown of personnel costs in notes 6 vi-'Personnel costs' and 6 vii-'Depreciation and amortisation'.

As a percentage of net sales, the cost of sales decreased from 42.1% of 2020 to 40.3% in 2021 due to a favourable product/market mix, supported by the performance of high-margin brands boosted by a solid trend in premium expressions, the removal of the United States import tariffs and a stronger absorption of fixed production costs driven by higher volume produced. These positive effects contributed to contain the intensifying inflationary pressure detected on input costs, especially with reference to logistics, packaging and raw materials including the negative impact of the agave purchase price, which remains at the highest level driven by a robust demand in the tequila category.

iv. Advertising and promotional costs

A breakdown of advertising and promotional costs is shown in the table below.

	for the years ended 31 December	
	2021 € million	2020 € million
Merchandising and promotional costs	142.6	115.7
Advertising spaces	136.4	102.3
Media production	24.0	20.9
Sponsorships, testimonial, influencers and events	65.6	42.3
Research and innovation	22.9	24.8
Trade allowance for promotional purposes	(7.4)	(8.3)
Depreciation/amortization(1)	3.3	2.6
Personnel costs(1)	3.5	3.0
Other advertising and promotional costs	7.0	6.4
Total advertising and promotional costs	**397.8**	**309.8**

(1) For an analysis of personnel costs and depreciation and amortisation components by nature, please see also the breakdown of personnel costs in notes 6 vi-'Personnel costs' and 6 vii-'Depreciation and amortisation'.

Advertising and promotional costs totalled €397.8 million in 2021, rising by €88.0 million compared with 2020.
The most significant variance in the period regards the increase in sponsorships, testimonial, and influencers expenses in line with the Group focus on digital brand-building activities undertaken during the year on the on-premise channel.

v. Selling, general and administrative expenses and Other operating income and expenses

A breakdown of selling, general and administrative expenses and other operating income and expenses is shown in the table below.

	for the years ended 31 December	
	2021 € million	2020 € million
Personnel costs[1]	285.8	234.2
Services, maintenance and insurance	84.6	66.5
Travel, business trip, training and meetings	27.3	24.6
Depreciation/amortisation[1]	31.7	31.6
Charges for use of third party assets	5.0	3.8
Utilities	1.5	1.3
Agents and other variable sales costs	8.0	6.2
Other	19.9	25.9
Total selling, general and administrative expenses	**463.8**	**394.2**
Operating expenses	54.1	97.3
Operating income	(19.8)	(7.2)
Total other operating income and expenses[2]	**34.3**	**90.1**
Breakdown of other operating income and expenses by nature		
Restructuring costs	*10.6*	*7.9*
Last mile long-term incentive schemes with retention purposes[3]	*10.0*	-
Impairment loss on goodwill and brands	*6.9*	*35.4*
Impairment loss on tangible and held for sale assets	*1.1*	*10.3*
Jamaica site restoration	*5.0*	*13.5*
Finance Transformation	*3.3*	-
Consultancies	*2.5*	*13.8*
Acquisition fees/M&A fees	-	*1.8*
Gain on fiscal dispute	*(6.2)*	-
Cyber-attack expenses net of insurance refund	*(4.8)*	-
Other net expenses	*5.9*	*7.4*
Total other operating income and expenses	**34.3**	**90.1**

(1) For an analysis of personnel costs and depreciation and amortisation components by nature, please see also the breakdown of personnel costs in notes 6 vi-'Personnel costs' and 6 vii-'Depreciation and amortisation'.
(2) The breakdown showed the net impact of other income and expense items by nature.
(3) Pursuant to the Remuneration Policy, a last mile incentive scheme with retention purpose to be potentially awarded to the current CEO has been approved by the Parent Company's corporate bodies and therefore implemented as illustrated in the Remuneration Report in the 'Governance' section.

At 31 December 2021, the total selling, general and administrative expenses amounted to €463.8 million, showing an increase of €69.6 million compared to the figures reported in 2020. The main drivers of the increase in overheads were the rising investments aimed to strengthen the Group's capabilities and business infrastructure. Moreover, it reflected the expected structure costs phasing, mainly incentives and hiring catch up, against an unfavourable comparison base. In terms of performance compared to the previous year, during 2020, a series of cost mitigation initiatives were activated to protect profitability, given the decrease in net sales during the initial lockdowns; they also involved a significant review of the estimates linked to target-based incentives which were, instead, broadly achieved in 2021 following the exceptional performance recorded this year.
In terms of other operating income and expenses, in 2021 the main components were attributable to investments in the Group digital transformation process, non-recurring last-mile long-term incentive schemes with retention purposes to be potentially recognised to senior management (€10.0 million), restructuring programmes for €10.6 million, as well as decommissioning and restoration of the factory area surrounding the sugar cane business in Jamaica for €5.0 million and the impairment loss on low performing brands Champagne Lallier and Rhum Agricole for €6.9 million (for further details of the brand impairment loss, please see note 7 v-'Intangible assets'). These costs were only partially mitigated by the gain resulting from the final favourable opinion received from the local authorities related to the closure of an indirect tax dispute in Brazil, and by the insurance reimbursement related to the malware attacked suffered in 2020 for a total of €11.0 million.

vi. Personnel costs

A breakdown of personnel costs by nature and by function is shown in the table below.

	for the years ended 31 December	
	2021 € million	2020 € million
Salaries and wages	272.9	248.4
Social security contributions	58.4	50.5
Cost of defined contribution plans	9.8	9.4
Cost of defined benefit plans	0.3	0.0
Other costs relating to mid/long-term benefits	16.3	(7.0)
Cost of share-based payments	10.9	10.7
Non-recurring personnel costs	20.6	7.9
Total personnel costs	**389.2**	**320.0**
of which:		
Included in cost of sales	*79.4*	*74.9*
Included in selling, general and administrative expenses	*285.8*	*234.2*
Included in advertising and promotional expenses	*3.5*	*3.0*
Included in other operating income (expenses)	*20.6*	*7.9*
Total personnel costs	**389.2**	**320.0**

At 31 December 2021, personnel costs equal to €389.2 million recorded an increase of €69.2 million compared to the figures reported in the previous year. As a percentage of sales, personnel costs amounted to 17.9%, compared to 18.1% in 2020. The total personnel costs included also costs associated with the restructuring projects and non-recurring last

mile long-term incentive schemes with retention purposes to be potentially recognised to senior management[51]. The overall increase results from an easy comparison base since 2020 was affected by cost mitigation actions such as, hiring freeze policies and reduction of employee bonuses aimed at containing costs in the highly impacted pandemic context.

vii. Depreciation and amortisation

A breakdown of depreciation and amortisation costs by nature and by function is shown in the table below.

	for the years ended 31 December	
	2021 € million	2020 € million
- Property, plant and equipment	39.5	38.3
- Right of use assets	2.1	2.4
- Intangible assets	3.1	3.0
Depreciation and amortisation included in cost of sales	**44.7**	**43.7**
- Property, plant and equipment	7.5	7.8
- Right of use assets	11.5	12.0
- Intangible assets	12.8	11.8
Depreciation and amortisation included in selling, general and administrative expenses	**31.7**	**31.6**
- Property, plant and equipment(1)	1.6	1.5
- Right of use assets	1.3	1.1
- Intangible assets	0.5	-
Depreciation and amortisation included in advertising and promotional expenses	**3.3**	**2.6**
- Property, plant and equipment(1)	48.6	47.6
- Right of use assets	14.8	15.5
- Intangible assets	16.3	14.9
Total depreciation and amortisation in the statement of profit or loss	79.7	78.0

(1)This item included depreciation of biological assets.

(51) Pursuant to the Remuneration Policy, a last mile incentive scheme with retention purpose to be potentially awarded to the current CEO has been approved by the Parent Company's corporate bodies and therefore implemented as illustrated in the Remuneration Report in the 'Governance' section.

viii. Financial income and expenses

The breakdown of net financial expenses for the period is as follows.

	for the years ended 31 December	
	2021 € million	2020 € million
Interest expenses	(28.3)	(35.4)
Bank expenses	(2.9)	(4.8)
Discounting from put option liabilities and change in estimate	(0.3)	18.7
Hyperinflation effects	0.4	(0.7)
Exchange loss net	-	(4.1)
Net interest on defined benefit plans	(0.1)	(0.2)
Other income (expenses)	(0.9)	(0.7)
Total financial expenses	**(32.0)**	**(27.1)**
Bank and term deposit interests	7.2	6.3
Liability management	-	1.4
Exchange gain net	7.9	-
Financial income on tax assessment	4.7	-
Total financial income	**19.8**	**7.7**
Net financial income (expenses)	**(12.2)**	**(19.4)**
Of which adjustments to financial income (expenses)	***4.7***	***1.4***

Net financial income (expenses), which included the effects of exchange rate differences and hyperinflation, reported a total net cost of €12.2 million, with a decrease of €7.1 million compared to the same period in 2020.
The breakdown by nature of net financial expenses for the period is as follows.

	for the years ended 31 December	
	2021 € million	2020 € million
Interest expenses on bonds	(15.5)	(22.8)
Interest expenses on loans	(9.8)	(9.3)
Interest expenses on leases	(2.9)	(3.2)
Total interest expenses	**(28.3)**	**(35.4)**
Bank and term deposit interests	**7.2**	**6.3**
Bank expenses	(2.9)	(4.8)
Other net expenses	(1.0)	(0.9)
Total financial expenses	**(3.9)**	**(5.7)**
Total financial expenses before exchange gain (losses), one-offs, hyperinflation and put option	**(25.0)**	**(34.8)**
Exchange rate differences	7.9	(4.1)
Total financial expenses before one-offs, hyperinflation and put option	**(17.1)**	**(38.9)**
Discounting from put option liabilities and change in estimate	(0.3)	18.7
Financial income on tax assessment	4.7	-
Liability management	-	1.4
Hyperinflation effects	0.4	(0.7)
Net financial income (expenses)	**(12.2)**	**(19.4)**

Focusing on the main components of 2021, interest expenses stood at €28.3 million compared to €35.4 million reported in 2020, with a decrease mainly attributable to the lower average coupon on long-term debt obtained thanks to effective liability management transactions performed over recent years to benefit from favourable interest rates.
The other significant items that affected the total financial components of the year included the exchange rate effect which generated a gain of €7.9 million in 2021 against a loss of €4.1 million reported in the previous year, and a financial income on tax assessment of €4.7 million related to the interest gain resulting from the favourable closure of a fiscal dispute in Brazil on indirect taxes.

The breakdown of interest payable to bondholders is shown in the table below.

	for the years ended 31 December	
	2021 € million	2020 € million
Financial expenses payable to bondholders	(13.5)	(20.2)
Net changes in fair value and other amortised cost components	(0.8)	(1.3)
Cash flow hedge reserve reported in the statement of profit or loss during the year	(1.2)	(1.4)
Net interest payable on bonds	**(15.5)**	**(22.8)**

ix. Leases components

The amounts recognised in the statement of profit or loss are shown in the table below.

	for the years ended 31 December	
	2021 € million	2020 € million
Interest on lease payables	2.9	3.2
Depreciation and amortisation on right of use underlying assets	14.8	15.5
Variable lease payment not included in measurement of lease liability	10.2	7.2
Expense related to short terms leases	0.9	1.0
Expense related to low value leases	1.5	3.3
Total lease components in the statement of profit or loss	**30.3**	**30.2**

Variable leases continued to be included in the statement of profit or loss. They mainly referred to information technology equipment, warehouses for storing products and some production equipment, in addition to the use of agricultural land. For further details of contractual commitments for the use of third-party assets that are not recognised using lease accounting, please refer to note 11 iv-'Commitments and risks'.

x. Share of profit (loss) of associates and joint ventures

The changes in the interest value of associates and joint ventures in 2021 and 2020 are shown in the tables below.

€ million	investment in associates and joint ventures
at 31 December 2020	**26.1**
Share of profit (loss)(1)	(3.2)
Gain from remeasurement of previous held investment	2.9
Increase in interests	31.1
Decrease in interests	(28.0)
Reclassifications	(4.2)
Exchange rate and other movements	1.5
at 31 December 2021	**26.1**

(1) The share of result does not include the cost associated with the provision recorded to offset the cumulated losses generated by the Japan joint venture for €0.2 million.

€ million	investment in associates and joint ventures
at 31 December 2019	**0.5**
Share of profit (loss)	(2.8)
Increase in interests	25.6
Exchange rate and other movements	2.8
at 31 December 2020	**26.1**

During the year, the Group has carried out several initiatives:
- in January 2021 the incorporation of the South Korean joint venture Trans Beverages Co. Ltd. into Campari Group accounts by raising its stake from 40% to 51%. As a result of this transaction, the previous interests in the company have been reassessed generating a gain of €2.9 million, which was reported under the 'gain from remeasurement of previous held investment' item and reclassified from the associates line;
- in June 2021, the setup of the 50/50 joint venture agreement with Moët Hennessy to create a premium pan-European Wines & Spirits e-commerce player. As part of this partnership Campari contributed the investments in Dioniso S.r.l. which was initially composed of the Tannico S.r.l. contribution in kind and subsequently enhanced by the capital contributions which took place in July and October 2021 for a total amount of €30.2 million. The Dioniso S.r.l. investment value was subsequently reduced by €28.0 million following the establishment of the above mentioned joint venture.
- in December 2021 the acquisition of 40% interest in the newly incorporated joint venture in Taiwan, named Spiritus Company Limited. This transaction has been represented as addition of the year.

For the year ended 2021 the Group recorded a €3.2 million loss resulting from share of results of associates and joint ventures, applying the equity method for all its interests (€2.8 million loss in 2020).

The following table includes the breakdown of interest in associates and joint ventures at 31 December 2021.

name of entity	country of business	% of ownership interest	nature of relationship	measurement method	currency	carrying amount	
						at 31 December	
						2021	2020
						€ million	€ million
Dioniso Group	Italy	50.0%	*Joint venture*	Equity method	EUR	25.7	-
Tannico e Wineplatform S.p.A.	Italy	49.0%	*Associate*	Equity method	EUR	-	24.7
Spiritus Co. Ltd	Italy	40.0%	*Joint venture*	Equity method	TWD	0.4	-
Trans Beverages Co. Ltd.[1]	South Korea	40.0%	*Joint venture*	Equity method	KRW	-	1.4
CT Spirits Japan Ltd.	Japan	40.0%	*Joint venture*	Equity method	JPY	-	-
Total investments in associates and joint ventures						**26.1**	**26.1**

(1) At 31 December 2021 Trans Beverages Co. Ltd. has been consolidated since it represented a Campari Group subsidiary.

The key financials, asset and profit or loss figures for the joint ventures are shown in the tables below.

Highlights - Dioniso Group	at 31 December 2021
	€ million
Total assets	151.1
Total shareholders' equity	52.9
Revenues	35.4
Net income (loss) of the period	(3.6)

Highlights - Spiritus Co. Ltd	at 31 December 2021	
	€ million	Taiwan dollar million
Total assets	1.1	33.6
Total shareholders' equity	1.1	33.6
Revenues[1]	-	-
Net income (loss) of the period	-	-

(1) No profit and loss recorded in the period since the company will be fully operative starting from 2022.

Highlights - CT Spirits Japan Ltd.	at 31 December			
	2021		2020	
	€ million	Japanese Yen million	€ million	Japanese Yen million
Total assets	16.8	2,187.8	14.6	1,847.9
Total shareholders' equity	(10.1)	(1,321.2)	(6.4)	(810.8)
Revenues	16.1	2,092.9	6.9	841.6
Net income (loss) of the period	(3.9)	(501.5)	(7.6)	-

xi. Taxation

Details of current and deferred taxes included in the Group's statement of profit or loss and statement of other comprehensive income are as follows.

	for the years ended 31 December	
	2021 € million	2020 € million
current taxes for the year	(110.1)	(62.4)
current taxes relating to previous years	(1.5)	0.9
deferred tax expenses	(0.7)	34.4
accruals and release for tax risks	6.7	4.4
Taxes recorded in the statement of profit or loss	**(105.6)**	**(22.7)**
Taxes recorded in the statement of other comprehensive income	**(1.8)**	**(1.0)**

Taxation in 2021 amounted to €105.6 million compared to €22.7 million reported in 2020. The difference in the reported net tax burden was guided by the strong recovery in the business performance and the significant decrease of the overall non-recurring tax components reported in 2020 pursuant to the Italian tax Law Decree no. 104/2020. In particular, a one-off benefit of €29.9 million on the 2020 tax items was recorded in relation to the remeasurement of deferred taxation on brand and goodwill fiscal values after the step-up to their corresponding book values, net of the 3% substitutive tax to be paid to access the fiscal benefit.

The effect of the above-mentioned law, which allows the deduction of higher amortisation for fiscal purposes, has not impacted the representation of the 2021 taxation as reported above, since the tax benefit deriving from lower current taxation is offset by a corresponding deferred tax burden. In addition, the cash tax saving of the year 2021 was neutralised by the payment of the relevant instalment of the substitute tax due in the first year as a requisite to access the tax incentive, equal to €5.1 million.

Finally, the above-mentioned Italian tax law, was revised on 30 December 2021 pursuant to Law no. 234 (Budget Law) and published in the Italian Official Gazette on 31 December 2021.

Following the introduction of the Budget Law, the amortisation period of goodwill and brands for tax purposes only was extended from the original 18 years to 50 years, with a consequent dilution over time of the expected tax benefits.

Reconciliation of tax expenses

The table below shows a reconciliation of the Group's theoretical tax liability with its actual tax liability.

Considering the complexity of global taxation rate applicable to Group companies, the theoretical rate used in preparing the reconciliation is that applicable for the Parent company. The rate in force on the reporting date is the Italian corporate income tax ('IRES') of 24.0%, while the regional production tax ('IRAP'), which is applicable to Italian companies, has been taken into account as permanent difference.

The residual tax base differences between geographies are also included under the permanent difference items.

	for the years ended 31 December	
	2021 € million	2020 € million
profit before taxation	**388.6**	**209.6**
Applicable tax rate in Italy (IRES)	-24%	-24%
Theoretical Group taxes at current tax rate in Italy	**(93.3)**	**(50.3)**
Difference in tax rate of Group companies	(14.5)	0.9
Permanent differences	5.1	(6.1)
Tax incentives	0.9	0.8
Tax benefit from Italian Legislative Decree n.104/2020	-	29.9
Net releases to tax provision	6.7	4.4
Tax on future dividend distributions	(12.6)	-
Taxes relating to previous financial years	(0.4)	(3.4)
Other consolidation differences	3.3	3.4
IRAP	(0.7)	(2.3)
Actual tax charge	**(105.6)**	**(22.7)**
Actual tax rate	**-27.2%**	**-10.8%**

The reported tax rate in the 2021 period was 27.2%, compared to a reported tax rate of 10.8% in 2020.

The difference in the reported tax rate was mainly guided by the significant decrease of the positive and non-recurring tax adjustments reported in 2020, as mentioned above.

The tax reconciliation items included in the year 2021 the effect of the revised estimates of the risks associated with uncertainties in relation to the tax treatment related to transactions performed and the remeasurement of deferred tax linked to the distribution of estimated earning reserves to certain Group companies for a total amount of €5.9 million (€4.4 million reported in 2020 accounts).

The normalised tax rate, i.e. the ratio of normalised income taxation to the profit before taxation, excluding other operating income and expenses[52], adjustments to financial[53] and to tax income and expenses[54] for the year as well as the re-assessment adjustment of previously held joint venture investments before their consolidation[55], was 26.3% in 2021, below the normalised tax rate of 27.9% recognised in 2020 consistently and mainly due to a different geographical mix.

Breakdown of deferred taxes by type

The balance of current and deferred tax assets and liabilities is shown below.

	at 31 December	
	2021 € million	2020 € million
Deferred tax assets	55.3	44.5
Deferred tax liabilities	(366.0)	(338.0)
Net deferred tax	**(310.7)**	**(293.4)**

(52) Please refer to note 6 v-'Selling, general and administrative expenses and Other operating income and expenses'.
(53) In 2021 the adjustments to financial income (expenses) were positive at €4.7 million, due to the interest on the gain resulting from the final favourable opinion received from the local authorities related to the closure of a tax dispute in Brazil on indirect taxes (in 2020 overall positive effect generated by 2020 events was €1.4 million) (refer to note 6 viii.'Financial income and expenses').
(54) In 2021 the tax adjustments totalled €3.8 million, were related to positive components of €8.6 million mainly related to the tax effect on operating and financial adjustments inclusive also of the re-assessment adjustment of previously held joint venture investments before their consolidation, and negative components of €4.7 million of pure tax adjustments, mainly related to tax uncertainties and deferred taxes linked to the distribution of estimated earning reserves of subsidiaries for a total of €5.9 million (in 2020 a positive component of €55.1 million was recorded, inclusive of the effect deriving from the remeasurement of deferred taxes following the application of the new Italian tax legislation relating to the realignment of the tax basis of brands and goodwill relevant for tax purposes for €29.9 million, partially compensated by tax uncertainties and deferred taxes linked to the distribution of estimated earning reserves of subsidiaries for a total of €4.4 mllion).
(55) Please refer to note 6 x-'Share of profit (loss) of associates and joint ventures'.

Details of deferred tax income/expense and deferred tax assets/liabilities posted to the statement of profit or loss, the statement of other comprehensive income and the statement of financial position are broken down by type below.

	at 31 December		for the years ended 31 December					
	2021	2020 post reclassifications	2021	2020	2021	2021	2020	2020
	statement of financial position		statement of profit or loss		statements of other comprehensive income			
	€ million	€ million	€ million	€ million	of which OCI variation € million	of which exchange rate € million	of which OCI variatio € million	of which exchange rate € million
Deferred expenses	7.0	1.4	5.4	0.2	-	0.2	-	(0.1)
Tax provisions	45.4	39.2	4.7	5.5	(0.4)	1.8	(0.1)	(4.4)
Tax losses carried forward	17.8	11.6	5.8	(2.1)	-	0.4	-	(2.4)
Reclassification to deferred tax liabilities	(51.6)	(42.1)	-	-	-	(9.4)	-	1.8
Leases	10.0	9.8	2.4	-	-	(2.1)	-	(0.3)
Other	26.7	24.7	2.7	4.5	(1.4)	0.7	(0.9)	(0.3)
Deferred tax assets	**55.3**	**44.5**	**21.0**	**8.1**	**(1.8)**	**(8.4)**	**(1.0)**	**(5.7)**
Accelerated depreciation	(43.2)	(43.6)	2.7	(2.5)	-	(2.3)	-	3.6
Goodwill and brands deductible at local level	(207.9)	(182.9)	(10.9)	(13.1)	-	(14.0)	-	19.8
Goodwill and brands not deductible at local level	(112.7)	(114.1)	1.7	14.3	-	(0.4)	-	3.0
Taxes payable on undistributed profits	(30.8)	(20.2)	(10.6)	2.6	-	-	-	-
Leases	(10.3)	(9.7)	(2.8)	0.5	-	2.2	-	0.1
Reclassification of deferred tax assets	51.6	42.1	-	-	-	9.4	-	(1.8)
Other	(12.7)	(9.5)	(1.9)	24.5	-	(1.4)	-	1.4
Deferred tax liabilities	**(366.0)**	**(338.0)**	**(21.7)**	**26.3**	**-**	**(6.5)**	**-**	**26.2**
Total	**(310.7)**	**(293.4)**	**(0.7)**	**34.4**	**(1.8)**	**(14.9)**	**(1.0)**	**20.5**

According to the new mentioned Italian tax Law Decree no. 104/2020, in 2021 deferred taxes for goodwill and brands deductible at the local level showed an increase based on their higher amortisation, moving from €13.1 million to €15.1 million. The value disclosed in the table above of €10.9 million, also included €5.1 million of substitute tax paid in 2021 to access the tax benefit. The above-mentioned Italian tax law was revised on 30 December 2021 pursuant to Law no. 234 (Budget Law) published in the Official Gazette on 31 December 2021 which provided an extension of the tax amortisation period from the original 18 years to 50 years, with a consequent dilution over time of the expected tax benefits: the figures reported in the 2021 accounts reflected these new rules.

Deferred tax assets in relation to past losses are mainly attributable to Campari do Brasil Ltda., Campari España S.L, Glen Grant Ltd. and Campari Mexico S.A. de C.V.. With the exception of the latter, for which tax losses can be carried forward for a 10 year period, local legislation does not set a time limit for their use, but does set a quantitative limit for each individual year, based on declared taxable income. The companies have also begun to use these losses to offset taxable profit except for Campari do Brasil Ltda. and Glen Grant Ltd.. Unused tax losses carryforwards for which deferred tax assets were not activated referred to Casa Montelobos, S.A.P.I. de C.V. and Licorera Ancho Reyes y cia, S.A.P.I. de C.V., as below reported.

	tax losses carryforwards € million	unrecognised deferred tax assets € million	expiry date
Casa Montelobos, S.A.P.I. de C.V.	5.5	1.6	10 years
Licorera Ancho Reyes y cia, S.A.P.I. de C.V.	7.1	2.1	10 years

The breakdown of income tax receivables and payables is as follows.

	at 31 December	
	2021 € million	2020 € million
Income taxes	16.2	16.2
Receivables from ultimate shareholders for tax consolidation(1)	1.4	1.2
Income tax receivables	**17.7**	**17.4**
Taxes payable	21.8	7.5
Due to controlling shareholder for tax consolidation(1)	32.6	8.6
Income tax payables	**54.4**	**16.1**

(1) Please refer to paragraph 11 viii-'Related parties' for more information.

Income tax receivables and payables are all due within 12 months. The corporate income tax payable is shown net of advance payments and taxes deducted at source. The increase in tax payable in 2021 is mainly reflected the increase in the business performances occurred during the year and the reclassification of liabilities for uncertainties in the tax treatment of performed transactions, previously recorded among the provisions for risks and charges item.

7
OPERATING ASSETS AND LIABILITIES

This section describes the assets used to generate the Group's performance and the liabilities incurred in addition to providing detailed disclosures on the recent acquisitions and disposals.

i. Acquisition and sale of businesses and purchase of non-controlling interests

Increase of interest in Trans Beverages Co. Ltd. up to 51%
As mentioned in the dedicated section 'Significant events of the year' in the management board report, on 4 January 2021 Campari Group increased its interests in the South Korean joint venture Trans Beverages Company Ltd., from 40% to 51% whilst the call option terms to buy the remaining share capital from 2024 remain unchanged. As a result of this business combination, the Group obtained the control over the relevant activities. For this reason, starting from 2021, the South Korean company previously evaluated at equity method has been fully consolidated in Campari Group accounts. The overall consideration for the remaining 11% was €1.2 million, including €0.7 million of cash and cash equivalent of the acquired company. This transaction has required the reassessment of the Group's previously held interests, which generate a gain in the statement of profit or loss of €2.9 million. The Group has the right to exercise a call option on the remaining share capital starting from 2024. This transaction

aligns with the Group's strategy further to develop its presence in the Asian Pacific markets. The transaction scope includes mainly stock inventory, trade receivables and trade payables. No brands or other intangible assets were identified for the purposes of the purchase price allocation, other than goodwill for a total consideration of €3.6 million. Goodwill was deemed to be fully reportable due to the synergies expected to be generated by integrating the business acquired into the Group's commercial structure. The goodwill is not tax-deductible based on the relevant local regulations.

	fair value at the date of acquisition KRW million	fair value at the date of acquisition € million
Price paid for the step-up acquisition	1,532.7	1.2
Previous held investment remeasured	5,573.4	4.2
Non-controlling interest	2,196.6	1.6
Total value of the transaction	**9,302.7**	**7.0**
Net assets acquired	4,482.9	3.4
of which:		
Inventories	*2,227.7*	*1.7*
Trade receivables	*3,595.1*	*2.7*
Trade payables	*(2,498.2)*	*(1.9)*
Other	*1,158.3*	*0.9*
Goodwill generated by acquisition	4,819.8	3.6
Total values allocated	**9,302.7**	**7.0**

Until the Group acquires all the remaining share capital, the Group has to record the non-controlling interests. Given the nature of such interests, it was deemed appropriate to value them at the subsidiary's proportionate share of net assets allocated to the business acquired based on the purchase price allocation process, excluding goodwill.

Business combinations completed in the previous year
As set out in detail in the 'Significant events of the year' section of the management board report, on 10 June 2020, Campari Group completed the acquisition of 80% interest in Champagne Lallier S.a.r.l. and other companies in its group (jointly, the 'company' or 'Champagne Lallier'). With this acquisition, Campari Group has added a premium champagne brand to its portfolio, thus building further critical mass in the French strategic market.
The impact of the updated provisional allocation of the acquisition values for Champagne Lallier S.a.r.l. is summarised below. Changes to the provisional net assets' values recognised at 31 December 2020 are shown separately. The allocation did not have any monetary impact. The updated provisional values shown are the result of the recognition and reworking of further information about facts and circumstances existing at the closing date. The analysis was partly carried out with the assistance of independent experts.

The total consideration paid for the deal was €21.3 million (excluding the net financial debt at the closing date).
The changes to the values included in the Group's consolidated figures at 31 December 2020 are shown separately in note 3 xi-'Reclassification of comparative figures at 31 December 2020'.

reference value at the acquisition date	book values € million	provisional fair value disclosed at 31 December 2020 € million	adjustments and reclassifications € million	fair value disclosed at 31 December 2021 € million
ASSETS				
Non-current assets				
Property, plant and equipment	5.5	8.2	(3.4)	4.8
Biological assets	2.6	-	3.6	3.6
Brand	-	1.0	2.1	3.1
Intangible assets with a finite life	0.2	0.2	(0.2)	-
Other non-current financial assets	0.1	-	-	-
Total non-current assets	**8.5**	**9.3**	**2.2**	**11.4**
Current assets				
Inventories	22.1	22.1	1.4	23.5
Biological assets	-	-	0.2	0.2
Trade receivables	3.6	3.6	-	3.6
Cash and cash equivalents	3.8	2.8	-	2.8
Income tax receivables	0.1	0.1	-	0.1
Other current assets	1.1	1.1	-	1.1
Total current assets	**30.7**	**29.7**	**1.6**	**31.3**
Total asset	**39.2**	**39.1**	**3.7**	**42.7**
LIABILITIES				
Non-current liabilities				
Provisions for risks and charges	-	-	0.2	0.2
Deferred tax liabilities	-	0.2	0.9	1.2
Total non-current liabilities	**-**	**0.3**	**1.1**	**1.4**
Current liabilities				
Loans due to banks	20.7	20.7	-	20.7
Other current financial liabilities	5.8	3.0	-	3.0
Trade payables	6.5	6.5	-	6.5
Other current liabilities	1.0	1.0	-	1.0
Total current liabilities	**34.1**	**31.3**	**-**	**31.3**
Total liabilities	**34.1**	**31.5**	**1.1**	**32.6**
NET EQUITY ACQUIRED	**5.1**	**7.6**	**2.6**	**10.1**
TOTAL LIABILITY AND EQUITY	**39.2**	**39.1**	**3.7**	**42.7**
a) Total cost. of which:		**25.6**	**-**	**25.6**
Price paid in cash, excluding ancillary costs		*20.9*	-	*20.9*
Price adjustments at closing		*0.4*	-	*0.4*
Liabilities for non-controlling interest purchase		*4.3*	-	*4.3*
b) Net financial position acquired of which:		**20.9**	**-**	**20.9**
- Cash, cash equivalent and financial assets		*(2.8)*	-	*(2.8)*
- Financial debt acquired		*23.7*	-	*23.7*
Enterprise value (a+b)		**46.5**	**-**	**46.5**
Non-controlling interests		**5.3**	**-**	**5.3**
Purchase price to be allocated		**21.3**	**-**	**21.3**
Price paid in cash, excluding ancillary costs		20.9	-	20.9
Price adjustments at closing		0.4	-	0.4
Non-controlling interests		**5.3**	**-**	**5.3**
Total values to be allocated		**26.6**	**-**	**26.6**
Allocation to:				
Net assets acquired		**7.6**	**2.5**	**10.1**
Goodwill generated by acquisition		**19.1**	**(2.5)**	**16.5**

The Group has revised the final allocation for the brand's fair values to take into account the business's profitability on the closing date. The final total value allocated to the acquired brands is €3.1 million. The allocation value does not reflect the post-acquisition development initiatives that the Group intends to undertake based on its strategic plans, aimed at strengthening the brand via brand-building initiatives and exploiting its growth potential both in the domestic and key international markets.

reference value at the acquisition date	goodwill € million	brand € million	total € million
Provisional fair value published at 31 December 2020	**19.1**	**1.0**	**20.1**
Change resulting from provisional allocation of acquisition value	(2.5)	2.1	(0.4)
Fair values disclosed at 31 December 2021	**16.5**	**3.1**	**19.6**

ii. Property, plant and equipment

Changes in this item in 2021 and 2020 are shown in the tables below.

	land and buildings € million	plant and machinery € million	other € million	total € million
Carrying amount at the beginning of the period	379.9	368.0	192.2	940.1
Accumulated depreciation at the beginning of the period	(121.4)	(240.7)	(92.2)	(454.3)
at 31 December 2020	**258.4**	**127.3**	**99.9**	**485.7**
Change resulting from provisional allocation of acquisition value	(3.4)	-	0.4	(3.0)
at 31 December 2020 post-reclassifications	**255.1**	**127.3**	**100.3**	**482.7**
Additions	49.9	34.8	29.4	114.0
Disposals	(1.0)	(0.3)	(8.7)	(10.1)
Depreciation	(11.8)	(18.2)	(16.0)	(46.0)
Exchange rate differences and other changes	6.1	6.3	7.0	19.5
at 31 December 2021	**298.2**	**150.0**	**112.1**	**560.3**
Carrying amount at the end of the period	433.2	400.6	215.9	1,049.8
Accumulated depreciation at the end of the period	(135.0)	(250.7)	(103.9)	(489.5)

	land and buildings € million	plant and machinery € million	other € million	total € million
Carrying amount at the beginning of the period	382.8	363.8	194.8	941.3
Accumulated depreciation at the beginning of the period	(115.5)	(240.8)	(88.6)	(445.0)
at 31 December 2019	**267.2**	**123.0**	**106.2**	**496.4**
Change resulting from provisional allocation of acquisition value	7.4	3.0	1.6	11.9
at 31 December 2019 post-reclassifications	**274.6**	**126.0**	**107.7**	**508.3**
Perimeter effect for acquisitions	6.8	1.1	0.6	8.6
Perimeter effect for sale or reorganisation of business	-	-	(0.2)	(0.2)
Reclassification as assets held for sale	0.3	-	-	0.3
Additions	11.5	28.4	26.6	66.6
Disposals	(0.1)	-	(6.6)	(6.8)
Depreciation	(11.8)	(18.0)	(16.0)	(45.8)
Impairment	(3.3)	(2.2)	(1.5)	(7.1)
Exchange rate differences and other changes	(19.6)	(7.9)	(10.7)	(38.3)
at 31 December 2020	**258.4**	**127.3**	**99.9**	**485.7**
Carrying amount at the end of the period	379.3	368.0	192.2	939.5
Accumulated depreciation at the end of the period	(121.4)	(240.7)	(92.2)	(454.3)

The change resulting from provisional allocations of acquisition value related to the assets arising from the acquisition of Champagne Lallier S.a.r.l.. Capital expenditure for the period, totalling €114.0 million, was mainly related to the acquisition of an office building in London (€38.4 million), the purchase of barrels for maturing bourbon, rum and whisky (€18.2 million), as well as the investments for the renovation of brand houses and visitor centres. In addition, some improvements were made to strengthen the Group's production capacity and efficiency in the period. Disposals, amounting to €10.1 million, mainly related to the sale of barrels that were no longer suitable for use in the maturing process.

iii. Right of use assets

The changes in assets underlying the right of use in 2021 and 2020 are indicated in the tables below.

	land and buildings	plant and machinery	other	total
	€ million	€ million	€ million	€ million
Carrying amount at the beginning of the period	75.6	8.4	18.7	102.7
Accumulated depreciation at the beginning of the period	(17.6)	(2.3)	(11.3)	(31.2)
at 31 December 2020	**57.9**	**6.2**	**7.4**	**71.5**
Additions	8.6	0.1	5.6	14.3
Disposals	(1.3)	-	-	(1.3)
Depreciation	(8.9)	(1.2)	(4.7)	(14.8)
Exchange rate differences and other changes	2.2	0.0	(0.1)	2.2
at 31 December 2021	**58.5**	**5.1**	**8.2**	**71.8**
Carrying amount at the end of the period	86.5	9.3	25.3	121.1
Accumulated depreciation at the end of the period	(27.9)	(4.2)	(17.1)	(49.2)

	land and buildings	plant and machinery	other	total
	€ million	€ million	€ million	€ million
Carrying amount at the beginning of the period	73.2	7.4	14.9	95.5
Accumulated depreciation at the beginning of the period	(8.4)	(1.0)	(5.7)	(15.0)
at 31 December 2019	**64.7**	**6.5**	**9.3**	**80.5**
Perimeter effect for acquisitions	3.9	-	0.9	4.8
Perimeter effect for sale or reorganisation of business	(0.5)	-	-	(0.5)
Additions	4.3	1.5	2.0	7.8
Depreciation	(9.0)	(1.3)	(5.2)	(15.5)
Impairment	(1.1)	-	-	(1.1)
Exchange rate differences and other changes	(4.4)	(0.5)	0.5	(4.4)
at 31 December 2020	**57.9**	**6.2**	**7.4**	**71.5**
Carrying amount at the end of the period	75.6	8.4	18.7	102.7
Accumulated depreciation at the end of the period	(17.6)	(2.3)	(11.3)	(31.2)

Increases for the year were mainly related to offices and vehicles included in the category 'other'. There are no restrictions or covenants on the aforementioned right of use assets.

iv. Biological assets

Changes in this item in 2021 and 2020 are shown in the tables below.

	assets valued at cost
	€ million
Carrying amount at the beginning of the period	10.9
Accumulated depreciation at the beginning of the period	(5.5)
at 31 December 2020	**5.5**
Change resulting from provisional allocation of acquisition value	3.4
at 31 December 2020 post-reclassifications	**8.9**
Additions	7.0
Impairment	(0.1)
Disposal	(0.1)
Depreciation	(2.5)
Exchange rate differences and other changes	0.1
at 31 December 2021	**13.4**
Carrying amount at the end of the period	21.6
Accumulated depreciation at the end of the period	(8.2)

	assets valued at cost
	€ million
Carrying amount at the beginning of the period	7.3
Accumulated depreciation at the beginning of the period	(3.4)
at 31 December 2019	**3.9**
Additions	3.9
Disposal	(0.6)
Depreciation	(1.8)
Exchange rate differences and other changes	0.1
at 31 December 2020	**5.5**
Carrying amount at the end of the period	10.9
Accumulated depreciation at the end of the period	(5.5)

The addition of €7.0 million was mainly related to agave plantations in Mexico (€3.6 million) and grape plantations in France (€2.6 million). All biological assets at 31 December 2021 were recognised on a cost basis, net of depreciation and impairment. No guarantees were given to third parties in relation to these fixed assets.

At 31 December 2021, the Mexican agave plantations comprised 848 hectares. There is no non-productive biological asset for agave plantations and the average growing cycle covers a period of 6 years. By 2021 no harvesting activities are planned.
At 31 December 2021 the French grape plantations located in the Champagne region comprised 10.4 hectares, out of which overall 70% of these hectares were rented with medium and long-term agreements, and the remaining 30% was owned. There are no non-productive biological assets for grape plantations. Agricultural output covers a one year period and the harvest occurred in the second half of the year. Taking into account the biological and vegetative cycle, all the costs incurred in anticipation of the future harvest (service, products and other ancillary costs) have been considered as inventory in current biological assets at 31 December 2021 in the Group's accounts: this value is in line with the fair value of the growing

grapes based on available information on commodities markets.
In addition, in the Martinique area, sugar cane plantations comprise 553 hectares, of which overall 50% owned and 50% rented with long-term agreements. Among them, 501 hectares are cultivated, and the remaining 52 hectares are not cultivated. Agricultural output covers a one-year period and the harvest is expected from February to June. Given that process, the sugar cane has been considered as current biological asset classified within the inventory and measured based on the costs sustained during the production process at 31 December: this value was estimated based on the costs of infrastructure, land preparation and sugar cane cultivation, due to the absence of any active reference market for comparable plantation and similar output in terms of age and qualitative characteristics.

v. Intangible assets

• *Goodwill and brands*

changes during 2021 and 2020 are shown in the tables below.

	goodwill	bands with an indefinite life	brands with a finite life	total
	€ million	€ million	€ million	€ million
Carrying amount at the beginning of the period	1,359.5	9980.0	31.6	2,371.0
Cumulative impairment at the beginning of the period	(2.8)	(35.4)	(21.7)	(59.9)
at 31 December 2020	**1,356.6**	**944.6**	**9.9**	**2,311.1**
Change resulting from provisional allocation of acquisition value	(2.5)	2.1		(0.4)
at 31 December 2020 post-reclassifications	**1,354.1**	**946.7**	**9.9**	**2,310.7**
Perimeter effect for acquisitions	3.6	-	-	3.6
Impairment loss	-	(6.9)	-	(6.9)
Amortisation	-	-	(2.0)	(2.0)
Exchange rate differences	58.6	26.6	0.7	85.8
at 31 December 2021	**1,416.3**	**966.4**	**8.5**	**2,391.2**
Carrying amount at the end of the period	1,419.3	1,008.7	32.0	2,459.9
Cumulative impairment at the end of the period	(3.0)	(42.3)	(23.5)	(68.7)

	goodwill	bands with an indefinite life	brands with a finite life	total
	€ million	€ million	€ million	€ million
Carrying amount at the beginning of the period	1,393.6	1,028.5	36.5	2,458.6
Cumulative impairment at the beginning of the period	(3.1)	-	(23.7)	(26.8)
at 31 December 2019	**1,390.5**	**1,028.5**	**12.9**	**2,431.8**
Change resulting from provisional allocation of acquisition value	(2.7)	(5.7)	-	(8.4)
at 31 December 2019 post-reclassifications	**1,387.8**	**1,022.7**	**12.9**	**2,423.4**
Perimeter effect for acquisitions	58.9	1.0	-	59.9
Impairment loss	-	(35.4)	-	(35.4)
Amortisation	-	-	(2.1)	(2.1)
Exchange rate differences	(90.2)	(43.7)	(0.9)	(134.7)
at 31 December 2020	**1,356.6**	**944.6**	**9.9**	**2,311.1**
Carrying amount at the end of the period	1,359.5	980.0	31.6	2,371.0
Cumulative impairment at the end of the period	(2.8)	(35.4)	(21.7)	(59.9)

An impairment loss of €6.9 million has been recognised during the year, attributable mainly to the following brands: Champagne Lallier (€3.1 million) and Rhum Agricole brands (€3.9 million) due to increased in raw material costs and delayed brand activation in the international markets and Global Travel Retail channel due to the pandemic. Please refer to the following paragraph, 'Impairment test on goodwill and brands', for more information regarding impairment loss. Brands with a finite life included the value of the X-Rated. The change in the basis of consolidation comprises the incorporation of Trans Beverages Company Ltd. Since January 2021, previously represented as joint venture investment, which resulted in the recognition of €3.6 million of goodwill (for further details, see note 7 i-'Acquisition and sale of businesses and purchase of non-controlling interests').

• *Intangible assets with a finite life*
Changes in this item in 2021 and 2020 are shown in the tables below.

	software	other	total
	€ million	€ million	€ million
Carrying amount at the beginning of the period	107.0	23.2	130.2
Accumulated amortisation at the beginning of the period	(75.5)	(10.0)	(85.5)
at 31 December 2020	**31.5**	**13.2**	**44.7**
Change resulting from provisional allocation of acquisition value	-	(0.4)	(0.4)
at 31 December 2020 post-reclassifications	**31.5**	**12.8**	**44.3**
Perimeter effect for acquisitions	-	0.1	0.1
Additions	24.8	-	24.8
Amortisation	(13.0)	(1.2)	(14.2)
Exchange rate differences and other changes	(0.2)	(0.7)	(1.0)
at 31 December 2021	**43.0**	**10.9**	**54.0**
Carrying amount at the end of the period	131.5	20.8	152.3
Accumulated amortisation at the end of the period	(88.5)	(9.9)	(98.4)

	software	other	total
	€ million	€ million	€ million
Carrying amount at the beginning of the period	101.8	23.7	125.5
Accumulated amortisation at the beginning of the period	(66.3)	(10.0)	(76.3)
at 31 December 2019	**35.6**	**13.7**	**49.3**
Change resulting from provisional allocation of acquisition value	-	(4.5)	(4.5)
at 31 December 2019 post-reclassifications	**35.6**	**9.2**	**44.8**
Perimeter effect for acquisitions	0.1	0.2	0.3
Perimeter effect for sale or reorganisation of business	(0.6)	-	(0.6)
Additions	10.5	4.3	14.9
Amortisation	(12.0)	(0.8)	(12.8)
Exchange rate differences and other changes	(2.1)	0.2	(1.9)
at 31 December 2020	**31.5**	**13.2**	**44.7**
Carrying amount at the end of the period	107.0	23.2	130.2
Accumulated amortisation at the end of the period	(75.5)	(10.0)	(85.5)

Intangible assets with a finite life are amortised on a straight-line basis depending on their remaining useful life.
Additions in the period totalling €24.8 million related to projects to continuously upgrade and integrate new information technology.

• *Impairment test on goodwill and brands*

Procedure of intangible assets impairment test

For the purpose of verifying the recoverable value of intangible assets with indefinite life (i.e. impairment test), goodwill values were tested at the aggregate level based on the values allocated to the four cash-generating units (CGUs), namely, Americas CGU, SEMEA CGU, NCEE CGU and APAC CGU. This structure reflects the lowest level at which goodwill is monitored by the Group and is considered appropriate, given the synergies and efficiencies obtained at the regional level. This is in line with the geographical segment reporting structure adopted by the Group, based on its current organisational structure. For brands, the values were tested individually or by combinations of brands acquired.

The approval of the impairment test results by the Board of Directors of Davide Campari-Milano N.V. takes place separately and before the financial reports (consolidated and Company only) are approved. In line with the previous years, the approval of the annual assessment of the recoverability of the Group's intangible assets was conducted before the fiscal year-end. Consequently, the book value of goodwill and brands (i.e. the amount at which an asset is recognised in the balance sheet) was determined as of 30 September 2021, i.e. the latest available actual figures at the time of the analysis. The results of such test were valid as of 31 December 2021, given that no events or impairment indicators have arisen that could result in a material reduction of the assets value or recoverable amounts in the fourth quarter of 2021.

With regards to currencies, it should be noted that the projections were determined based on the exchange rates to Euros assumed unchanged to the ones used for drafting the 2022 budget. Although IAS36 requires that exchange rates are assumed flat to the current fiscal year over the time horizon, the fluctuations of 2022 budgeted currencies are estimated not to have a meaningful impact on future cash flows.

In line with the previous years, the Group considered the business plan, including the 2022 budget and 2023-2025 strategic plans (drafted by the Group's companies in 2021 and approved by the Board of Directors of Davide Campari-Milano N.V.), as the base of the annual impairment test.

Whilst the budget and strategic plan best depict the future economic developments of the Group, further analyses have been developed to estimate the impact on recoverable amounts of a significant drop in net sales and EBIT as compared to the business plan. In this regard, the Group has very conservatively introduced three stress tests to further stretch the impairment test considering the uncertainty and volatility generated by the Covid-19 pandemic, in line with the impairment tests performed in 2020. Considering only the downward risk via assuming -5%, -10%, -15% net sales and EBIT reduction over the entire test period for all brands and markets, the three stress tests were tested individually in each stand-alone test and are considered very prudent and conservative. Note that the stress test is performed in addition to the recurrent sensitivity analyses.

Impairment test of goodwill

The allocation of goodwill for each CGU is based on the previous allocation values, adjusted to consider the exchange rate effects and other variations such as perimeter change. The carrying amounts of the CGUs were determined by allocating, in addition to goodwill, the brand values allocated based on the profitability achieved by the brand in each CGU, as well as the fixed assets and working capital, which were mainly allocated based on the relevant sales achieved in each CGU.

The recoverable amounts of the CGUs were determined based on a 'value in use' methodology. The asset value is measured by discounting the estimated future cash flows generated by the continued use of such asset. Expected cash flows, which were based on the Group's cash flow estimates, were discounted using a post-tax discount rate, reflecting both the time value of money and a further adjustment to include the market risk and the specific risks for the company. The IAS36 states that, for calculating the 'value in use', pre-tax discount rate and future cash flows should be used. In the impairment test performed, it has been verified that the use of a post-tax approach provides consistent results with the ones which would have been obtained by adopting a pre-tax approach.

Forecasts of cash flows relating to the Group were taken from the 2022 budget and the strategic plans for the period 2023-2025 and approved by the Board of Directors of Davide Campari Milano N.V..

Moreover, cash flow projections are extrapolated beyond the plan period covered by the budget and the strategic plans to be adapted for a ten-year period, with growth rates gradually normalising towards the level of the perpetuity growth rate (described as below). The use of a ten-year period is justified by the long lifecycle of the brands with respect to the reference markets and it also takes into account the long ageing process of certain businesses included in the CGU's.

Assumptions of future cash flows were made based on conservative approach in terms of both expected growth rates and operating margin trends. In addition, projections were based on reasonableness, prudence and consistency regarding the allocation of future selling, general and administrative expenses, trends in capital investment, conditions of financial equilibrium and the main macroeconomic variables. Cash flow projections relate to current operating conditions and therefore do not include cash flows connected with any one-off and non-recurring operations. The main assumptions used in calculating the value in use of the CGUs are the long-term growth rate and discount rate. Terminal value was determined using the perpetuity growth method of discounting. Specifically, a conservative perpetual growth rate was used that corresponds to the estimated inflation rates of the consumer price for the period 2022-2026 for the Group's key markets (source: IMF, October 2021 release), assumed to be 2.7% for the Americas CGU (vs 2.3% in 2020), 1.4% for the SEMEA CGU (vs. 1.0% in 2020), 1.7% for the NCEE CGU (vs. 1.5% in 2020) and 2.3% for the APAC CGU (vs 1.9% in 2020) or 2.1% for the Group overall (vs 1.8% in 2020).

The value in use of the CGUs was calculated by discounting the estimated value of future cash flows, including the terminal value, which it is assumed will derive from the continuing use of the assets, at a discount rate (net of taxes and adjusted for risk) that reflects the average weighted cost of capital. Specifically, the discount rate used was the Weighted Average Cost of Capital (WACC), which depends on the risk associated with the estimating cash flows. The WACC was determined based on observable indicators and market parameters, the current value of money, and the specific risks connected with the business of the relevant CGU. It should be noted that the calculation of WACC has resulted in line with a set of spirits industry comparable peers. The discount rates used in the 2021 impairment test for the four CGUs, are as follows: 6.3% for the Americas CGU (vs. 6.0% in 2020), 7.8% for the SEMEA CGU (unchanged vs. 2020), 7.7% for the NCEE CGU (vs. 8.1% in 2020) and 7.1% for the APAC CGU (vs. 6.3% in 2020), or 7.1% for the Group overall (unchanged vs. 2020 impairment test).

To take into account the current market volatility and uncertainty over the future economic prospects, stress tests and sensitivity analyses were carried out to assess the recoverability of goodwill value, as described above.

Based on the methodology described above, the impairment test for goodwill as of 31 December 2021 confirmed the full recoverability, including sensitivity and stress scenarios, of all the CGUs with a headroom resulting sufficient to exclude goodwill impairment losses that may arise from meaningful business downside risks.

Values of goodwill as of 31 December 2021

The values of goodwill at 31 December 2021 and 2020 allocated by CGU are shown in the table below.

	at 31 December	
CGU	2021 € million	2020[1] € million
Americas	740.7	684.4
Southern Europe, Middle East and Africa	400.6	403.1
Northern, Central and Eastern Europe	249.3	247.0
Asia-Pacific	25.6	22.0
Total	**1,416.3**	**1,356.6**

(1) Excluding changes resulting from the purchase price allocation adjustments.

Changes in goodwill values at 31 December 2021 compared with 31 December 2020 are mainly due to favourable exchange rate effects of €58.6 million, which were re-allocated to the individual CGU and positive perimeter change equal to €3.6 million.

Impairment test on brands

The impairment test was performed on brands individually, using the value in use criterion. The recoverable value of the brand was calculated using the multi-period excess earnings method (MEEM).

The MEEM is an earnings-based valuation method. The theoretical premise of the MEEM is that the value of a brand is equal to the current value of the residual cash flows attributable to the asset analysed. According to this method, the relevant earnings attributable to the intangible assets are calculated using the income that the company would record after having deducted the earnings attributable to all the other assets (contributory asset charge), i.e. deducting from the company's results the remuneration for using other assets that contribute to the generation of such results. Estimates of income flows generated by individual brands, net of contributory asset charge, and of the terminal value, discounted to present value using an appropriate discount rate, were used to calculate the recoverable value of brands. Forecasts of income flows come from the 2022 budget and the strategic plans prepared by the Group's subsidiaries in 2021 for the period 2023-2025. Moreover, projections have been extrapolated beyond the plan period to be adapted for a ten-year period, with growth rates gradually normalising towards the level of the perpetuity growth rate. The use of a ten-year period is justified by the long lifecycle of the brands with respect to the reference markets and it also takes into account the long ageing process of certain brands. In the case of The Glen Grant single malt Scotch whisky, a 15-year time horizon was adopted in line with previous years. The use of a fifteen-year time horizon is justified by the long-term effect of the brand ageing strategy, a commonly implemented market practice for the premium spirits players. Given the nature of the ageing strategy in the Scotch whisky segment, the benefit of this strategy is expected to increasingly manifest over the years in a much longer time horizon compared with the 10-year period covered by the impairment test model for other brands. To determine the terminal value of each brand, a perpetual growth rate of between 2.1% to 2.7% (vs. a range of 1.8%-2.3% in 2020), in line with the inflation estimates, was used. The discount rates used for the individual brands tested varied from 7.2% to 8.1% (vs. a range of 6.7%-8.1% in 2020) and took into account a specific risk premium for the brand in question. Brands with an immaterial value individually and in the aggregate are not subject to impairment test. Based on the methodology as described above, the impairment test as of 31 December 2021 has indicated an aggregate impairment loss of €6.9 million relating to the Lallier and the

Rhum Agricole brands applying a discount rate for both brands of 8.1% (unchanged vs. 2020). The impairment is due to increased raw material costs and delayed brand activation in the international markets and Global Travel Retail channel impacted by Covid. These effects are not expected to reverse in the short term positively. Same as goodwill, to take into account market volatility and uncertainty over future economic prospects, sensitivity analysis and stress test were performed to assess the recoverability of the brand values with sufficient headroom resulted for all the brands, except for the following. The sensitivity analyses indicated some impairment risks for the above-mentioned Lallier and Rhum Agricole brands as well as Bulldog and the Glen Grant brands that incurred impairment losses in 2020. The results of the stress tests are aligned with the sensitivity analyses being Lallier, Rhum Agricole as well as Bulldog and the Glen Grant facing impairment risks under the stress scenarios. Regarding the Bulldog and the Glen Grant brands, their recoverable amounts have increased under the current test due to improved business performance and continued positive premiumisation trends respectively. However, as there is still a risk of impairment losses under both the stress tests and sensitivity analysis[56] and the persisting volatility, the Group considers it reasonable to not reverse at this stage the impairment losses recorded in 2020 for both brands[57]. The Group will closely monitor the future development of the brands and carefully assess the recoverability of the trademark values.

IAS36 defines recoverable amount as the higher of an asset's or cash-generating unit's fair value less cost of disposals and its value in use. In measuring the recoverable amount of the brand values, the Group considers the 'value in use' determined for Lallier and Rhum Agricole brands to be a proxy of their fair value less cost of disposals, for the following reasons: (i) the value in use is measured by using a valuation methodology (MEEM) which is widely accepted in practice for determining the brands' fair value, for example in a purchase price allocation following an acquisition and (ii) the Group business plans for these three brands can be considered market participant as there is no indication that a different player would have taken a different business strategy on such brands.

A commonly accepted alternative method of measuring 'fair value less costs of disposal' is based on transaction multiples. This, however, requires identifying a representative sample of comparable transactions that are not consistently available across the different types of assets. As benchmarks are typically available for measuring business values as a whole, instead of a brand only, such methodology would not be suitable for these purpose.

(56) Possible loss ranging from €1.4 million to €4.2 million for Bulldog and possible loss ranging from €0.6 million to €10.3 million for the GlenGrant.
(57) Impairment losses of €15.5 million for the GlenGrant and €15.8 million for Bulldog in 2020.

Values of brand as of 31 December 2021

The values of brands at 31 December 2021 and 2020 are shown in the table below.

	at 31 December	
	2021 € million	2021[(2)] € million
Grand Marnier	300.7	300.7
Wild Turkey	161.2	148.8
Frangelico	54.0	54.0
Jamaican Rum Portfolio	89.1	89.0
The GlenGrant and Old Smuggler	88.8	88.8
Forty Creek	72.2	66.5
Cabo Wabo	62.7	57.9
Averna and Braulio	65.5	65.5
X-Rated (1)	8.5	9.9
Riccadonna	11.3	11.3
Bulldog	36.7	34.3
Other	24.1	27.9
Total	**974.9**	**954.5**

(1)Asset with finite life. The brand value amortized over a timeframe of 10 years until 2025.
(2) Pre-reclassification figures which do not include the changes resulting from the purchase price allocation adjustments.

Changes in brand values at 31 December 2021 compared with 31 December 2020 are mainly due to the impairment losses of the Rhum Agricole and Lallier brands for a total of €6.9 million, and exchange rate effects of €26.6 million.

vi. Other non-current assets

A breakdown of other non-current assets is shown in the table below.

	at 31 December	
	2021 € million	2020 € million
Equity investment in other companies	0.8	0.6
Security deposits	2.0	1.3
Other non-current receivables from main shareholders	1.4	1.8
Other non-current receivables	1.1	2.1
Other non-current assets	**5.3**	**5.7**

(1) The perimeter effect comprises the incorporation of Trans Beverages Company Ltd..

The items equity investment in other companies included the 10% interests in Thirsty Camel Ltd., a local player that is specialised in the marketing and distribution of alcoholic and non-alcoholic products in the territory.

vii. Other current assets

A breakdown of other current assets is shown in the table below.

	at 31 December		
	2021 € million	*of which perimeter effect[(1)] € million*	2020 € million
Other receivables from tax authorities	24.6	*0.5*	22.6
Prepaid expenses	11.9	*0.3*	6.9
Advances and other receivables from suppliers	3.7	-	1.3
Receivables from personnel	3.2	-	1.4
Advances to suppliers	0.2	-	2.6
Receivables from Parent Company for Group VAT	-	-	1.2
Other	5.7	*0.5*	9.0
Other current assets	**49.2**	***1.3***	**45.0**

(1) The perimeter effect comprises the incorporation of Trans Beverages Company Ltd..

Other receivables from tax authorities, totalling €24.6 million, primarily comprise €20.9 million for VAT and €1.1 million for excise duties.

The table below shows a broken down of receivables by maturity.

at 31 December 2021	other receivables[(1)] € million	provision for bad debt € million
Not overdue	**14.2**	**-**
Overdue since	**23.6**	**(0.5)**
Less than 30 days	1.5	-
30-90 days	0.1	-
1 year	22.2	(0.2)
5 years	-	(0.2)
more than 5 years	0.1	-
Total receivables broken down by maturity	**37.8**	**(0.5)**
Amount impaired	(0.5)	
Total	**37.3**	

(1) The item does not include prepaid expenses.

at 31 December 2021	other receivables[(1)] € million	provision for bad debt € million
Not overdue	**20.6**	**-**
Overdue since	**18.2**	**(0.7)**
30-90 days	3.0	(0.1)
1 year	14.9	(0.4)
5 years	0.2	(0.2)
Total receivables broken down by maturity	**38.8**	**(0.7)**
Amount impaired	(0.7)	
Total	**38.0**	

(1) The item does not include prepaid expenses.

The tables below provide information on the change in the provision for bad debt and the credit risk exposure of the Group's other current receivables using a provisional matrix.

€ million	other receivables
at 31 December 2020	**0.7**
Accruals	0.1
Releases	(0.3)
at 31 December 2021	**0.5**

€ million	other receivables
at 31 December 2019	**0.7**
Accruals	0.3
Releases	(0.2)
Exchange rate differences and other changes	(0.1)
at 31 December 2020	**0.7**

	other current receivable days past due						
	current	less than 30 days	30-90 days	1 year	5 years	more than 5 years	Total
at 31 December 2021	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Credit loss rate	-	-	-	0.5%	0.5%	-	**1.0%**
Estimated total gross carrying amount at default	23.7	1.5	0.1	19.0	4.4	1.1	**49.7**
Provision for expected credit losses	-	-	-	(0.2)	(0.2)	-	**(0.5)**

	other current receivable days past due						
	current	less than 30 days	30-90 days	1 year	5 years	more than 5 years	Total
at 31 December 2020	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Credit loss rate	-	-	0.1%	0.9%	0.5%	-	**1.6%**
Estimated total gross carrying amount at default	25.1	-	3.0	17.2	0.2	-	**45.6**
Provision for expected credit losses	-	-	(0.1)	(0.4)	(0.2)	-	**(0.7)**

viii. Assets held for sales

Net assets held for sale are valued at the lower of net book value and fair value less selling costs.

	at 31 December			
	2020	impairment loss	disposals	2021
	€ million	€ million	€ million	€ million
Property, plant and equipment	3.3	(1.1)	(2.3)	-
Total assets classified as held for sales	**3.3**	**(1.1)**	**(2.3)**	**-**

The property in France was disposed of during 2021 and the production assets located in Brazil, including the ceased Sorocaba facility, have been totally impaired as of 31 December 2021.

ix. Other non-current liabilities

A breakdown of other non-current liabilities is shown in the table below.

	at 31 December	
	2021	2020
	€ million	€ million
Other employee benefits[1]	13.3	3.0
Medium-long term incentive plans	3.4	1.8
Profit sharing	3.8	2.0
Other non-current liabilities	1.0	0.5
Other non-current liabilities	**21.5**	**7.3**

(1) Including non-recurring last mile long-term incentive schemes.

The change of €14.1 million is mainly related to non-recurring last mile long-term incentive schemes with retention purposes to be potentially recognised to senior management. For more information, please refer to 'Governance' section.

x. Other current liabilities

A breakdown of other current liabilities is shown in the table below.

	at 31 December		
	2021	*of which perimeter effect*[1]	2020
	€ million	*€ million*	€ million
Payables to staff	97.5	-	61.6
Payables to agents	3.7	-	2.9
Deferred income	2.9	-	6.5
Amounts due to controlling shareholder for Group VAT	2.1	-	0.5
Value added tax	16.1	*0.1*	16.5
Tax on alcohol production	30.4	-	36.2
Withholding and miscellaneous taxes	10.2	-	7.3
Other	10.8	*1.1*	8.7
Other current liabilities	**173.7**	***1.3***	**140.3**

(1) The change includes a marginal impact related to the incorporation of Trans Beverages Company Ltd..

The increase of €33.4 million in other current liabilities is mainly attributable to the payables to staff due to the catch-up of incentive plans, all in line with the positive business performance in 2021.

The maturities of other payables are shown in the tables below.

	other payables to third parties
at 31 December 2021	€ million
On demand	118.8
Due within 1 year	54.8
Total	**173.7**

at 31 December 2020	other payables to third parties € million
On demand	77.2
Due within 1 year	63.0
Due in 3 to 5 years	0.1
Total	**140.3**

8
OPERATING WORKING CAPITAL

This section explains the Group's operating working capital composition broken down into the various items that are managed to generate the Group performances.

i. Trade receivables

A breakdown of trade receivable is shown in the table below.

	at 31 December		
	2021	*of which perimeter effect*[1]	2020
	€ million	*€ million*	€ million
Trade receivables from costumers	286.1	*2.7*	274.9
Trade receivables from associates	1.9	-	4.0
Receivables in respect of contributions to promotional costs	2.4	-	2.9
Trade receivables	**290.4**	***2.7***	**281.8**

(1) The change includes a marginal impact related to the incorporation of Trans Beverages Company Ltd..

The table below shows the trade receivables broken down by maturity. In light of the analysis performed on estimated expected future losses (using the expected credit loss method), no receivables were considered as not yet due and not written down.

at 31 December 2021	trade receivables[1] € million	provision for expected future losses and bad debt € million
Not overdue	**233.3**	**(1.3)**
Overdue since	**60.3**	**(5.6)**
Less than 30 days	26.8	(0.1)
30-90 days	7.4	(0.7)
1 year	18.4	(1.0)
5 years	6.2	(2.4)
More than 5 years	1.5	(1.4)
Total receivables broken down by maturity	**293.6**	**(6.9)**
Amount impaired	(6.9)	
Total	**286.7**	

(1) The change includes a marginal impact related to the incorporation of Trans Beverages Company Ltd..

at 31 December 2020	trade receivables[1] € million	provision for expected future losses and bad debt € million
Not overdue	**192.8**	**(0.8)**
Overdue since	**95.3**	**(7.3)**
Less than 30 days	54.5	-
30-90 days	16.1	(2.3)
1 year	15.1	(1.3)
5 years	8.1	(2.3)
More than 5 years	1.5	(1.4)
Total receivables broken down by maturity	**288.2**	**(8.1)**
Amount impaired	(8.1)	
Total	**280.1**	

(1)This item does not include prepaid expenses.

The overdue category decreased significantly from €95.3 million in 2020 to €60.3 million in 2021 thanks to the Group efficient management of payment terms.

The following tables show the impairment changes for expected future losses and bad debt in 2021 and 2020.

€ million	provision for expected future losses and bad debt
at 31 December 2020	**8.1**
Accruals	1.9
Utilisations	(1.2)
Releases	(1.9)
Exchange rate differences and other changes	(0.1)
at 31 December 2021	**6.9**

€ million	provision for expected future losses and bad debt
at 31 December 2019	**7.5**
Perimeter effect for acquisitions	0.6
Accruals	2.5
Utilisations	(1.2)
Releases	(0.4)
Exchange rate differences and other changes	(1.0)
at 31 December 2020	**8.1**

At 31 December 2021, the provision for expected future losses and bad debt amounted to €6.9 million, which was down by €1.2 million compared to 2020. It includes the impairment of specific receivables in order to reflect the estimated realisable value. The utilisations for the year were due to the settlement of lawsuits outstanding from previous periods.

The tables below set out the information related to the credit risk exposure on the Group's trade receivables using a provision matrix:

	trade receivables days past due						
	current	less than 30 days	30-90 days	1 year	5 years	more than 5 years	Total
at 31 December 2021	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Credit loss rate	0.4%	0.1%	0.1%	0.4%	0.8%	0.5%	**2.3%**
Estimated total gross carrying amount at default	235.6	27.1	8.4	18.4	6.2	1.5	**297.3**
Provision for expected credit losses	(1.3)	(0.2)	(0.4)	(1.1)	(2.4)	(1.4)	**(6.9)**

	trade receivables days past due						
	current	less than 30 days	30-90 days	1 year	5 years	more than 5 years	Total
at 31 December 2020	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Credit loss rate	0.5%	0.1%	0.3%	0.6%	0.9%	0.4%	**2.8%**
Estimated total gross carrying amount at default	194.6	54.5	16.1	15.1	8.1	1.5	**289.9**
Provision for expected credit losses	(1.5)	(0.4)	(0.9)	(1.7)	(2.5)	(1.1)	**(8.1)**

The amount of the provision and the level of utilisation over the years, confirms that overall, the Group is exposed to a cluster of customers and markets that are not significantly affected by credit risk.

ii. Trade payables

A breakdown of trade payables is shown in the table below.

	at 31 December		
	2021	*of which perimeter effect*[(1)]	2020
	€ million	€ million	€ million
Trade payables to external suppliers	394.6	1.9	321.2
Trade payables	**394.6**	1.9	321.2

During 2021, the Group continued to join the reverse factoring programme launched in 2020 in cooperation with an external banking provider and selected key suppliers. The programme involved strategic partners based in Italy to allow participating suppliers to receive early payments on their invoices. Based on the programme's characteristics and the nature of the transaction, the trade payables in scope, continued to be classified as a trade payable on the grounds which led to an improvement in terms of commercial payment without giving any guarantee or change other terms or conditions of the original agreements. The programme increased payables by approximately €20.3 million at 31 December 2021 (€7.0 million at 31 December 2020).

The table below shows the trade payables broken down by maturity.

at 31 December 2021	
On demand	76.0
Due within 1 year	312.0
Due in 1 to 2 years	6.4
Due after 5 years	0.2
Total	**394.6**

at 31 December 2020	trade payables € million
On demand	10.4
Due within 1 year	310.7
Total	**321.2**

iii. Inventories and biological assets

The breaks down of this item is as follows.

	at 31 December		
	2021	*of which perimeter effect*[(1)]	2020 post-reclassifications
	€ million	*€ million*	€ million
Finished products and goods for resale	172.8	1.7	142.0
Maturing inventory	409.7	-	368.1
Work in progress	103.7	*(0.1)*	96.2
Raw materials, supplies and consumables	55.9	-	50.4
Inventories	**742.0**	***1.5***	**656.7**
Current biological assets	**3.7**	***0.1***	**1.6**
Total	**745.7**	***1.7***	**658.3**

(1)This item does not include prepaid expenses.

Stocks totalled €745.7 million at 31 December 2021, up by €87.4 million on 31 December 2020. This change was mainly attributable to organic increases connected with the growing business as well as to the rising in stocks of maturing inventories in line with the Group's strategic premiumisation guidelines. The exchange rate effect was also significant, accounting for approximately one third of the total change, as a result of the localisation of significant inventories out of Eurozone and in particular in the Americas.
The effect of the consolidation of Trans Beverages Company Ltd. was negligible and amounted to €1.7 million.

Current biological assets at 31 December 2021 totalled €3.7 million, corresponding to the fair value of the sugar cane, grapes and agave harvests that had not yet ripened. All these biological products are classified as current inventory in consideration of their annual vegetative growing process, except agave, which is also classified as inventory during the 6-year growing period even though the agave plants are not yet ripe for the harvest useful for distillation, as they can theoretically be sold as a growing plant. For more information related to the fair value estimation, refer to paragraph 4 xii-'Biological assets'. No guarantees were given to third parties in relation to these inventories. Agricultural produce in Martinique benefitted from public grants of €0.3 million (€0.5 million in 2020).

Inventories are reported minus the relevant impairment provisions. The changes in 2021 and 2020 are shown in the tables below.

	€ million
at 31 December 2020	**(16.0)**
Accruals/Release	(0.7)
Utilisation	5.2
Exchange rate differences and other changes	(2.1)
at 31 December 2021	**(13.6)**

	€ million
at 31 December 2019	**(14.3)**
Perimeter effect for acquisitions	(0.5)
Accruals/Release	(5.4)
Utilisation	2.5
Exchange rate differences and other changes	1.8
at 31 December 2020	**(16.0)**

9

NET FINANCIAL DEBT

This section provides details of the Group's net financial debt composition broken down into the various items. Figurative financial assets and liabilities arising from rent and lease agreements are also provided in this section.

i. Cash and cash equivalents

The breakdown of the Group's cash and cash equivalents is as follows.

	at 31 December		
	2021	*of which perimeter effect*(1)	2020
	€ million	*€ million*	€ million
Bank current accounts and cash	527.8	*(3.4)*	297.6
Term deposit maturing within 3 months	263.5	-	250.5
Cash and cash equivalents	**791.3**	***(3.4)***	**548.1**

(1) The perimeter variation included the net cash outflow for the following transactions:
- finalisation of the joint venture agreement in wines&spirits e-commerce segment with the partner Moët Hennessy,
- the effect deriving from the incorporation of the subsidiary in South Korea into Campari Group accounts: Trans Beverages Company Ltd. was previously represented as a joint venture investment in Campari Group's accounts, while, during the first half of 2021, in line with the Group's strategy to empower its presence in the Asian Pacific region, the Group increased its interests by raising its stake from 40% to 51%,
- the acquisition of 40% interest in the newly incorporated joint venture in Taiwan, named Spiritus Company Limited,
- the acquisition of 10% stake in Thirsty Camel Ltd., classified as other investments.
For more information on these transactions, please refer to paragraph 'Significant events of the year' of the management board report.

At 31 December 2021, the extremely solid cash flow generation was attributable to the very satisfactory performance of the Group's business achieved during the year. For a better understanding of the liquidity management, reference is made to cash flow information and the net financial debt (note 9 viii-'Reconciliation with net financial debt and cash flow statement').

ii. Other current financial assets

A breakdown of other current financial assets is shown in the table below.

	at 31 December	
	2021	2020
	€ million	€ million
Valuation at fair value of forward contracts	0.7	0.2
Financial investments	13.2	-
Financial receivables from Terra Moretti (i.e. business disposal(1))	1.5	1.0
Other financial assets	0.4	-
Other current financial assets	**15.8**	**1.2**

(1) Receivable current portion associated with the past sale of Sella&Mosca S.p.A. and Teruzzi&Puthod S.r.l..

iii. Other non-current financial assets

A breakdown of other non-current financial assets is shown in the table below.

	at 31 December	
	2021	2020
	€ million	€ million
Term deposit	4.2	4.0
Financial receivables from Terra Moretti (i.e. business disposal(1))	1.5	3.1
Non-current financial assets	**5.7**	**7.1**

(1) Receivable non-current portion associated with the past sale of Sella&Mosca S.p.A. and Teruzzi&Puthod S.r.l..

At 31 December 2021, term deposits of €4.2 million were intended to acquire the remaining shareholdings in J.Wray&Nephew Ltd., for which the Group has an equal financial liability for put option and earn-out.

iv. Lease components

Changes in the lease payables in 2021 and 2020 are provided in the tables below.

	at 31 December 2020	addition	payments	interest expenses	reclassification	exchange rate differences and other changes	at 31 December 2021
	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Within 12 months	(13.9)	-	18.8	-	(18.9)	0.6	(13.5)
Over 12 months	(69.5)	(14.3)	-	(2.9)	18.9	(2.6)	(70.4)
Total lease payables	**(83.3)**	**(14.3)**	**18.8**	**(2.9)**	**-**	**(2.0)**	**(83.9)**

	at 31 December 2019	addition	payments	interest expenses	reclassifica-tion	perimeter effect	exchange rate differences and other changes	at 31 December 2020
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Within 12 months	(15.4)		19.6	-	(21.5)	0.1	3.3	(13.9)
Over 12 months	(82.1)	(7.8)		(3.2)	21.5	(4.4)	6.6	(69.5)
Total lease payables	**(97.5)**	**(7.8)**	**19.6**	**(3.2)**	**-**	**(4.3)**	**9.9**	**(83.3)**

The IBRs applied in 2021 and 2020 were as follows.

for the year ended 31 December 2021			
Currency	within 5 years	from 5 to 10 years	over 10 years
EUR	1.1%	1.3%	1.2%
USD	2.4%	2.7%	2.6%
GBP	2.4%	2.3%	2.0%

for the year ended 31 December 2020			
Currency	within 5 years	from 5 to 10 years	over 10 years
EUR	1.0%	1.2%	1.3%
USD	1.9%	2.3%	2.5%
GBP	1.7%	1.9%	1.9%

The amounts recognised in the cash flow were as follows.

	for the years ended 31 December	
€ million	2021	2020
Total cash outflow for lease capital	(15.8)	(14.6)
Total cash outflow for lease interests	(2.9)	(3.2)
Total cash outflow for lease	**(18.8)**	**(17.8)**

The tables below show the breakdown of financial liabilities for leases by asset class.

€ million	within 12 months	over 12 months	total
Buildings	(9.2)	(60.5)	(69.7)
Vehicles	(2.8)	(4.4)	(7.2)
Machinery	(1.0)	(4.5)	(5.5)
Other	(0.5)	(0.8)	(1.3)
Land	-	(0.2)	(0.2)
Total financial liabilities for leases as of 31 December 2021	**(13.5)**	**(70.4)**	**(83.9)**
Total financial assets for leases as of 31 December 2021	**-**	**-**	**-**
Total financial assets and liabilities (net value) as of 31 December 2021	**(13.5)**	**(70.4)**	**(83.9)**

€ million	within 12 months	over 12 months	total
Buildings	(9.0)	(60.3)	(69.3)
Machinery	(1.0)	(5.2)	(6.2)
Vehicles	(3.0)	(2.5)	(5.5)
Other	(0.7)	(1.3)	(2.0)
Land	-	(0.2)	(0.2)
IT equipment	(0.1)	-	(0.1)
Total financial liabilities for leases as of 31 December 2020	**(13.9)**	**(69.5)**	**(83.3)**
Total financial assets for leases as of 31 December 2020	**-**	**-**	**-**
Total financial assets and liabilities (net value) as of 31 December 2020	**(13.9)**	**(69.5)**	**(83.3)**

v. Non-current financial debt

The breakdown of bonds and other non-current liabilities is as follows:

	at 31 December	
	2021 € million	2020 € million
Bond issued in 2017	150.0	200.0
Bond issued in 2019	149.7	149.5
Bond issued in 2020	545.9	545.2
Non-current bonds	**845.5**	**894.7**
Liabilities and loans due to banks	355.2	320.0
Lease payables	70.4	69.5
Liabilities for put option and earn-out payments	50.4	99.8
Other non-current financial liabilities	0.1	-
Non-current financial liabilities	**476.1**	**489.3**
Total non-current financial debt	**1,321.6**	**1,383.9**

The main financial liabilities and the main changes that occurred in the composition of financial liabilities during the year are as follows:

- *Bonds*

At 31 December 2021, the Bonds item included the following issues placed by the Parent Company.

at 31 December 2021	nominal value € million	maturity	issue price	nominal coupon rate	rate type	effective yield
Bond issued in 2017	150.0	05/04/2024	100%	2.165%	fixed	2.165%
Bond issued in 2019	150.0	30/04/2024	100%	1.655%	fixed	1.655%
Bond issued in 2020	550.0	06/10/2027	99.76%	1.250%	fixed	1.370%

At 31 December 2021 the bond issued in 2017 by the Parent Company, with a nominal value of €50.0 million, has been reclassified to short term due to the maturing date being within twelve months (April 2022). The residual change recorded in 2021 relates to the amortised cost of the above long-term portion of bonds and was negative at €0.8 million.

- *Liabilities and loans due to banks*

This item includes euro-denominated loans entered with leading banks as follow.

at 31 December 2021	nominal value	residual value		maturity	interest rate
		non-current	current(1)		
	€ million	€ million	€ million		
Term Loan 2019 (2)	250.0	250.0	-	31/07/2024	3-months Euribor plus 1.126% spread(3)
Loan 2020	25.0	8.3	16.7	25/06/2023	3-month Euribor no floor plus 1.227% spread and up-front fees of 0.35%
Loan 2021	100.0	100.0	-	30/06/2024	0.15% fixed

(1) The current portion is classified in current liabilities – loans due to banks.
(2) The loan was accompanied by a revolving credit facility for the same amount and maturity, at an interest rate of 3-month Euribor plus a 0.75% spread, as well as draw-down fees. The revolving credit facility was not used at 31 December 2021.
(3) Inclusive of the related interest rate swap.

at 31 December 2020	nominal value	residual value		maturity	interest rate
		non-current	current		
	€ million	€ million	€ million		
Term Loan 2019	250.0	250.0	-	7/31/2024	3-months Euribor plus 1.126% spread
Loan 2020	41.7	25.0	16.7	6/25/2023	3-month Euribor no floor plus a 1.227% spread and up-front fees of 0,35%
Loan 2020	95.0	38.0	57.0	6/30/2022	0.75% and up-front fees of 0.20%

The increase compared to last year is explained by the dynamic management of loan exposure connected to the needs of the financial activity combined with management of liabilities focused on benefiting from favourable market opportunities.

• *Liabilities for put options and earn-out*

The changes of non-current liabilities for put option and earn-out in 2021 and 2020 are shown in the tables below.

€ million at 31 December 2020	total **99.8**	*variation impacting profit or loss*	*variation impacting Group net equity or investment value*
payments	(2.0)	-	-
increases	0.4	-	*0.4*
amortisation costs effect	0.2	*0.2*	-
remeasurement	(0.7)	-	*(0.7)*
reclassification to current liability	(50.6)	-	-
exchange rate differences and other changes	3.3	-	*3.3*
at 31 December 2021	**50.4**		
of which measured at fair value	*50.4*		
of which measured at amortised cost	-		

€ million at 31 December 2019	total **128.8**	*variation impacting profit or loss*	*variation impacting Group net equity or investment value*
increases	1.6	-	*1.6*
amortisation costs effect	0.2	*0.2*	-
perimeter effect	4.3	-	-
remeasurement	22.0	-	*22.0*
reclassification to current liability	(55.1)	-	-
exchange rate differences and other changes	(2.0)	-	*(2.0)*
at 31 December 2021	**99.8**		
of which measured at fair value	*49.4*		
of which measured at amortised cost	*50.4*		

At 31 December 2021, the long-term portion of the item included:

- the estimated payable for put options and earn-out linked to Ancho Reyes and Montelobos totalling €44.2 million payable starting from 2024 increased by €3.3 million during the year based on exchange rate effects and was subject to a remeasurement, which led to a decrease of €0.7 million;
- the estimated payable for put options and earn-out related to the Lallier acquisition totalling €6.2 million payable starting from 2023.

The significant movement reported during 2021 was related to the reclassification to current financial items of €50.6 million liability associated with the Société des Produits Marnier Lapostolle S.A.S. business combination and emerging from the agreements signed with a number of the former shareholders for the purchase of some of the remaining shares held by them in the next twelve months. The company's committed liability related to Tannico of €2.0 million (€1.6 million in 2020) linked to a personnel compensation scheme was paid in the context of the formation of the new 50/50 joint venture with Moët Hennessy.

vi. Current financial debt

The table below provides a breakdown of the Group's bond, loans due to banks and other current financial payables.

	at 31 December	
	2021 € million	2020 € million
Bond issued in 2017	50.0	-
Accrued interest on bonds	6.3	6.3
Loans due to banks	198.1	244.3
Lease payables	13.5	13.9
Liabilities for put option and earn-out payments	48.2	3.5
Liabilities on hedging contracts	0.8	0.1
Current liabilities for hedge derivatives not in hedge accounting	0.2	-
Other financial liabilities	5.0	8.1
Current financial debt	**322.1**	**276.2**

The main financial liabilities and the main changes that occurred in the composition of financial liabilities during the year are as follows:

• *Bonds*

As mentioned in the previous paragraph, at 31 December 2021 the bond issued in 2017 with a nominal value of €50.0 million, a fixed annual coupon of 1.768% and maturing on April 2022 has been reclassified to short-term liability.

• *Liabilities and loans due to banks*

At 31 December 2021, loans due to banks reported a net decrease of €46.2 million due to repayment of loans and credit facilities. The item includes, in addition to the current portion of medium / long-term loans, some short-term loans managed dynamically to strengthen the Group's financial structure further and achieve greater flexibility to respond promptly to the still volatile macroeconomic context.

• *Liabilities for put options and earn-out payments*

The changes of non-current liabilities for put option and earn-out occurred in 2021 and 2020 are shown in the tables below.

€ million at 31 December 2020	total 3.5	*variation impacting profit or loss*	*variation impacting Group net equity or investment value*
payments	(6.2)	-	-
reclassification from non-current liability	50.6	-	-
exchange rate differences and other changes	0.3	0.3	-
at 31 December 2021	**48.2**		
of which measured at fair value	-		
of which measured at amortised cost	*48.2*		

€ million at 31 December 2019	total **54.0**	*variation impacting profit or loss*	*variation impacting Group net equity or investment value*
Payments	(85.1)	-	-
Increases		-	-
amortisation costs effect	(19.0)	*(19.0)*	-
remeasurement		-	-
reclassification from non-current liability	55.1	-	-
exchange rate differences and other changes	(1.6)	*(0.2)*	*(1.4)*
at 31 December 2021	**3.5**		
of which measured at fair value	-		
of which measured at amortised cost	3.5		

At 31 December 2021, the short-term portion of the item included €45.0 million liability resulting from the agreements signed for the purchase of all the remaining shares in Société des Produits Marnier Lapostolle S.A.S. reclassified as current item during the year net of the settlements completed during the year, and €3.2 million liability for the purchase of the residual non-controlling shares in J.Wray&-Nephew Ltd, secured by restricted cash and cash equivalents.

vii. Reconciliation with net financial debt and cash flow statement

The reconciliation with the Group's net financial debt is set out below.

	at 31 December	
	2021 € million	2020 € million
Cash and cash equivalents	791.3	548.1
Cash (A)	**791.3**	**548.1**
Securities	13.2	-
Other current financial assets	2.6	1.2
Current financial receivables (B)	**15.8**	**1.2**
Loans due to banks current	(198.1)	(244.3)
Current portion of lease payables	(13.5)	(13.9)
Current portion of bonds	(50.0)	-
Other current financial payables	(12.3)	(14.6)
Current portion of payables for put option and earn-out	(48.2)	(3.5)
Current financial payables (C)	**(322.1)**	**(276.2)**
Net current financial debt (A+B+C)	**485.0**	**273.1**
Loans due to banks non-current(1)	(355.2)	(320.0)
Non-current portion of lease payables	(70.4)	(69.5)
Non-current portion of bonds	(845.5)	(894.7)
Non-current portion of payables for put option and earn-out	(50.4)	(99.8)
Other non-current financial liabilities	(0.1)	-
Non-current financial debt (D)	**(1,321.6)**	**(1,383.9)**
Net debt (A+B+C+D)(2)	**(836.6)**	**(1,110.8)**
Reconciliation with the Group's net financial debt as shown in the Management board report:		
Term deposits	4.2	4.0
Non-current financial receivables	1.5	3.1
Group net financial debt	**(830.9)**	**(1,103.8)**

(1) Including related derivatives.
(2) In accordance with ESMA guidelines.

Reconciliation with the cash flow statement

A reconciliation of the changes in financial liabilities used in financing activities indicated in the cash flow statement and the balances shown on the financial statements is provided below.

Cash Flow generated (absorbed) from financial liabilities	Bonds		payables for interest	borrowings(1)		lease payables		other financial assets (liabilities)	
€ million	current	non current	current	current(3)	non current	current	non current	current	non current
at 31 December 2020	-	(894.7)	(6.3)	(244.3)	(320.0)	(13.9)	(69.6)	(13.2)	6.9
Notional liabilities addition	-	-	-	-	-	-	(14.3)	-	-
Interest accrued	-	-	(19.6)	-	-	-	(2.9)	-	-
New financing(2)	**-**	**-**	**-**	**(232.9)**	**(130.0)**	**-**	**-**	**1.1**	**1.7**
Repayment(2)	**-**	**-**	**19.6**	**363.0**	**9.0**	**-**	**18.8**	**1.9**	**(0.9)**
- of which long-term debt(4)	-	-	-	*149.2*	*9.0*	-	-	-	-
- of which other borrowings	-	-	-	*213.8*	-	-	-	-	-
Perimeter changes	-	-	-	-	-	-	-	-	-
Exchange rate effects	-	-	-	(0.9)	-	(0.4)	(2.6)	-	-
Reclassification	(50.0)	50.0	-	(84.7)	84.7	0.6	(0.6)	2.0	(2.0)
Other movements	-	(0.8)	-	1.7	1.1	0.3	0.8	11.8	0.0
at 31 December 2021	**(50.0)**	**(845.5)**	**(6.3)**	**(198.1)**	**(355.2)**	**(13.5)**	**(70.5)**	**3.6**	**5.7**

(1)Included related derivatives.
(2)Cash flow generated (absorbed) from financial liabilities.
(3)Net change in short-term financial payables and bank loans is equal to €19.1 million (proceeds of €232.9 net of repayments of €213.8).
(4)The repayment of non-current borrowings related to the long-term debt item is €158.2 (of which €149.2 current and €9.0 non-current).

Cash Flow generated (absorbed) from financial liabilities	Bonds		payables for interest	borrowings(1)		lease payables		other financial assets (liabilities)	
€ million	current	non current	current	current	non current	current	non current	current	non current
at 31 December 2019	(580.0)	(349.4)	(8.7)	(31.0)	(249.3)	(13.1)	(77.3)	(6.6)	14.7
Notional liabilities addition	-	-	-	-	-	-	(8.5)	-	-
Interest accrued	-	-	(24.4)	-	-	-	(3.2)	-	-
New financing(2)	-	(545.0)	-	(92.1)	(195.1)	-	-	(7.1)	(5.2)
Repayment(2)	580.9	-	26.8	24.6	-	-	17.8	-	-
Perimeter effect for acquisitions	-	-	-	(20.8)	-	0.1	(4.4)	(0.9)	-
Exchange rate effects	-	-	-	2.7	-	0.9	4.2	(0.1)	(1.1)
Reclassification	-	-	-	(116.6)	118.6	(2.2)	2.2	(2.0)	-
Other movements	(1.0)	(0.3)	-	(11.1)	5.8	0.4	(0.5)	3.5	(1.4)
at 31 December 2020	**-**	**(894.7)**	**(6.3)**	**(244.3)**	**(320.0)**	**(13.9)**	**(69.6)**	**(13.2)**	**6.9**

(1)Included related derivatives.
(2)Included in cash flow statement.

viii. Financial instruments-disclosures

The value of individual categories of financial assets and liabilities held by the Group at 31 December 2021 and 31 December 2020 is shown below.

at 31 December 2021 € million	measurement at amortised cost	measurement at fair value through profit and loss[3]	measurement at fair value with changes recognised in the statement of comprehensive income
Cash and cash equivalents	791.3	-	-
Trade receivables	290.4	-	-
Current financial receivables	0.3	14.7	-
Other non-current financial assets	4.2	1.5	-
Other non-current assets		0.8	-
Loans due to banks [1]	(552.6)	-	-
Lease payables	(83.9)	-	-
Bonds	(895.5)	-	-
Accrued interest on bonds	(6.3)	-	-
Other current financial liabilities	(4.9)	-	-
Other non current financial liabilities	(0.1)	-	-
Liabilities for put option and earn-out payments	(48.2)	(50.4)	-
Trade payables	(394.6)	-	-
Current assets for hedge derivatives, not in hedge accounting	-	0.1	-
Current liabilities for hedge derivatives, not in hedge accounting	-	(0.2)	-
Current assets for hedging derivatives	-	-	0.6
Non-current liabilities for hedging derivatives[2]	-	-	(0.7)
Current liabilities for hedging derivatives	-	-	(0.8)
Total	**(900.0)**	**(66.0)**	**(0.9)**

(1) Excluding derivative on loan due to bank.
(2) Derivative on loan due to bank.
(3) Liabilities linked to some business combination may be elected to have the fair value variation accounted for against the Group equity.

at 31 December 2020 € million	measurement at amortised cost	measurement at fair value through profit and loss	measurement at fair value with changes recognised in the statement of comprehensive income
Cash and cash equivalents	548.1	-	-
Trade receivables	281.8	-	-
Current financial receivables	-	1.0	-
Other non-current financial assets	4.1	3.0	-
Other non-current assets	-	0.6	-
Loans due to banks[1]	(560.8)	-	-
Lease payables	(83.3)	-	-
Bonds	(894.7)	-	-
Accrued interest on bonds	(6.3)	-	-
Other financial liabilities	(8.1)	-	-
Liabilities for put option and earn-out payments[2]	(53.9)	(49.4)	-
Trade payables	(321.2)	-	-
Current assets for hedging derivatives	-	-	0.2
Non-current liabilities for hedging derivatives[3]	-	-	(3.5)
Current liabilities for hedging derivatives	-	-	(0.1)
Total	**(1,094.3)**	**(44.8)**	**(3.4)**

(1) Excluding derivative on loan due to bank.
(2) Liabilities linked to some business combination may be elected to have the fair value variation accounted for against the Group equity
(3) Derivative on loan due to bank.

Hedging activities and derivatives

The Group is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are foreign currency risk and interest rate risk.

Derivatives are designated as hedging instruments in the form of 1) foreign exchange forward and option contracts, elected as cash flow hedges to hedge highly probable forecast sales and purchases in different currencies compared to Euro and, 2) interest rate swap contract to mitigate the risk associated to variable interest rate changes on loan and bond agreements not issued at a fixed interest rate.

The Group used also derivatives not designated as hedging instruments to reflect the change in fair value of foreign exchange of forward and option contracts that are not elected in hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk for expected sales and purchases.

In connection with the establishment of joint ventures in Spiritus Co. Ltd and CT Spirits Japan Ltd., commitments to increment the ownership in these companies exists in the form of call option elected as derivative financial instruments measured at fair value with impact in the Campari Group statement of profit or loss. At 31 December 2021 the fair value was negligible. At the time of the expiring of the call options and in case of satisfaction of the conditions stated in the relevant agreement between parties, the derivatives will be replaced by an increased interest in the companies.

The table below shows a breakdown of the foreign exchange contracts on highly probable sales and purchases and interest rate swap on loan as well as call agreements over joint ventures elected as derivative instruments.

- *Foreign exchange forward contracts and options (highly probable forecast sales and purchases)*

foreign exchange forward contracts and options (highly probable forecast sales and purchases)	at 31 December			
	2021		2020	
€ million	notional amount hedged items	average forward rate	notional amount hedged items	average forward rate
US Dollar	46.8	1.14	11.6	1.20
New Zealand Dollar	11.4	1.69	-	-
Mexican Pesos	(11.2)	18.81	-	-
Russian Ruble	9.8	85.51	-	-
Australian Dollar	6.5	1.43	3.5	1.31
Swiss franc	3.3	1.05	0.9	1.08
Singapore Dollar	2.9	1.57	0.5	-
Sterling Pound	2.1	0.85	-	-
Canadian Dollar	0.8	1.44	-	-
Total	**72.4**		**16.5**	

	at 31 December					
	2021			2020		
€ million	notional amount hedged items	carrying amounts hedging instruments	change in fair value gain (losses)	notional amount hedged items	carrying amounts hedging instruments	change in fair value gain (losses)
foreign exchange forward contracts and options (highly probable forecast sales and purchases)	72.4	(0.3)	0.1	16.5	0.1	0.1

• *Interest rate swap contracts*

€ million	at 31 December 2021 notional amount hedged items	2021 carrying amounts hedging instruments[1]	2021 change in fair value gain (losses)	2020 notional amount hedged items	2020 carrying amounts hedging instruments	2020 change in fair value gain (losses)
interest rate swap	250.0	(0.7)	1.1	250.0	(3.5)	(3.0)

(1) The carrying value is included in the line 'Loans due to banks' in the financial instruments' recap table reported above.

• *Put and call agreements*

€ million	at 31 December 2021 notional amount hedged items	at 31 December 2021 carrying amounts hedging instruments[1]	at 31 December 2021 change in fair value gain (losses)	at 31 December 2020 notional amount hedged items	at 31 December 2020 carrying amounts hedging instruments	at 31 December 2020 change in fair value gain (losses)
call option on associates and joint ventures	1.2	-	-	42.4	-	-

The notional amount recognized in 2020 related to the commitment with Tannico to increase the investment in the associate: the commitment was transferred to the Dioniso group as part of the 50/50 joint venture with Moët Hennessy.

10 RISK MANAGEMENT AND CAPITAL STRUCTURE

This section details the Group's capital structure and the financial risks it is exposed to. For information on the composition of and changes in shareholders' equity during the periods under review, refer to the statement of changes in shareholders' equity.

With regards to capital management, Campari Group has implemented a dividend distribution policy which reflects the Group priority to use its available financial sources mainly to fund external growth via acquisitions. Concomitantly, via the Parent Company Davide Campari-Milano N.V., the Group carries out share buyback programs on a rolling basis intended to meet the obligations arising from share-based payments plans currently in force or to be adopted. The financial requirements deriving from the aforementioned capital management operations are managed dynamically maintaining an appropriate level of flexibility with regard to acquisition opportunities and funding options, also taking into account the optimal and sustainable level of financial solidity which is monitored on an ongoing basis through the index net debt on EBITDA-adjusted. For the purposes of the ratio calculation, net debt (refer to note 9 viii-'Reconciliation with net financial debt and cash flow statement') is the value of the Group's net financial debt at 31 December 2021, whereas the EBITDA-adjusted relates to the Operating result excluding depreciation and amortization and other operating income (expenses) (refer to note 6 v-'Selling, general and administrative expenses and Other operating income and expenses' and 6 vii-'Depreciation and amortisation'). At 31 December 2021, this multiple was 1.6 times, compared with 2.8 times at 31 December 2020, based on consistent calculation criteria. The decrease of the ratio during the year 2021 was mainly driven by the decrease in net financial debt thanks to the positive cash generation from the business performance, as well as the improved EBITDA-adjusted, which incorporated the results of the year ending 2021, largely enhanced compared with the results as of 31 December 2020.

i. Nature and extent of the risks arising from financial instruments

The Group's main financial instruments include current accounts, short-term deposits, short and long-term loans due to bank, lease payables and bonds. The purpose of these is to finance the Group's operating activities. In addition, the Group has trade receivables and payables resulting from its operations.

The main financial risks to which the Group is exposed are market (currency and interest rate risk), credit and liquidity risk. These risks are described below, together with an explanation of how they are managed.

To cover these risks, the Group uses derivatives, primarily interest rate swaps, cross-currency swaps and forward contracts, to hedge interest rate and exchange rate risks.

• *Credit risk*

In specific markets in which the Group operates, sales are concentrated in a limited number of key customers. Therefore, a possible change in the priorities or deterioration of the financial conditions of these customers could have significant adverse effects on the Group's business and outlook. Furthermore, if these key customers view the contractual terms and conditions as no longer acceptable, they may ask for them to be renegotiated, resulting in less favourable terms and conditions for the Group. Examples of mitigation measures: monitoring of customers at market level, strategy and innovation development at corporate and market-level, multi-country investment strategy. With regard to trade transactions, the Group works with medium-sized and large customers (large-scale retailers, domestic and international distributors) on which credit checks are performed in advance.

Each company carries out an assessment and control procedure for its customer portfolio constantly monitoring amounts received. In the event of excessive or repeated delays, supplies are suspended. Historically, losses on receivables represent a very low percentage of revenues and outstanding annual receivables, and significant hedging and/or insurance is put in place where there is uncertainty about cash collection. Financial transactions are carried out with leading domestic and international institutions, monitored ratings to minimise counterparty insolvency risk. The maximum risk associated with commercial and financial transactions at the reporting date is equivalent to the net carrying amount of these assets, also taking the risk of expected credit loss estimated by the Group using the business model identified.

• *Liquidity risk*

The Group's ability to generate substantial cash flow through its operations minimises liquidity risk. This risk is defined as the difficulty of raising funds to cover the Group's financial obligations payment.

The table below summarises financial liabilities at 31 December 2021 by maturity, based on contractual repayment obligations, including non-discounted interest. For comments related to the Group's liquidity during the year, refer to the introduction of note 9-'Net financial debt'.

at 31 December 2021	on demand	within 1 year	due in 1 to 2 years	due in 3 to 5 years	due after 5 years	total
	€ million	€ million	€ million	€ million	€ million	€ million
Bonds	-	63.5	12.6	326.4	556.9	959.3
Loans due to banks	-	201.9	11.1	351.5	-	564.4
Leases	-	13.5	11.9	30.6	27.9	83.9
Payables for put option and earn-out	-	48.2	6.2	44.2	-	98.7
Other financial liabilities	-	5.8	-	-	-	5.8
Trade payables	76.0	312.0	6.4	-	0.2	394.6
Other non-financial liabilities	118.8	54.8	-	-	-	173.7
Total liabilities	**194.8**	**699.7**	**48.3**	**752.7**	**585.0**	**2,280.4**

at 31 December 2020	on demand	within 1 year	due in 1 to 2 years	due in 3 to 5 years	due after 5 years	total
	€ million	€ million	€ million	€ million	€ million	€ million
Bonds	-	13.5	63.5	337.8	562.0	976.8
Loans due to banks	-	254.6	67.2	263.5	-	585.2
Leases	-	16.2	25.9	26.3	24.3	92.7
Payables for put option and earn-out	-	3.5	50.6	49.4	-	103.6
Other financial liabilities	-	3.3	-	-	-	3.3
Trade payables	10.4	310.7	-	-	-	321.2
Other non-financial liabilities	77.2	63.0	-	0.1	0.0	140.3
Total liabilities	**87.7**	**664.7**	**207.2**	**677.1**	**586.4**	**2,223.0**

The Group's financial payables, except non-current payables with a fixed maturity, consist of short-term bank debt. Thanks to its liquidity and significant generation of cash flow from operations, the Group has sufficient resources to meet its financial commitments at maturity. In addition, there are unused credit lines that could cover any liquidity requirements.

• *Interest rate risk*

A breakdown of the effective interest rate, taking all the cost components of the amortised costs into account, divided by type of financial liability is as follows.

				at 31 December	
	nominal interest rate	effective interest rate(1)	maturity	2021 € million	2020 € million
Loans due to banks	fixed rate 0.572% + variable rate(2)(3)	1.325%	2024	553.3	564.3
Parent Company bond issues:					
- issued in 2017	fixed rate 1.768%	1.768%	2022	50.0	50.0
- issued in 2017	fixed rate 2.165%	2.165%	2024	150.0	150.0
- issued in 2019	fixed rate 1.655%	2.563%	2024	149.7	149.5
- issued in 2020	fixed rate 1.250%	1.408%	2027	545.9	545.2
Leases	Interest borrowing rate	interest borrowing rate	2022-2027	83.9	83.3

(1) Calculated on any difference between the initial amount of the liability and the maturity amount.
(2) The figure shown relates to the applied rate and maturity of the loans due to banks by Davide Campari Milano N.V., which is responsible for nearly all market funding.
(3) Inclusive of the interest rate swap on the term loan subscribed in 2019.

The Group is exposed to the risk of fluctuating interest rates in respect of its financial assets, loans due to banks and lease agreements. The Parent Company's 2017, 2019 and 2020 bond issues pay interest at a fixed rate. Overall, at 31 December 2021, 92% (88% 2020) of the Group's total financial debt was fixed-rate debt.

Sensitivity analysis

The table below shows the effects of a possible change in interest rates on the Group's statement of profit or loss, if all other variables remain constant. A negative value in the table indicates a potential net reduction in profit or loss, while a positive value indicates a potential net increase in this item. The assumptions used with regard to a potential change in rates are based on an analysis of the trend on the reporting date. As regards the fixed-rate financial liabilities hedged by interest rate swaps, the change in the hedging instrument offsets the difference in the underlying liability, with practically no effect in the statement of profit or loss.

		profit or loss	
at 31 December 2021	increase/decrease in interest rates in basis point	increase in interest rates € million	decrease in interest rates € million
Euro	+/- 5 basis point	(0.7)	0.7
Dollar	+30/-10 basis point	1.1	(0.5)
Other currencies		1.8	(2.3)
Total effect		**2.3**	**(2.1)**
at 31 December 2020			
Euro	+/- 5 basis point	(0.7)	0.7
Dollar	+30/-10 basis point	0.8	(0.4)
Other currencies		1.1	(1.5)
Total effect		**1.3**	**(1.2)**

• *Exchange rate risk*

The Group develops its business activities globally, and sales in non-euro markets are progressively increasing. However, the establishment of Group companies in countries including the United States, Brazil, Australia, Argentina, Russia and Switzerland allows exchange rate risk to be partly hedged, since both costs and income are denominated in the same currency.
For Campari Group, net exposure to foreign exchange effects is limited to transactions concluded among Group companies relating to certain sales and purchases regulated in currencies other than the functional currencies of the companies. Although these transactions represent only a portion of the overall business, the Group policy regularly determines the net exposure to the primary currencies to mitigate the residual foreign exchange risk by using forward and option derivatives agreements.

Sensitivity analysis

An analysis was performed on the effects of a possible change in the exchange rates against the Euro on the statement of profit or loss, keeping all the other variables constant.
This analysis does not include the consolidated financial statements' effect on translating the financial statements of subsidiaries denominated in a foreign currency following a possible change in exchange rates. The assumptions adopted regarding a potential change in rates are based on an analysis of forecasts provided by financial information agencies on the reporting date. The types of transactions included in this analysis are sales and purchases in any currency other than the Group's functional currency.
The effects on shareholders' equity are determined by changes in the fair value of forward contracts on future transactions, which are used as cash flow hedges.

		net equity	
at 31 December 2021	increase/decrease in interest rates in basis point	increase in interest rates € million	decrease in interest rates € million
Dollar	+1000/-130 basis point	0.3	(2.4)
Other currencies		0.3	(2.8)
Total effect		**0.7**	**(5.2)**
at 31 December 2020			
Dollar	+30/-1580 basis point	1.4	-
Other currencies		-	(0.4)
Total effect		**1.5**	**(0.4)**

• *Market and price risk*

Market risk consists of the possibility that changes in exchange rates, interest rates or the prices of raw materials or commodities (alcohol, aromatic herbs, sugar, cereals and agave) could negatively affect the value of assets, liabilities or expected cash flows.

The price of raw materials depends on a wide variety of factors, which are difficult to forecast and are largely beyond the Group's control. Historically, the Group has had no problem obtaining high-quality quantities of raw materials. However, we cannot exclude that the Group could face challenges in getting supplies of raw materials. The Group is in the process of implementing measures aimed at limiting the risk of raw material price fluctuations, including co-investments agricultural production agreements with local producers, the benefits of which can be seen over the medium-term as they are related to natural growing processes. The Campari Group has a substantial inventory of aged product categories, such as Bourbon whisky, Scotch whisky, Canadian whisky, rum, cognac and tequila, which mature over lengthy periods. While the maturing inventory is stored at numerous locations around the world, the loss as a result of contamination, fire, or other natural disaster or destruction resulting from negligence or the acts of third parties or otherwise of all or a portion of the inventory of any one of those aged product categories may not be replaceable and, consequently, may lead to a substantial decrease in the supply of those products. Additionally, the judgmental nature of determining how much of the Group's aged products to lay down in any given year for future consumption involves an inherent risk of forecasting error. Finally, price is another critical element, as the recoverability of the cost incurred in the maturing process is subject to the Group's ability to select an adequate range of premium products capable of satisfying the needs of demanding customers while the loss of sales and market shares or lead to future excess inventory and decreased profit margin. The Group regularly reviews its marketing and production strategy to mitigate those risks enabling long-term forecasting analytical tools.

ii. Debt management

The Group's debt management objectives are based on its ability to ensure that it retains an optimal level of financial soundness, while maintaining an appropriate level of liquidity that enables it to secure an economic return and, at the same time, access external sources of funding. The Group monitors changes to its net debt/EBITDA-adjusted ratio on an ongoing basis as commented in the above note 10.-'Risk management and capital structure'.

iii. Shareholder's equity

The Group manages its capital structure and changes it based on the prevailing economic conditions and the specific risks of the underlying asset. To maintain or change its capital structure, the Group may adjust the dividends paid to shareholders and/or issue new shares. For information on the composition of and changes in shareholders' equity during the periods under review, see the statement of changes in shareholders' equity.

• *Issued capital and capital structure*

At 31 December 2021, the issued capital of Davide Campari-Milano N.V. is represented in the table below. Both ordinary and special voting shares have a nominal value of €0.01 each.
No movements occurred during 2021 in the composition of the issued capital.

	no. of shares			nominal value (€)		
	ordinary shares	special voting shares[1]	total	ordinary shares	special voting shares	total
Issued capital at 31 December 2021	**1,161,600,000**	**665,718,342**	**1,827,318,342**	**11,616,000**	**6,657,183**	**18,273,183**

(1) Special voting shares A.

The features of the special voting shares (which can be A, B, C depending on the voting rights assigned) are described in the articles of association as well as in the terms and conditions for special voting shares ('SVS Terms'). The special voting shares are not tradable on a regulated market.

• *Outstanding shares, own shares rights associated to the shares*

During the 2021, the Group launched a share buyback programme covering the period 8 April 2021 to 8 October 2022 coordinated by EXANE BNP Paribas by 31 March 2022 at the latest. The programme is carried out pursuant to article 5 of Regulation (EU) 596/2014, in accordance with a resolution approved by the Shareholders' Meeting, authorising the purchase of own shares to serve the existing stock option plans for the Group's management which were resolved by the Shareholders' Meeting and the Shareholders' Meetings of the previous years and other incentive plans currently in force. The external broker responsible for implementing the programme acted in compliance with the statutory limits and the shareholders' resolutions. The transactions carried out under the programme are regularly communicated to the competent authorities pursuant to applicable legislation.

Furthermore, this programme included a contractually-agreed reward mechanism, based on which an amount deriving from the outperformance[58] in the purchase cost of the shares during the programme shall be allocated by Campari to an energy efficiency project, namely the installation of photovoltaic panels in one of the Group's main production plants located in Italy (Novi Ligure), making it possible to insource the production of renewable electricity and reduce emissions, in line with Campari Group's energy efficiency and decarbonation agenda. Since the outperformance generated by the share buyback programme is higher than what was originally expected, it is possible to extend the financing of the environmental sustainability photovoltaic transformation project also to the Italian plant in Canale, in addition to the plant in Novi Ligure (Italy). By introducing this share buyback programme linked to an ESG commitment, Campari further confirms its strong commitment to the responsible use of resources and reduction of the environmental impact of its production activities, one of the four pillars of Campari Group's sustainability roadmap.

The table below shows the reconciliation between the number of outstanding shares at 31 December 2021.

	no. of shares			nominal value (€)		
	ordinary shares	special voting shares	total	ordinary shares	special voting shares	total
Outstanding shares at 31 December 2020	1,119,406,193	652,128,342	1,771,534,535	11,194,062	6,521,283	17,715,345
Ordinary shares repurchased under share repurchase program	(5,931,376)	-	(5,931,376)	(59,314)	-	(59,314)
Ordinary shares assigned under share based programs	19,015,454	-	19,015,454	190,155	-	190,155
Special voting shares allocation	-	(34,521,538)	(34,521,538)	-	(345,215)	(345,215)
Outstanding shares at 31 December 2021	1,132,490,271	617,606,804	1,750,097,075	11,324,903	6,176,068	17,500,971
Total own shares held	29,109,729	48,111,538	77,221,267	291,097	481,115	772,213
Own shares as a % total respective shares	2.51%	7.23%	4.23%			

With reference to ordinary shares, between 1 January and 31 December 2021 the Company assigned 19,015,454 of own shares, out of which 19,009,546 shares were sold for a total cash-in of €68.3 million, corresponding to the average exercise price multiplied by the number of own shares sold to stock option beneficiaries, while additionally 5,908 shares were transferred in the context of share matching plans. In the same period, the Company purchased 5,931,376

(58) The outperformance is the difference between the purchase price and the average VWAP (Volume Weighted Average Price) during the execution period.

shares at an average price of €12.0, for a total amount of €71.0[59] million. At 31 December 2021, the Company held 29,109,729 own shares, equivalent to 2.5% of the share capital.

With reference to special voting shares, between 1 January and 31 December 2021 the Company allocated the nominal value of 34,521,538 special voting shares to the treasury shares reserve. This resulted from disposals of outstanding ordinary shares having corresponding special voting shares. During the year no cancellation of the treasury special voting shares has been resolved by the shareholders' meeting of the Company.

On 12 May 2021 a transaction carried out via block trade mechanism was completed for an amount of 3,756,833 Campari shares which have been purchased by 31 stock option beneficiaries ('relevant beneficiaries') following the exercise of stock options in accordance with the terms and conditions of the applicable Campari stock options regulation and simultaneously the same number of shares has been sold by the relevant beneficiaries via the above-mentioned block trade. In order to ensure an orderly process for the sale of the shares by the relevant beneficiaries (corresponding to approximately 0.3% of Campari's share capital), the transaction was fully implemented through a block trade with Goldman Sachs International for the distribution of the shares to institutional investors only. The stock option plan relevant for this transaction, was approved by Campari shareholders' meeting held on 29 April 2016 and is part of an ongoing long-term incentive plan consisting of multiple rolling grants. In particular, under the executed 2016 plan, on 11 May 2016, stock options were assigned with (i) a five-year vesting period, (ii) a subsequent two-year exercise period and (iii) a strike price equal to €4.28 (each option entitling the beneficiary to purchase one Campari share). Currently, net of certain early exercises and cancellations (due to early retirements or employment terminations), the outstanding stock options assigned in 2016 are equal to 11,717,577 (inclusive of the above 3,756,833 options) and were distributed across 156 beneficiaries (inclusive of the relevant beneficiaries). Amongst the relevant beneficiaries and in the context of the above-mentioned block trade, Robert Kunze-Concewitz, Chief Executive Officer of Campari Group, exercised 1,166,860 options and sold the resulting 1,166,860 Campari shares; Paolo Marchesini, Chief Financial Officer of Campari Group, exercised 816,802 stock options and sold the resulting 816,802 Campari shares.

The tables below shows the reconciliation between the number of outstanding shares at 31 December 2020 and at 31 December 2019.

	no. of shares			nominal value (€)		
	ordinary shares	special voting shares	total	ordinary shares	special voting shares	total
Outstanding shares at 31 December 2019	1,147,895,800	-	1,147,895,800	57,394,790	-	57,394,790
Capital reduction of ordinary shares to non-distributable reserve	-	-	-	(46,464,000)	-	(46,464,000)
Capital reduction of own shares	-	-	-	548,168	-	548,168
Special voting shares allocation at the Redomiciliation date	-	665,718,342	665,718,342	-	6,657,183	6,657,183
Ordinary shares repurchased under incentive plans	(36,281,893)	-	(36,281,893)	(362,819)	-	(362,819)
Special voting shares allocation	-	(13,590,000)	(13,590,000)	-	(135,900)	(135,900)
Ordinary shares assigned under incentive plans	7,792,286	-	7,792,286	77,923	-	77,923
Outstanding shares at 31 December 2020	1,119,406,193	652,128,342	1,771,534,535	11,194,062	6,521,283	17,715,345
Total own shares held	42,193,807	13,590,000	55,783,807	421,938	135,900	557,838
Own shares as a % total respective shares	3.63%	2.04%	3.05%			

(59) The amount does not include the payable of €0.1 million to be collected in connection with the share buyback programme.

	no. of shares	nominal value (€)
Outstanding shares at 31 December 2018	1,146,618,042	57,330,902
Ordinary shares repurchased under incentive plans	(9,036,356)	(451,818)
Ordinary shares assigned under incentive plans	10,314,114	515,706
Outstanding shares at 31 December 2019	1,147,895,800	57,394,790
Total own shares held	13,704,200	685,210
Own shares as a % total respective shares	1.18%	-

• *Dividends paid and proposed*

The table below shows the dividends approved and paid during the year and previous years.

	2021 €	2020 €	2019 €
Dividend per share	0.055	0.055	0.050
	€ million	€ million	€ million
Total amount	61.6	62.9	57.3
of which, to owners of the Parent	61.6	62.9	57.3
of which, to non-controlling interests	-	-	-

The dividends submitted for the approval of the General Meeting of Shareholders called to approve the financial statements for the year ended 31 December 2021 is €67.9 million, calculated based on shares outstanding at 31 December 2021 and to be recalculated based on the total number of outstanding shares as of the coupon detachment date. For information purposes, based on the 29,109,729 own shares held at 31 December 2021, the shares outstanding at the same date amounted to 1,132,490,271. The proposed dividend for the period is €0.06 per share, increasing by +9.1% compared to the previous financial year.
For information on the dividend payments in the last five years, refer to the following 'Other reserves' note.

• *Other reserves and retained earnings attributable to Group shareholders*

€ million	equity reserves					retained earnings and other reserves					
	cash flow hedge	currency translation differences	hyperinflation	remeasurement of defined benefit plans	**total equity reserves**	treasury shares ordinary shares	treasury special voting shares	share-based payments	other	retained earnings	**total retained earnings and other**
at 31 December 2020 before non-controlling interest	**(12.4)**	**(333.6)**	**28.9**	**(1.8)**	**(318.9)**	**(0.4)**	**(0.1)**	**35.7**	**51.4**	**2,210.7**	**2,297.2**
Cost of share-based payments for the period	-	-	-	-	**-**	-	-	11.3	-	-	**11.3**
Share-based payments assigned	-	-	-	-	**-**	-	-	(17.0)	-	17.0	**-**
Profits (losses) allocated to shareholders' equity	5.9	-	-	1.7	**7.6**	-	-	-	-	-	**-**
Tax effect recognised in shareholder's equity	(1.4)	-	-	(0.4)	**(1.8)**	-	-	-	-	-	**-**
Translation difference	-	131.1	-	-	**131.1**	-	-	-	-	-	**-**
Effects from hyperinflation accounting standard adoption	-	-	8.0	-	**8.0**	-	-	-	-	-	**-**
Purchase of treasury shares	-	-	-	-	**-**	(0.1)	(0.3)	-	-	(70.7)	**(71.1)**
Sale of treasury shares	-	-	-	-	**-**	0.2	-	-	-	68.1	**68.3**
Changes in ownership interests	-	-	-	-	**-**	-	-	-	-	(0.7)	**(0.7)**
Dividends	-	-	-	-	**-**	-	-	-	-	(61.6)	**(61.6)**
Net result of the period	-	-	-	-	**-**	-	-	-	-	284.8	**284.8**
Other variations	-	-	-	-	**-**	-	-	-	-	(0.6)	**(0.6)**
at 31 December 2021 before non-controlling interest	**(7.9)**	**(202.5)**	**36.9**	**(0.5)**	**(174.0)**	**(0.3)**	**(0.5)**	**30.0**	**51.4**	**2,446.9**	**2,527.5**
Non-controlling interests					**-**						**-**
Changes in ownership interests					**-**					3.4	**3.4**
Dividends					**-**					(0.6)	**(0.6)**
Net result of the period					**-**					(1.8)	**(1.8)**
Translation difference		0.1			**0.1**						**-**
at 31 December 2021 including non-controlling interests	**(7.9)**	**(202.4)**	**36.9**	**(0.5)**	**(173.9)**	**(0.3)**	**(0.5)**	**30.0**	**51.4**	**2,448.0**	**2,528.6**

€ million	equity reserves					retained earnings and other reserves					
	cash flow hedge reserve	currency translation differences	hyperinflation effect reserve	remeasurement of defined benefit plans	**total equity reserves**	treasury shares-common shares	treasury shares-special voting shares	Stock option reserve	other reserves	retained earnings	**total retained earnings and other reserves**
at 31 December 2019 before non-controlling interest	**(15.2)**	**(95.5)**	**23.1**	**(2.0)**	**(89.6)**	**(0.1)**	**-**	**32.6**	**11.6**	**2,374.3**	**2,418.3**
Cost of stock option for the period	-	-	-	-	**-**	-	-	9.2	-	-	**9.2**
Stock option exercised	-	-	-	-	**-**	-	-	(6.1)	-	6.1	**-**
Profits (losses) allocated to shareholders' equity	3.8	-	-	0.2	**4.0**	-	-	-	-	-	**-**
Tax effect recognised in shareholder's equity	(0.9)	-	-	(0.1)	**(1.0)**	-	-	-	-	-	**-**
Translation difference	-	(237.7)	-	-	**(237.7)**	-	-	-	-	-	**-**
Effects from hyperinflation accounting standard adoption	-	-	5.7	-	**5.7**	-	-	-	-	-	**-**
Purchase of treasury shares	-	-	-	-	**-**	(0.4)	(0.1)	-	-	(293.2)	**(293.7)**
Sale of treasury shares	-	-	-	-	**-**	0.1	-	-	-	22.3	**22.4**
Share capital reduction	-	-	-	-	**-**	-	-	-	39.8	-	**39.8**
Changes in ownership interests	-	-	-	-	**-**	-	-	-	-	(21.8)	**(21.8)**
Dividends	-	-	-	-	**-**	-	-	-	-	(62.9)	**(62.9)**
Net result of the period	-	-	-	-	**-**	-	-	-	-	187.9	**187.9**
Other variations	-	-	-	-	**-**	-	-	-	-	(2.3)	**(2.3)**
at 31 December 2020 before non-controlling interest	**(12.4)**	**(333.2)**	**28.9**	**(1.8)**	**(318.5)**	**(0.4)**	**(0.1)**	**35.7**	**51.4**	**2,210.5**	**2,297.0**
Non-controlling interests					**-**						**-**
Changes in ownership interests					**-**					1.2	**1.2**
Net result of the period					**-**					(1.0)	**(1.0)**
Translation difference		(0.4)			**(0.4)**						**-**
at 31 December 2020 including non-controlling interests	**(12.4)**	**(333.6)**	**28.9**	**(1.8)**	**(318.9)**	**(0.4)**	**(0.1)**	**35.7**	**51.4**	**2,210.7**	**2,297.2**

The change in the currency translation differences reserve mainly related to net assets denominated in US Dollar, Canadian Dollar and Great Britain Pound.
Changes in ownership interests are related to the recognition of effects from the movement in non-controlling interests having an effective involvement in the conduct of the business and where their interest must continue to be represented in addition to the Group's shareholders' equity and, at the same time, the financial liability relating to the put and/or call option agreements must be recorded. Any subsequent remeasurements of the fair value of the financial liability relating to the put and/or call option agreements are treated as transactions with minority shareholders and recognised as Group's shareholders' equity up to the date of their liquidation.
The changes in ownership interests, including the reclassification of non-controlling interests values and put option and earn-out remeasurements to Group reserves, are as follows.

for the year ended 31 December 2021	net result of the period[1] € million	exchange rate and other movement € million	put and/or call option remeasurement € million	total reclassification to Group equity € million
Ancho Reyes and Montelobos	(1.1)	0.6	0.7	0.2
Champagne Lallier	(0.9)	-	-	(0.9)
Changes in ownership interests	**(2.0)**	**0.6**	**0.7**	**(0.7)**

(1) Excluding the net result of the period of BBS Group equal to €(0.2) million and Trans Beverages equal to €0.3 million.

for the year ended 31 December 2020	reclassification of initial non-controlling interest value € million	net result of the period[1] € million	exchange rate and other movement € million	put and/or call option remeasurement € million	total reclassification to Group equity
Ancho Reyes and Montelobos	-	(0.8)	(0.4)	(20.1)	(21.2)
Champagne Lallier	5.3	-	-	(6.3)	(1.0)
Changes in ownership interests	**5.3**	**(0.8)**	**(0.4)**	**(26.3)**	**(22.2)**

(1) Excluding the net result of the period of BBS Group equal to €(0.2) million.

In terms of the distribution of dividends during the last five years, the utilisation of the retained earnings reserve was as follow.

		approved and paid during the years				
		2021	2020	2019	2018	2017
dividend per share	€	0.055	0.055	0.05	0.05	0.045
total amount	€ million	61.6	62.9	57.3	57.5	52.1
		2020	2019	2018	2017	2016
retained earnings reserve	€ million	61.6	62.9	57.3	57.5	52.1
other reserve	€ million	-	-	-	-	-

• *Other comprehensive income*

The changes during the year and the related tax effect on other comprehensive income items for the years ended 31 December 2021 and 2020 were as follows.

	for the years ended	
	2021	2020
	€ million	€ million
Cash flow hedge:		
Profit (loss) components for the period	4.3	4.4
Other comprehensive income components	1.6	(0.6)
Related Income tax effect	(1.4)	(0.9)
Total cash flow hedge	**4.5**	**2.9**
Foreign currency translation:		
Hyperinflation effects	8.0	5.7
Exchange differences on translation of foreign operations	131.2	(238.5)
Total foreign currency translation	**139.2**	**(232.8)**
Remeasurements of defined benefit plans:		
Gains/(losses) on remeasurement of defined benefit plans	1.7	0.2
Related Income tax effect	(0.4)	(0.1)
Total remeasurements of defined benefit plans	**1.3**	**0.2**

• *Shareholders' equity attributable to non-controlling interests*

The changes during the year are reflected below.

€ million	Bellonnie et Bourdillon group	Ancho Reyes and Montelobos	Champagne Lallier group	Trans Beverages	total
at 31 December 2020	**1.8**	**-**	**-**	**-**	**1.8**
net result	(0.2)	(1.1)	(0.9)	0.3	(1.8)
dividends	-	-	-	(0.6)	(0.6)
translation difference	-	0.2	-	-	0.1
perimeter effect for acquisition	-	-	-	1.6	1.6
other movements	-	0.4	-	-	0.4
reclassification to group net equity	-	0.5	0.9	-	1.4
at 31 December 2021	**1.6**	**-**	**-**	**1.4**	**3.0**

€ million	Bellonnie et Bourdillon group	Ancho Reyes and Montelobos	Champagne Lallier group	total
at 31 December 2019	**1.9**	**-**	**-**	**1.9**
net result	(0.2)	(0.8)	-	(1.0)
translation difference	-	(0.4)	-	(0.4)
perimeter effect for acquisition	-	-	5.3	5.3
reclassification to group net equity	-	1.2	(5.3)	(4.1)
at 31 December 2020	**1.8**	**-**	**-**	**1.8**

The non-controlling interests at 31 December 2021 amounted to €3.0 million.
The main changes in 2021 were related to the inclusion of Trans Beverages Company Ltd. into the consolidation perimeter with a residual share portion attributable to non-controlling interests equal to €1.6 million.
With regard to Lallier group and Ancho Reyes and Montelobos the existence of reciprocal purchase/sale agreements involving put/call option mechanisms with several existing non-controlling shareholders required the recognition of a financial liability related to the future purchase obligation (refer to note 9 v-'Non-current financial debt') and the simultaneous elimination of the amount recognised under non-controlling interests in favour of the Group's shareholders' equity (refer to note 'Other reserves and retained earnings attributable to Group shareholders' above).

Company name	**Country of business**	**% of ownership interest 2021**	**% of ownership interest 2020**
Bellonnie et Bourdillon group	Martinique	3.47%	3.47%
Ancho Reyes and Montelobos	Mexico	49.0%	49.0%
Champagne Lallier group	France	20.0%	20.0%
Trans Beverages Co.	South Korea	51.0%	40.0%

2021	Group % of non-controlling interest	Bellonnie et Bourdillon group	Ancho Reyes and Montelobos	Champagne Lallier group	Trans Beverages Co
Net sales	61.6	28.0	6.4	15.4	11.7
Profit (loss) for the period	(10.7)	(4.7)	(2.2)	(4.5)	0.7
Profit (loss) for the period attributable to non-controlling interest	**(1.8)**	**(0.2)**	**(1.1)**	**(0.9)**	**0.3**
Current assets	107.9	48.8	6.3	43.5	9.4
Non-current assets	70.5	48.3	6.6	15.5	0.1
Current Liabilities	116.7	51.6	6.1	52.5	6.5
Non-current Liabilities	4.7	2.9	1.5	0.3	-
Net assets	57.0	42.5	5.3	6.2	3.0
Net assets attributable to non-controlling interest	**9.9**	**1.6**	**2.5**	**4.4**	**1.4**
Of which represented as non-controlling interest in Campari Group statement of changes in shareholders' equity	**3.0**	**1.6**	**-**	**-**	**1.4**

2020	Group % of non-controlling interest	Bellonnie et Bourdillon group	Ancho Reyes and Montelobos	Champagne Lallier group
Net sales	39.4	22.7	4.4	12.3
Profit (loss) for the period	(6.5)	(4.7)	(1.7)	(0.1)
Profit (loss) for the period attributable to non-controlling interest	**(1.0)**	**(0.2)**	**(0.8)**	**(0.0)**
Current assets	83.1	40.3	5.3	37.5
Non-current assets	90.0	51.2	6.2	32.5
Current Liabilities	74.5	38.1	2.9	33.4
Non-current Liabilities	15.6	4.8	1.4	9.3
Net assets	83.0	48.6	7.2	27.2
Net assets attributable to non-controlling interest	**10.5**	**1.8**	**3.4**	**5.3**
Of which represented as non-controlling interest in Campari Group statement of changes in shareholders' equity	**1.8**	**1.8**	**-**	**-**

• *Transactions with non-controlling interests*

Except for the business combination completed during the year and involving non-controlling interests, there were no other transactions with them for the years ended 31 December 2021 and 2020.

iv. Basic and diluted earnings per share

Basic earnings per share are determined as the ratio of the Group's portion of net profits for the year to the weighted average number of ordinary shares outstanding during the year. The Group's treasury shares are excluded from this calculation. Diluted earnings per share are determined taking the potential effect resulting from options allocated to beneficiaries of dilutive share-based payment plans into account in the calculation of the number of outstanding shares. Basic and diluted earnings per share are calculated as shown in the table below.

		at 31 December	
		2021 € million	2020 € million
Group net profit attributable to ordinary shareholders	€ million	284.8	187.9
Weighted average of ordinary share outstanding	number	1,126,588,835	1,133,816,568
Basic earnings per share	**€**	**0.25**	**0.17**
Group net profit attributable to ordinary shares outstanding net of dilution	€ million	284.8	187.9
Weighted average of ordinary share outstanding	number	1,126,588,835	1,133,816,568
Weighted average of shares from the potential			
exercise of stock options with dilutive effect	number	19,696,517	22,437,158
Weighted average of ordinary shares outstanding net of dilution	number	1,146,285,352	1,156,253,726
Diluted earnings per share	**€**	**0.25**	**0.16**

11 OTHER DISCLOSURES

This section includes additional financial information required by the relevant accounting standards, or that management considers being material for shareholders.

i. Share-based payments

Davide Campari-Milano N.V. has several own shares that can be used to support share-based payments requirements. The table below shows changes in the number of own shares held during the periods considered.

	no. of ordinary shares held		purchase price (€ million)	
	2021	2020	2021	2020
Balance at 1 January	42,193,807	13,704,200	342.4	108.7
Purchases	5,931,376	36,281,893	71.1	293.6
Disposals	(19,015,454)	(7,792,286)	(139.8)	(59.8)
Final balance	29,109,729	42,193,807	273.7	342.4
% of share capital	2.51%	3.63%		

Sales of own shares during the year, which are shown in the above table at an amount equal to the original purchase cost of €139.8 million (€59.8 million in 2020), were carried out at the actual market price totalling €68.3 million (€22.4 million in 2020). The Parent Company reported a negative difference of €71.5 million (€37.4 million in 2020), which was recorded in shareholders' equity (embedded within the retained earnings) and partially offset by the use of the stock option reserve of €11.3 million (€6.1 million in 2020).

• *Compensation plans in the form of stock options*

The Parent Company Davide Campari-Milano N.V., has a number of incentive plans in place; these take the form of stock option plans, governed in accordance with the shareholders' resolution, pursuant to applicable law, and implemented by means of a specific regulation ('Stock Option Regulations').
The purpose of the plan is to offer beneficiaries who occupy key positions at the Group the

opportunity to own shares in Davide Campari-Milano N.V., thereby aligning their interests with those of other shareholders and fostering loyalty, in the context of the strategic goals to be achieved.
The recipients are employees, directors and/or individuals who regularly work for one or more Group companies, who have been identified by the Board of Directors of Davide Campari-Milano N.V., and who, on the approval date of the plan and until the date that the options are exercised, have worked as employees and/or directors and/or in any other capacity at one or more Group companies without interruption.
The Board of Directors of Davide Campari-Milano N.V. has the right to draft regulations, select beneficiaries, and determine the share quantities and values for the execution of the stock option plans.
The Shareholders' meeting of 8 April 2021 approved a new stock option plan, established the maximum number of shares that may be granted and authorised by the Board of Directors of the Company to identify, within the limits laid down at the Shareholders' meeting, the beneficiaries and the number of options that may be granted to each. Options were therefore granted on 4 May 2021 to individual beneficiaries, giving them the right to exercise them within two years of the end of the fifth year from the grant date. The total number of options granted in 2021 for the purchase of further shares was 645,795 (12.474.917 in 2020) with an average grant price of €9.91 (€6.41 in 2020), equivalent to the weighted average market price in the month preceding the day on which the options were granted.

The following table shows the changes in stock option plans during the periods concerned.

	at 31 December 2021		at 31 December 2020	
	No. of shares	Average allocation/ exercise price (€)	No. of shares	Average allocation/exercise price (€)
Options outstanding at the beginning of the period	52,541,307	4.83	49,289,367	4.13
Options granted during the period	645,795	9.91	12,474,917	6.41
(Options cancelled during the period)	(671,291)	6.34	(1,430,691)	5.29
(Options exercised during the period) (1)	(19,009,546)	3.60	(7,792,286)	2.87
(Options expired during the period)	(15,000)	-	-	-
Options outstanding at the end of the period	33,491,265	5.59	52,541,307	4.83
of which exercisable at the end of the period	10,092,564	3.59	15,647,473	3.07

(1) The average market price on the exercise date was €11.41.

The exercise prices for the options granted in each year range were as follows.

	average exercise price
Allocations: 2012	2.63
Allocations: 2013	2.98
Allocations: 2014	3.14
Allocations: 2015	3.54
Allocations: 2016	4.29
Allocations: 2017	6.19
Allocations: 2018	6.25
Allocations: 2019	8.85
Allocations: 2020	6.41
Allocations: 2021	**9.91**

The stock option plan does not include vesting conditions linked to business results or to market conditions. The following assumptions were used for the fair value measurement of options issued in 2021 and 2020.

Black-Scholes model parameters	2021	2020
Expected dividends (€)	0.055	0.055
Expected volatility (%)	20.89%	37.87%
Historic volatility (%)	20.89%	37.87%
Market interest rate	-0.12%	-0.08%
Expected option life (years)	7.00	7.00
Exercise price (€)	9.91	6.41

The average fair value of options granted in 2021 was €1.99 (€2.40 in 2020). The average remaining life of outstanding options at 31 December 2021 was 3.3 years (3.0 years at 31 December 2020).

• *Share-based payments in the form of 'Employees Share Ownership plan'*

The Shareholders' meeting of 8 April 2021 approved the resolution to implement an Employee Share Ownership Plan ('ESOP'), which is a share matching plans offering employees the opportunity to invest in Davide Campari-Milano N.V. shares for which free shares will be granted after a certain vesting period. ESOP aims at encouraging employees to share the Company's values, strengthening the sense of belonging and encouraging active participation in the Group's long-term growth. The ESOP is intended for all Group employees, with the exception of members of the Board of Directors. These employees will be offered the opportunity to allocate certain amounts to the plan. Their contributions will be used to purchase shares of Davide Campari-Milano N.V. (the 'Purchased Shares') by the plan administrator and, after a three-year vesting period, complementary free shares will be awarded. After the closing of the enrolment period between 18 October and 17 December 2021, the participation rate of eligible Campari Group's employees amounted to 51.6%. This initiative will start having an impact on the Group's accounts from the first quarter of 2022 and the accounting treatment will follow the accounting treatment applied for benefits granted in the form of stock option plans.
As part of this, the Extra-Mile Bonus Plan ('EMB') programme was awarded in 2021 representing a preparatory assignment to the launch of the ESOP programme with which it shares the main features.
The above-mentioned Shareholders' meeting approved the resolution to reward all permanent employees, who worked at the Group for at least 6 months during 2020, with the exception of the Group Leadership Team, for their participation in the Group's performance. Eligible employees will be awarded the right to receive a number of Campari shares for free, subject to their continued employment during a vesting period of three years. This beforementioned initiative started having an impact on the Group's accounts from the third quarter of 2021. The fair value of the EMB plan is represented by the awarded number of rights assigned calculated based on the annual base gross salary of eligible employees as at 31 December 2020, divided by twelve.

The table below shows the changes in EMB rights during 2021.

	at 31 December
n. of rights	2021
outstanding rights at the beginning of the year	-
assigned during the period	1,182,408
cancelled during the period	(46,551)
exercised during the period	(5,908)
expired during the period	-
outstanding rights at the end of the year	1,129,949

In terms of phantom stock option plan awarded under the EMB plan, if a share-based scheme is not permitted or is not effective based on specific national legislation, a liability, negligible at 31 December 2021, was recorded under the item personnel long-term liabilities.

The ESOP and EMB information documents, drafted in accordance with applicable legislation, are available on the Company's website: www.camparigroup.com/en/page/group/governance

ii. Provisions for risks, future charges and contingent assets

The tables below show the changes in this item during 2021 and 2020.

	tax provision	restructuring provisions	agent severance fund	other	total
	€ million	€ million	€ million	€ million	€ million
at 31 December 2020	**18.1**	**6.7**	**1.3**	**15.6**	**41.6**
Change resulting from provisional allocation of acquisition value	0.2	-	-	-	0.2
at 31 December 2020 post-reclassifications	**18.3**	**6.7**	**1.3**	**15.6**	**41.8**
Accruals	-	5.8	0.1	5.2	13.7
Utilisations		(1.8)	(0.1)	(0.1)	(2.0)
Releases	-	(2.4)	-	(1.2)	(6.3)
Reclassification[(1)]	(12.9)	(0.5)	-	(0.1)	(13.5)
Exchange rate differences and other changes	0.1	0.3	-	0.2	0.6
at 31 December 2021	**5.5**	**8.0**	**1.3**	**19.6**	**34.4**
of which:					
- due within 12 months	0.1	3.4	1.3	8.7	13.4
- due after 12 months	5.4	4.6	-	10.9	21.0

(1)The change of €12.9 million referred to the reclassification of provisions for uncertain tax positions to current tax payables.

	tax provision	restructuring provisions	agent severance fund	other	total
	€ million	€ million	€ million	€ million	€ million
at 31 December 2019	**22.6**	**10.4**	**1.4**	**17.1**	**51.4**
Change resulting from provisional allocation of acquisition value	0.3	-	-	0.7	1.0
at 31 December 2019 post-reclassifications	**22.8**	**10.4**	**1.4**	**17.8**	**52.4**
Perimeter effect for acquisition	0.3	-	-	-	0.3
Accruals	-	9.4	0.2	3.9	13.5
Utilisations		(3.9)	(0.2)	(0.1)	(4.2)
Releases	(4.5)	(8.6)	(0.1)	(1.8)	(14.9)
Exchange rate differences and other changes	(0.6)	(0.6)	-	(4.2)	(5.4)
at 31 December 2020	**18.1**	**6.7**	**1.3**	**15.6**	**41.6**
- due within 12 months	-	6.7	-	2.1	8.8
- due after 12 months	18.1	(0.0)	1.3	13.5	32.8

The restructuring provision includes some tail-end effects coming from the restructuring programme of the agricultural sugar business launched last year in Jamaica and still on-going. Other provisions involved recognition by the Company and subsidiaries of liabilities for various lawsuits, including a Brazilian legal dispute totalling €8.9 million over a distribution agreement and some customers suit in France totalling €3.1 million.

• *Contingent liability*

The information reported below concerns contingent liabilities arising from outstanding disputes, for which the provision recognition criteria have not been met on the date of this report.
Various disputes are outstanding with the Brazilian tax authorities; however, the Group believes it is unlikely to lose the cases, based on the information available at the date of this report. On the date of this report, a dispute amounting to BRL6.6 million (€1.0 million at the exchange rate on 31 December 2021) including the related penalties corresponding to production tax (IPI) remains ongoing. The tax authorities contested the correct classification of products sold by Campari do Brasil Ltda.. Based on the assessments conducted by external legal consultants, the Group believes that the outcome of the dispute will be in favour of the Company. It is therefore deemed unnecessary at present to create a specific provision.
Another outstanding dispute relates to a tax inspection report concerning the payment of ICMS (tax on the consumption of goods and services) with respect to sales made by Campari do Brasil Ltda. to four customers in 2000, 2005, 2007 and 2008. The amount specified, including penalties, totalled BRL68.2 million (€10.8 million at the exchange rate on 31 December 2021) plus interest. Based on the assessments conducted by external legal consultants, which have appealed the findings of the local tax authorities, the Group believes that the outcome of the dispute will be in favour of the Company. It is therefore deemed unnecessary at present to create a specific provision.

• *Contingent assets:*

During 2021 the Brazilian Supreme Court finalised the judgment of the fiscal dispute related to certain indirect taxes (Social Integration Programme levy (PIS)-social security financing levy (COFINS)) on the circulation of goods and services (ICMS) concerning the final ruling issued by the Brazilian federal tax court (TFR). The dispute related to the right to exclude certain PIS/COFINS taxes from the ICMS calculation base and the right to offset amounts paid since 2002. The Supreme Court's final decision clarified the valuation methodology to be applied

to define the amount of indirect tax wrongfully paid and officially requested by the Group in compensation. The difference between the minimum amount recognised in the 2019 Group accounts and the total value of the request, was represented and disclosed as contingent asset in both the Campari Group's 31 December 2019 and 2020 financial statements. In consideration of the positive development of the matter and the fact that the sentence is final and unappealable, the residual amount claimed was deemed virtually certain and recognised in Group profit or loss in 2021 for a total amount of BRL70.1 million (€11.1 million at the spot exchange rate at 31 December 2021 or €10.9 million converted at the average exchange rate for the twelve months ending 31 December 2021, including interests).
At 31 December 2021 there were no unrecognised contingent assets.

iii. Fair value information on assets and liabilities

A summary of the financial assets and liabilities is shown below, irrespective of the proposed classification based on the applicable business model and their carrying amount and corresponding fair value.

	carrying amount at 31 December		fair value at 31 December	
	2021 € million	2020 € million	2021 € million	2020 € million
Cash and cash equivalents	791.3	548.1	791.3	548.1
Current financial receivables	15.0	1.0	15.0	1.0
Current assets for hedging derivatives	0.6	0.2	0.6	0.2
Current assets for hedge derivatives, not in hedge accounting	0.1	-	0.1	
Other non-current financial assets	5.7	7.1	5.7	7.1
Financial assets	**812.8**	**556.4**	**812.8**	**556.4**
Loans due to banks(1)	552.6	560.8	567.4	581.3
Lease payables	83.9	83.3	83.9	83.3
Bonds issued in 2017	200.0	200.0	204.6	209.9
Bonds issued in 2019	149.7	149.5	151.7	155.2
Bonds issued in 2020	545.9	545.2	554.2	571.5
Accrued interest on bonds	6.3	6.3	6.3	6.3
Other current and non-current financial liabilities	5.0	8.1	5.0	8.1
Current liabilities for hedging derivatives	0.8	0.1	0.8	0.1
Non-current liabilities for hedging derivatives(2)	0.7	3.5	-	-
Current liabilities for hedge derivatives, not in hedge accounting	0.2	-	0.2	-
Liabilities for put option and earn-out payments	98.7	103.3	98.7	103.3
Financial liabilities	**1,643.7**	**1,660.1**	**1,672.8**	**1,719.1**
Financial guarantees	32.6	-	32.6	-
Securities to group companies for credit lines	147.3	79.0	147.3	79.0
Customs guarantees for excise duties	105.4	126.2	105.4	126.2
Other guarantees	16.3	5.4	16.3	5.4
Unrecognised financial instruments (commitments)	**301.7**	**210.6**	**301.7**	**210.6**

(1) Excluding related derivate.
(2) Derivative on loans due to banks.

There were no changes in the Group's valuation processes, techniques, and types of inputs used in the fair value measurements during the period regarding the fair value of a) financial and b) non-financial instruments. The valuation date for all items is 31 December 2021.

a) FINANCIAL INSTRUMENTS

Fair value of financial instruments:

- for financial assets and liabilities that are liquid or nearing maturity, it is assumed that the carrying amount equates to fair value; this assumption also applies to term deposits, securities that can be readily converted to cash, and variable-rate financial instruments;
- for the measurement of hedging instruments at fair value, the Group used valuation models based on market parameters;
- the fair value of non-current financial payables was obtained by discounting all future cash flows to present value under the conditions in effect at the end of the year.

Derivatives, valued using techniques based on market data, are mainly interest rate swaps and forward sales/purchases of foreign currencies to hedge both the fair value of the underlying instruments and cash flows.
The most commonly applied measurement methods include forward pricing and swap models, which use present value calculations. The models incorporate various inputs, including the non-performance risk rating of the counterparty, market volatility, spot and forward exchange rates and current and forward interest rates. An analysis of financial instruments measured at fair value based on three different valuation levels is provided in the table below.

- level 1: valuation for the financial assets in question was calculated using a methodology based on the NAV, which was obtained from specialised external sources;
- level 2: valuation used for financial instruments measured at fair value was based on parameters such as exchange rates and interest rates, which are quoted on active markets or are observable on official yield curves;
- level 3: valuation used for financial liabilities deriving from or connected to business combinations, where a portion of the consideration was determined as a condition subordinated to the company's performance acquired, based on contractually agreed indicators.

at 31 December 2021	level 1 € million	level 2 € million	level 3 € million
Assets valued at fair value			
Current financial receivables	14.7	-	-
Other non-current financial assets	1.5	-	-
Other non-current assets	-	-	0.8
Current assets for hedging derivatives(1)	-	0.6	-
Current assets for hedge derivatives, not in hedge accounting(1)	-	0.1	-
Liabilities valued at fair value			
Liabilities for put option and earn-out payments	-		50.4
Non-current liabilities for hedging derivatives(1)	-	0.7	-
Current liabilities for hedge derivatives, not in hedge accounting(1)	-	0.2	-
Current liabilities for hedging derivatives(1)	-	0.8	-

(1)Items for which fair value are disclosed in the related note.

at 31 December 2020	level 1 € million	level 2 € million	level 3 € million
Assets valued at fair value			
Current financial receivables	1.0	-	-
Other non-current financial assets	3.0	-	-
Other non-current assets	-	0.6	-
Current assets for hedging derivatives(1)	-	0.2	-
Liabilities valued at fair value			
Liabilities for put option and earn-out payments	-	49.4	-
Non-current liabilities for hedging derivatives(1)	-	3.5	-

(1)Items for which fair value are disclosed in the related note.

The following tables show the valuation techniques used in measuring level 2 and level 3 fair values at 31 December 2021 for financial instruments measured at fair value in the statement of financial position, and the significant unobservable inputs used.

type	valuation technique	Significant unobservable inputs	inter-relationship between significant unobservable inputs and fair value measurement
Forward and option exchange contracts	For Campari Group, net exposure to foreign exchange effects is limited to transactions concluded among Group companies relating to certain sales and purchases regulated in currencies other than the functional currencies of the companies. Although these transactions represent only a portion of the overall business, the Group policy regularly determines the net exposure to the primary currencies (USD, GBP, AUD) based on its predicted intercompany sales and purchases up to 18 months. The Group then enters into foreign currency forward and option contracts to hedge those exposures. The fair value is determined using quoted forward exchange rates at the reporting date based on high credit quality yield curves in the respective currencies. The models incorporate various inputs, including the counterparty's credit rating, market volatility, spot and forward exchange rates and current and forward interest rates.	Not applicable.	Not applicable.
Derivative agreements not in hedge accounting	Sometime the Group decided not to designate foreign currency derivative contracts as hedge accounting relationships for operational reasons. The derivative agreements used by the Group are forward and option exchange contracts covering foreign exchange exposure on receivables and payables, for which the natural hedge effect is obtained.	Not applicable.	Not applicable.
Interest rate swaps	Interest rate swaps agreements are namely connected with financing. The fair value of interest rate swaps agreements is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources reflecting the applicable benchmark interbank rate used by market participants when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Group and the counterparty; this is calculated based on credit spreads derived from current credit default swap or bond prices.	Not applicable.	Not applicable.
Contingent consideration and put/call agreements connected with business combination	The valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate.	<u>Ancho Reyes and Montelobos put option</u> - expected contractually target business performances measured over a period of 5 years from the acquisition date; - risk-adjusted discount rate (31 December 2021: 2.43%, unchanged compared with 31 December 2020). <u>Lallier group put option</u> - expected contractually target business performances measured over a period of 3 years from the acquisition date; - risk-adjusted discount rate (31 December 2021: 2.43%, 31 December 2020: N/A).	The estimated fair value would increase (decrease) if: - the expected contractually target business performances, were higher (lower); or - the risk-adjusted discount rate was lower (higher) with related impact in financial liabilities affecting the expected cash out value and Campari Group Net Equity.

There were no transfers between level 1 and level 2 fair value measurements during the period. Contingent considerations and other minor non-current assets were transferred from level 2 into level 3 fair value measurements during the year ended 31 December 2021 in consideration of the significant unobservable inputs used in the valuation process.

The following table shows a reconciliation from the opening balance to the closing balance at 31 December 2021 for level 3 fair values.

€ million	other non-current assets	contingent considerations and put/call agreements
level 3 fair values at 31 December 2020	**-**	**-**
-reclass from level 2 to level 3	0.6	49.4
-change in fair value included in profit or loss	0.1	-
-change in fair value included in associates and joint venture	-	0.4
-change in fair value included in Group net equity (Note 10-iii 'Shareholder's equity')	-	-
-disposal	(0.1)	(0.7)
-additions	0.3	(2.0)
-exchange rate effect and other movements	-	3.3
level 3 fair values at 31 December 2021	**0,8**	**50.4**

For the level 3 fair value items, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have been the following effects.

at 31 December 2021 € million	profit or loss (+) increase/(-) decrease	group net equity (+) increase/(-) decrease
contingent consideration		
risk adjusted discount rate +/-1% (+/-100 basis points)	-	1.5/-1.5
expected contractually target business performances +/-10% (+/-1000 basis points)	-	-5.0/+5.0

In light of the negligible amount of other non-current assets classified as level 3 fair value items, no sensitivity was detected as any reasonably possible changes at the balance sheet date of one of the significant unobservable inputs, keeping the other variables constant, would not have generated significant effects either on the statement of profit or loss or on the group net equity.

- <u>*Financial derivatives*</u>

A summary of financial derivatives implemented by the Group at 31 December 2021, broken down by hedging strategy, is shown below.

- **Derivatives used for fair value hedging**

At 31 December 2021, certain Group subsidiaries have contracts for hedging payables and receivables in foreign currency in place that meet the requirements to be defined as fair value hedging instruments. These contracts were negotiated to match maturities with incoming and outgoing cash flows resulting from sales and purchases in individual currencies. At the reporting date. the valuation of these contracts gave rise to the reporting of assets of €0.5 million and liabilities of €1.4 million.
Gains and losses on the hedged and hedging instruments used in all the Group's fair value hedges, corresponding to the contracts mentioned above, are summarised below.

	for the years ended 31 December	
	2021 € million	2020 € million
Gains on hedging instruments	0.1	0.1
Total gains (losses) on hedging instruments	**0.1**	**0.1**
Gains on hedged items	0.6	-
Losses on hedged items	(0.6)	(0.2)
Total gains (losses) on hedging items	**-**	**(0.2)**

• **Derivatives used for cash flow hedging**
The Group uses the following contracts to hedge its cash flows:
-interest rate swaps hedging the risk of interest rate fluctuations on future transactions relating to the stipulation of financial loans
-hedging of future sales and purchases in currencies other than the Euro and interest rates on future transactions.

The fair value variation of the hedging instruments during the year generated an impact in other comprehensive income of €1.6 million and €4.3 million in profit or loss related to the reversal of cash flow reserve associated with the pre-hedge derivative closed in 2018. At the reporting date, the valuation of these contracts gave rise to the reporting of assets of €0.1 million and liabilities of €0.1 million. The table below shows when the aforementioned hedged cash flows are expected to be received (paid), at 31 December 2021. These cash flows concern both interest and currency derivatives and have not been discounted.
Since the company does not distinguish the outflow for positive and negative fair values of derivative contracts, the below cash outflows are presented net.

for the year ended 31 December 2021	within one year € million	1-5 years € million	total € million
Cash outflows (A)	(0.1)	-	(0.1)
Cash inflows (B)	0.1	1.2	1.3
Net cash flows (A+B)	**-**	**1.2**	**1.2**

for the year ended 31 December 2021	within one year € million	1-5 years € million	total € million
Cash outflows (A)	(0.1)	(0.4)	(0.5)
Cash inflows (B)	0.1	-	0.1
Net cash flows (A+B)	**0.2**	**0.4**	**0.6**

The overall changes in the cash flow hedge reserve and the associated deferred taxes are shown below.

	gross amount € million	tax effect € million	net amount € million
at 31 December 2020	**(16.2)**	**3.9**	**(12.4)**
profit or loss impact	4.3	(1.0)	3.3
net equity impact	1.6	(0.4)	1.2
at 31 December 2021	**(10.4)**	**2.4**	**(7.9)**

	gross amount € million	tax effect € million	net amount € million
at 31 December 2019	**(20.0)**	**4.8**	**(15.2)**
profit or loss impact	4.4	(1.1)	3.4
net equity impact	(0.6)	0.1	(0.5)
at 31 December 2020	**(16.2)**	**3.9**	**(12.4)**

• **Hedging derivatives not reported using hedge accounting**
These instruments are mainly related to hedges of future purchases in currencies other than the Euro. At 31 December 2021, financial liabilities for €0.2 were recognised and financial assets of €0.1 million. At 31 December 2020, no financial assets and liabilities for hedging derivatives not reported using hedge accounting were recorded.

• *IBOR reform*

A fundamental reform of major interest rate benchmarks (Interest Rate Benchmark Reform) is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). Currencies that will be affected by this change after 31 December 2021 are CHF, GBP and JPY, which do not represent countries whose interest rate risk is significant for the Group.
US Dollar Libor replacement, that will not have a relevant impact for the Group either, will be effective from 30 of June 2023.
The Group anticipates that IBOR reform will affect its operational and risk management processes and hedge accounting, even if on a limited and not significant size. With respect to the amendments to IFRS connected to the 'Interest Rate Benchmark Reform' phase 2 as highlighted in note 5 i.-'Summary of the new accounting standards adopted by the Group from 1 January 2021,' the impact on the Group is negligible at 31 December 2021.

b) NON-FINANCIAL INSTRUMENTS

• *Fair value of non-financial instruments:*

For current biological assets (agricultural produce: agave, grapes and sugar), the fair value was determined based on the sale price net of estimated sales costs, if available, or having as main reference the total production costs in case the agricultural product is so peculiar that there is the absence of any active reference market for comparable plantation and similar output in terms of age and qualitative characteristics.

The following biological assets are not measured at fair value and consequently are not represented in this disclosure section:
- grapevines and agave plantations which remain classified as fixed biological assets valued at cost, net of accumulated depreciation and accumulated impairment losses,
- sugar cane plantations remain classified as fixed biological assets valued at cost, net of accumulated depreciation and accumulated impairment losses, up to the annual harvest.

The table below details the hierarchy of non-financial instruments measured at fair value, based on the valuation methods used:
- level 1: the valuation methods use prices quoted on an active market for the assets and liabilities subject to valuation;
- level 2: the valuation methods take into account inputs other than the quoted market prices in level 1, but only those that are observable on the market, either directly or indirectly;
- level 3: the methods used take into account inputs that are not based on observable market data.

at 31 December 2021	level 1 € million	level 2 € million	level 3 € million
Assets valued at fair value			
Biological assets		-	3.7

at 31 December 2020	level 1 € million	level 2 € million	level 3 € million
Assets valued at fair value			
Biological assets		-	1.7

The following tables show the valuation techniques used in measuring level 2 and level 3 fair values at 31 December 2021 for non-financial instruments measured at fair value in the statement of financial position, and the significant unobservable inputs used.

type	valuation technique	significant unobservable input	inter-relationship between significant unobservable inputs and fair value measurement
biological assets (inventory)	The fair value of agricultural products grown on the plant is determined by considering the market value of similar commodities and the biological/vegetative cycle which is based on all costs incurred in anticipation of the future harvest (service, products and other ancillary costs).	- actual cost of cultivation and preparation of the land and the plant per hectare - estimated yields per hectare - estimated market price for similar commodities.	The estimated fair value would increase (decrease) if: — the estimated cost of cultivation and preparation of the land and plantation were higher (lower); or - the estimated yield per hectare was higher (lower).

All the biological products (agave, sugar cane and grapes) are classified as current inventory in consideration of their annual vegetative growing process, apart from agave which is classified as inventory even during the 6-year growing period in consideration of the vegetative characteristics of the product. The amount disclosed in the consolidated accounts at 31 December 2020 for sugar cane and grapes, was used in the production process during the year 2021 and the value reported in the Group statement of the financial position at 31 December 2021 represented the new value of agricultural products that are growing on the plants.

Biological assets represented by agricultural products in inventory were transferred from level 2 into level 3 fair value measurements during the twelve months ended 31 December 2021 in consideration of the significant unobservable inputs used in the valuation process.

The following table shows a reconciliation from the opening and the closing balance as of 31 December 2021 for level 3 fair values.

€ million	biological assets in inventory[1]
at 31 December 2020	**1.6**
reclassification of opening balance	0.1
at 31 December 2020 post-reclassifications	**1.7**
harvest and reclassification to raw materials	(0.1)
accretion	1.9
change in fair value included in profit or loss (cost of sale)	-
exchange rate differences	0.2
at 31 December 2021	**3.7**

(1) Please refer to note 8 iii-'Inventories and biological assets.

In light of the negligible amount of biological assets in inventory classified as level 3 fair value items, no material sensitivity effect was detected as any reasonably possible changes at the balance sheet date of one of the significant unobservable inputs, keeping the others variables constant, would not have generated significant effects either on the statement of profit or loss or on the inventory item.

iv. Commitments and risks

The main commitments and risks of the Campari Group on the reporting date are divided into the following categories:

• Contractual commitments to purchase goods or services totalled €242.3 million (€281.8 million at 31 December 2020). These mainly included commitments for the purchase of raw materials, semi-finished goods totalling €67.4 million (€107.3 million at 31 December 2020); the purchase of packaging and pallets, amounting to €50.9 million (€46.9 million at 31 December 2020); initiatives to enhance and outsource selected Group information technology services totalling €29.8 million (€23.9 million in 2020); the purchase of advertising and promotional services and sponsorships totalled €23.3 million (€22.4 million at 31 December 2020) as well as for general and maintenance services for €58.1 million (€64.8 million in 2020).
• Existing contractual commitments for purchasing of property, plant and equipment, and intangible assets totalling €5.8 million (€20.7 million at 31 December 2020).
• Financial guarantees. The Group has provided financial guarantees in the context of the 50/50 joint venture in Dioniso Group with Moët Hennessy to create a premium pan-European Wines&Spirits e-commerce player and which holds the leading e-commerce platforms for wines and premium spirits in Italy Tannico e Wineplatform S.p.A. and in France Ventealapropriete.com. The Group is providing 50% of financial support to Dioniso Group for the completion of business expansion transactions in case existing cash flows are not sufficient and the bank indebtedness or other third-party financing cannot be obtained at satisfactory conditions. At 31 December 2021, the estimated potential cash out for the Group in relation to Dioniso Group existing commitments in the form of put and/or call option connected with business combination and committed liability for the personnel compensation scheme was €32.6 million.
• Other guarantees. The Group has provided other forms of security in favour of third parties, totalling €269.0 million at 31 December 2021 (€210.6 million at 31 December 2020). These mainly include securities to Group companies for credit lines totalling €147.3 million (146.9 million at 31 December 2020) and customs guarantees for excise duties totalling €58.3 million (€58.3 million at 31 December 2020).
• Contractual commitments for using of third-party assets not recognised using lease accounting. The table below breaks down the amounts owed by the Group in future periods by maturity, relating to the main contractual commitments for the use of third-party assets. At 31 December 2021 they related to warehouses for storing goods and maturing stock as well as information technology and production equipment. The increase compared to 2020 mainly refer to the subscription of new contracts to secure additional warehouse space for maturing inventories in line with the Group strategy.

	at 31 December	
	2021 € million	2020 € million
Within 1 year	9.9	9.2
1-5 years	6.9	1.2
After 5 years	15.5	1.2
Total	**32.4**	**11.6**

v. Research and innovation costs

The Group's research and development activities are related solely to ordinary production and commercial activities, namely ordinary product quality control and packaging studies in various markets.
The research and innovation costs totalling €22.9 million in 2021 (€24.8 million in 2020) are recognised in the statement of profit or loss for the year they are incurred.

vi. Grants

In 2021 no operating grants for promotional spending on sparkling wines were recognised (totalled €2.9 million in 2020). Operating grants in support of industrial investments and of sugar cane plantations in Martinique recognised in the statement of profit or loss in the period are equal to €0.8 million (€0.5 million in 2020).

vii. Defined benefit and contribution plans

Group companies provide post-employment benefits to staff, both directly and by contributing to external funds.
The procedures for providing these benefits vary depending on the legal, tax and economic conditions in each country in which the Group operates. The benefits are provided through defined contribution and/or defined benefit plans.
For defined contribution plans, Group companies pay contributions to publicly or privately administered pension funds, based on either legal or contractual obligations, or on a voluntary basis. The companies fulfil all their obligations by paying these contributions. At the end of the financial year, any liabilities for contributions to be paid are included in 'Other current liabilities'; the cost for the period is recognised in the statement of profit or loss.
Defined benefit plans may be unfunded, or fully or partially funded by contributions paid by the company, and occasionally by its employees; to a company or fund that is legally separate from the company and which pays out benefits to employees. As regards the Group's Italian subsidiaries, the defined benefit plans consist of the employee indemnity liability ('TFR'), to which its employees are entitled by law. Following the reform of the supplementary pension scheme in 2007, for companies employing at least 50 people, TFR contributions accrued up to 31 December 2006 are considered to be 'defined benefit plans', while contributions accruing from 1 January 2007, which have been allocated to a fund held at the INPS (Italian social security agency) or to supplementary pension funds, are considered to be 'defined contribution plans'. The portion of the TFR considered as a defined benefit plan consists of an unfunded plan that does not, therefore, hold any dedicated assets. The other unfunded defined benefit plans relate to Campari France Distribution SAS. Campari Deutschland GmbH and Campari Schweiz A.G. have some funded defined benefit plans in place for employees and/or former employees. These plans have dedicated assets. The liability for medical insurance in place at 31 December 2021 relates to J. Wray&Nephew Ltd. and offers access to health care provided that employees stay with the company until pensionable age and have completed a minimum period of service. The cost of these benefits is spread over the employee's service period using a calculation methodology similar to that used for defined benefit plans.
The liability relating to the Group's defined benefit plans, calculated on an actuarial basis using the projected unit credit method, is reported in the statement of financial position, net of the fair value of any dedicated assets.
In cases where the fair value of dedicated assets exceeds the value of the post-employment benefit obligation, and where the Group has the right to reimbursement or the right to reduce its future contributions to the plan, the surplus is reported as a non-current asset.

The table below summaries of the changes in the present value of defined benefit obligations, and the fair values of the assets relating to the plan in 2021 and 2020.

€ million	liabilities	assets
Liabilities (assets) at 31 December 2020	**40.4**	**(4.1)**
Amounts included in profit or loss:		-
- current service costs	0.4	-
- past service costs	(0.1)	-
- net interest	0.2	-
- gains/(losses) on regulations implemented	0.2	-
Total	**0.7**	**-**
Amounts included in the statement of other comprehensive income:		-
- gain/(losses) resulting from changes in actuarial assumptions	(1.6)	(0.1)
- exchange rate differences	0.2	(0.1)
Total	**(1.4)**	**(0.2)**
Other changes:		-
- benefits paid	(0.7)	0.4
- contribution to the plan by other members	-	(0.2)
- contributions to the plan by employees	0.1	(0.1)
- benefits transferred	(1.5)	-
Total	**(2.1)**	**0.1**
Liabilities (assets) at 31 December 2021[1]	**37.6**	**(4.2)**

(1) Of which €30.1 million included under Defined benefit plans (note 11 vii); of which €3.3 million included under Other non-current liabilities (note 9 v-'Non-current financial debt' of this Campari Group consolidated financial statements).

€ million	liabilities	assets
Liabilities (assets) at 31 December 2019	**41.1**	**(3.9)**
Amounts included in profit or loss:		-
- current service costs	0.2	(0.2)
- net interest	0.2	-
- gains/(losses) on regulations implemented	0.2	-
Total	**0.6**	**(0.2)**
Amounts included in the statement of other comprehensive income:		-
- gain/(losses) resulting from changes in actuarial assumptions	(0.2)	(0.1)
- exchange rate differences	(0.3)	-
Total	**(0.5)**	**(0.1)**
Other changes:		-
- benefits paid	(2.4)	0.3
- contribution to the plan by other members	0.1	(0.1)
- contributions to the plan by employees	0.1	(0.1)
- benefits transferred	1.4	(0.1)
Total	**(0.8)**	**0.1**
Liabilities (assets) at 31 December 2020	**40.4**	**(4.1)**

The table below shows the total changes in obligations for defined benefit plans financed using assets that serve the plan (funded obligations) and the liabilities relating to long-term unfunded benefits. It also includes benefits linked to medical cover, as described above, provided by J. Wray&Nephew Ltd. to its current and/or former employees, and the long-term benefits of the Group's Italian companies ('TFR').

Current value of obligations	unfunded obligations		funded obligations		
€ million	pension plans	other liabilities	gross value of pension plans	fair value of assets	net values
Liabilities (assets) at 31 December 2020	**31.6**	**3.0**	**5.8**	**(4.1)**	**1.8**
Amounts included in profit or loss:					-
- current service costs	0.2	-	0.3	-	0.3
- past service costs	0.1	-	(0.2)	-	(0.2)
- net interest	0.1	-	-	-	-
- gains/(losses) on regulations implemented		0.2		-	-
Total	**0.4**	**0.2**	**0.1**	**-**	**0.1**
Amounts included in the statement of other comprehensive income:					
- gain/(losses) resulting from changes in actuarial assumptions	(1.2)	0.1	(0.4)	(0.1)	(0.5)
- exchange rate differences		-	0.1	(0.1)	-
Total	**(1.2)**	**0.1**	**(0.3)**	**(0.2)**	**(0.5)**
Other changes:					
- benefits paid	(0.4)	-	(0.4)	0.4	-
- contribution to the plan by other members		-	-	(0.2)	(0.2)
- contributions to the plan by employees		-	0.1	(0.1)	-
- benefits transferred	(1.5)	-	-	-	-
Total	**(1.9)**	**-**	**(0.2)**	**0.1**	**(0.2)**
Liabilities (assets) at 31 December 2021[1]	**28.9**	**3.3**	**5.4**	**(4.2)**	**1.2**

(1) Of which €30.1 million included under Defined benefit plans (11 vii.); of which €3.3 million included under Other non-current liabilities (note 9 v-'Non-current financial debt' of this Campari Group consolidated financial statements).

Current value of obligations	unfunded obligations		funded obligations		
€ million	pension plans	other liabilities	gross value of pension plans	fair value of assets	net values
Liabilities (assets) at 31 December 2019	**31.7**	**3.7**	**5.6**	**(3.9)**	**1.7**
Amounts included in profit or loss:					-
- current service costs	(0.1)	-	0.3	(0.2)	0.1
- net interest	0.2	-	-	-	-
- gains/(losses) on regulations implemented		0.2		-	-
Total	**0.1**	**0.2**	**0.3**	**(0.2)**	**0.1**
Amounts included in the statement of other comprehensive income:					
- gain/(losses) resulting from changes in actuarial assumptions	(0.1)	(0.1)	-	(0.1)	-
- exchange rate differences	-	(0.3)	-	-	-
Total	**(0.1)**	**(0.5)**	**-**	**(0.1)**	**-**
Other changes:					
- benefits paid	(2.0)	-	(0.3)	0.3	-
- contribution to the plan by other members		-	0.1	(0.1)	-
- contributions to the plan by employees		-	0.1	(0.1)	-
- benefits transferred	1.9	(0.5)	0.1	(0.1)	-
Total	**(0.1)**	**(0.5)**	**(0.1)**	**0.1**	**-**
Liabilities (assets) at 30 December 2020	**31.6**	**3.0**	**5.8**	**(4.1)**	**1.8**

The cost of work provided is classified under personnel costs, financial liabilities on obligations are classified under financial liabilities, and the effects of the recalculation of actuarial impacts are recognised in the other items of the statement of other comprehensive income. The table below provides a breakdown of the values of assets that service the pension plans.

	at 31 December	
	2021	2020
- equity investments	1.9	1.7
- insurance policies	2.3	2.4
Fair value of plan assets	**4.2**	**4.1**

Obligations related to the plans indicated above are calculated on the basis of the following assumptions.

at 31 December	2021	2020	2021	2020	2021	2020
	unfunded pension plans		funded pension plans		other plans	
Discount rate	0.89% -0.90%	0.33%-0.35%	0.35%-0.97%	0.20%-0.80%	8.00%	9.00%
Future salary increases	2.00% - 3.00%	1.50%-3.00%	0.00%-1.00%	3.00%		
Future pension increases			0.00%-2.00%	2.00%		
Growth rate of healthcare costs			0.00%		7.00%	7.00%
Expected return on assets			0.97%	0.75%-0.80%		
Staff turnover rate	4.54%-8.00%	2.63%-5.71%				
Forecast inflation rate	0.50%-1.00%	0.50%		1.00%		

The rates relating to the costs of future medical costs are not included in the assumptions used in determining the above-defined benefit obligations. Thus, any changes in these rates would not have any effect.

A quantitative sensitivity analysis of the significant assumptions used at 31 December 2021 is provided below. Specifically, it shows the effects on the final net obligation arising from a positive or negative percentage change in the key assumptions used.

	unfunded pension plans			funded pension plans			other plans		
	Change in the assumptions	Impact of positive change	Impact of negative change	Change in the assumptions	Impact of positive change	Impact of negative change	Change in the assumptions	Impact of positive change	Impact of negative change
2021									
Discount rate	+/-0.25% +/-0.5%	-5.49%/ -2.70%	+3.69%/ +6.10%	+/-0.50% +/-0.75%/	-8.39%/- 8.71%	+9.69%/ +10.27%	+/- 0,5%	-4.61%	5.04%
Future salary increases				+/-0.50%	1.03%	-0.94%			
Future pension increases				+/- 0.75%	2.15%	-2.08%			
Forecast inflation rate	+\- 0.5%	1.75%/ 2.14%	-2.18%/-1.59%						
Staff turnover rate	+\- 0.5%	-3.44%/- 0.21%	+3.69%/+0.24%						
Growth rate of healthcare costs							+/- 0,5%	5.04%	-4.61%
2020									
Discount rate	+/-0.25%+/- 0.5%	-9.60%/ -2.51%	+3.04%/+10.97%	+/- 0.25%+/- 0.50%/	-2.32%/- 10.93%	+2.41%/ +13.05%	+/- 0,5%	-4.40%	4.80%
Future salary increases				+/-0.50%	2.15%	-2.00%			
Future pension increases				+/- 0,25%	2.27%	-2.19%			
Forecast inflation rate	+\- 0.5%	2.52%/ 4.37%	-2.43%/-4.10%						
Growth rate of healthcare costs							+/- 0,5%	4.80%	-4.40%

The sensitivity analysis shown above is based on a method involving extrapolation of the impact on the net obligation for defined benefit plans of reasonable changes to the key assu-

mptions made at the end of the financial year. The methodology and the assumptions made in preparing the sensitivity analysis remain unchanged from the previous year.
Given that pension liabilities have been adjusted based on the consumer prices index, the pension plan is exposed to the various countries' inflation rates, to interest rate risks, and to changes in the future salary and pension increases. Given that the assets servicing the plans mainly relate to investments in bonds, the Group is also exposed to market risk in the related sectors. Overall considering the contained exposure to funded pension plans leveraging on plan assets, the financial volatility of markets is not generating significant disruption or criticality.

The following payments are the expected contributions made in future years to provide for the obligations of the defined benefit plans.

€ million	at 31 December 2021	unfunded pension plans	funded pension plans	other plans
Within 12 months	2.5	1.8	0.5	0.1
From 1 to 5 years	9.1	6.7	1.9	0.6
From 5 to 10 years	30.9	25.9	3.9	1.1
Total	**42.5**	**34.4**	**6.3**	**1.9**
Average plan duration (years)	**13**	**11**	**19**	**10**

€ million	at 31 December 2020	unfunded pension plans	funded pension plans	other plans
Within 12 months	2.4	1.8	0.5	0.1
From 1 to 5 years	8.6	6.4	1.8	0.4
From 5 to 10 years	24.1	18.8	4.1	1.2
Total	**35.1**	**26.9**	**6.4**	**1.7**
Average plan duration (years)	**12**	**12**	**15**	**10**

viii. Related parties

At 31 December 2021 Davide Campari-Milano N.V. was controlled by Lagfin S.C.A., Société en Commandite par Actions. Davide Campari-Milano N.V. and its Italian subsidiaries have adopted the national tax consolidation scheme for 2021 to 2023. At 31 December 2021, the individual Italian companies' income tax receivables and payables were recorded from or to, respectively, Lagfin S.C.A., Société en Commandite par Actions. Furthermore, Lagfin S.C.A., Société en Commandite par Actions, Davide Campari-Milano N.V. and some of its Italian subsidiaries, have joined the Group-wide VAT scheme. All tax receivables and payables are non-interest-bearing. Transactions with related parties form part of ordinary operations and they are carried out under market conditions (i.e. conditions that would apply between two independent parties) or using criteria that allow for the recovery of costs incurred and a return on invested capital. All transactions with related parties were carried out in the Group's interest.

The tables below indicate the amounts for the various categories of transactions with related parties.

	receivables for tax consolidation	payables for tax consolidation	receivables (payables) for Group VAT	other non-current tax receivables
at 31 December 2021	€ million	€ million	€ million	€ million
Lagfin S.C.A., Société en Commandite par Actions	1.4	(32.6)	(2.0)	1.4
Total	**1.4**	**(32.6)**	**(2.0)**	**1.4**
% on the related financial statements item	**8.1%**	**59.9%**	**1.6%**	**12.5%**
	receivables for tax consolidation	payables for tax consolidation	receivables (payables) for Group VAT	other non-current tax receivables
at 31 December 2020	€ million	€ million	€ million	€ million
Lagfin S.C.A., Société en Commandite par Actions	1.2	(8.6)	0.7	1.8
Total	**1.2**	**(8.6)**	**0.7**	**1.8**
% on the related financial statements item	**7.1%**	**53.5%**	**-0.7%**	**14.2%**

for the year ended 31 December 2021	other income and expenses € million
Lagfin S.C.A., Société en Commandite par Actions	0.1
Total	**0.1**
%	**-0%**
for the year ended 31 December 2020	other income and expenses € million
Lagfin S.C.A., Société en Commandite par Actions	0.1
Total	**0.1**
%	**-0%**

ix. Remuneration to the Parent Company's board of directors

The remuneration to the Parent Company's board of directors was as follows.

	for the years ended 31 December	
	2021 € million	2021 € million
Short-term fix and variable remuneration(1)	7.3	3.7
Stock options(1)	2.3	2.1
Last mile long-term retention scheme(2)	10.0	-
Total	**19.6**	**5.9**

(1) Included in selling, general and administrative expenses.
(2) Pursuant to the Remuneration Policy, a last mile incentive scheme with retention purpose to be potentially awarded to the current CEO has been approved by the Parent Company's corporate bodies and therefore implemented as illustrated in the Remuneration Report in the 'Governance' section.

On the date of this report, a payable to directors of €13.2 million was recognised in the Group's accounts (at 31 December 2020 amounted to €1.2 million). For more information about the remuneration paid, please refer to paragraph 'Remuneration report' in the Governance section.

x. Employees

The tables below indicate the average number of employees at the Group, broken down by business segment, category and region.

	for the years ended 31 December	
Business segment	**2021**	**2020**
Production	1,560	1,236
Sales and distribution	1,539	1,705
General	743	843
Total	**3,842**	**3,784**
Category	**2021**	**2020**
Managers	620	257
Office staff	2,354	2,583
Manual workers	868	944
Total	**3,842**	**3,784**
Region	**2021**	**2020**
Italy	879	874
Abroad	2,963	2,910
Total	**3,842**	**3,784**

At 31 December 2021, the average number of employees (excluding employees of joint arrangements, associates and unconsolidated subsidiaries) was 3,842, of which 879 were based in Italy and 2,963 around the world, mostly in the Americas. No Group employees are based in the Netherlands.

12

SUBSEQUENT EVENTS

There are no significant events to report.

DAVIDE CAMPARI MILANO N.V.

COMPANY ONLY FINANCIAL STATEMENTS AT 31 DECEMBER 2021

INDEX

DAVIDE CAMPARI MILANO N.V. COMPANY ONLY FINANCIAL STATEMENTS AT 31 DECEMBER 2021 294

COMPANY ONLY PRIMARY STATEMENTS

STATEMENT OF PROFIT OR LOSS(1)

	notes	For the years ended 31 december 2021 € million	2020 € million
Gross sales		**870.8**	**671.8**
Excise duties(2)		(93.6)	(69.3)
Net sales	**5 i.**	**777.2**	**602.5**
Cost of sales	5 ii.	(302.9)	(228.0)
Gross profit		**474.4**	**374.5**
Advertising and promotional costs	5 iii.	(74.6)	(64.4)
Contribution margin		**399.7**	**310.0**
Selling, general and administrative expenses	5 v.	(144.8)	(134.8)
Other operating expenses	5 v.	(21.1)	(115.5)
Other operating income	5 v.	6.0	1.3
Operating result		**239.8**	**61.0**
Financial expenses	5 viii.	(24.9)	(39.3)
Financial income	5 viii.	4.4	4.0
Dividends	5 viii.	14.9	62.2
Share of profit (loss) of associates	5 x.	(2.2)	(0.7)
Profit before taxation		231.9	87.2
Taxation	5 xi.	(65.0)	(3.9)
Profit for the period		**166.9**	**83.3**

(1) For information on the definition of alternative performance measures' reported in the management board report, see the paragraph 'Definitions and reconciliation of the Alternative Performance Measures (APMs or non-GAAP measures) to GAAP measures'.
(2) Excise duties where the Company acts as an agent.

STATEMENT OF OTHER COMPREHENSIVE INCOME

		for the years ended 31 December 2021 € million	2020 € million
Profit for the period (A)		**166.9**	**83.3**
B1) Items that may be subsequently reclassified to the statement of profit or loss			
Cash flow hedge:			
Gains (losses) on cash flow hedge	9 ii.	5.9	3.9
Related Income tax effect	5 xi.	(1.4)	(0.9)
Total cash flow hedge		**4.5**	**3.0**
Total: items that may be s ubsequently reclassified to the statement of profit or loss (B1)		**4.5**	**3.0**
B2) Items that may not be subsequently reclassified to the statement of profit or loss			
Remeasurements of defined bene-fit plans:			
Gains/(losses) on remeasurement of defined benefit plans	9 ii.	-	0.2
Related Income tax effect	5 xi.	-	(0.1)
Total remeasurements of defined benefit plans		-	**0.2**
Total: items that may not be subsequently reclassified to the statement of profit or loss (B2)		-	**0.2**
Other comprehensive income (expenses) (B=B1+B2)		**4.4**	**3.1**
Total comprehensive income (A+B)		**171.3**	**86.4**

STATEMENT OF FINANCIAL POSITION (BEFORE APPROPRIATION OF RESULTS)

	notes	at 31 December 2021 € million	2020 € million
ASSETS			
Non-current assets			
Property, plant and equipment	6 i.	106.7	102.7
Right of use assets	6 ii.	4.8	4.4
Goodwill	6 iii.	355.3	355.3
Brands	6 iii.	258.6	223.8
Intangible assets with a finite life	6 iii.	32.1	25.1
Investments in subsidiaries and joint ventures	6 iv.	2,162.6	1,885.2
Other non-current assets	7 vi.	2.0	3.5
Other non-current financial assets	8 iii.	1.5	3.0
Total non-current assets		**2,923.7**	**2,603.0**
Current assets			
Inventories	7 iii	91.4	92.8
Trade receivables	7 i	147.8	90.1
Other current financial assets	8 ii	87.6	114.0
Cash and cash equivalents	8 i	178.6	69.7
Other current asset	6 vi	14.1	13.1
Total current assets		**519.4**	**379.7**
Total assets		**3,443.1**	**2,982.6**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital	9 ii	11.6	11.6
Capital reserves	9 ii	6.7	6.7
Treasury shares	9 ii	(0.8)	(0.6)
Cash flow reserve	9 ii	(7.8)	(12.3)
Retained earnings and other reserves	9 ii	1,357.7	1,033.7
Profit for the period	9 ii	166.9	83.3
Total shareholders' equity		**1,534.2**	**1,122.4**
Non-current liabilities			
Bonds	8 v	845.5	894.7
Loans due to banks	8 v	355.2	310.9
Other non-current financial liabilities	8 v	3.4	55.2
Post-employment benefit obligations	10 v	4.1	4.2
Provisions for risks and charges	10 ii	7.3	2.7
Deferred tax liabilities	5 xi	11.9	12.4
Other non-current liabilities	6 vii	11.1	1.0
Total non-current liabilities		**1,238.6**	**1,281.1**
Current liabilities			
Bonds	8 vi	50.0	-
Loans due to banks	8 vi	146.6	213.7
Other current financial liabilities	8 vi	255.4	215.4
Trade payables	7 ii	129.7	112.7
Income tax payables	5 xi	37.8	9.6
Other current liabilities	6 viii	50.7	27.7
Total current liabilities		**670.3**	**579.1**
Total liabilities		**1,908.8**	**1,860.2**
Total liabilities and shareholders' equity		**3,443.1**	**2,982.6**

STATEMENT OF CASH FLOW

	notes	for the years ended 31 December 2021 € million	2020 € million
Operating profit		**239.8**	**61.0**
Depreciation and amortisation	5 vii	20.5	18.6
Gain or loss on sale of fixed assets	5 v	(0.1)	-
Impairment of tangible fixed assets, goodwill, brand and sold business	5 v	0.1	17.3
Utilizations of provisions		4.6	(1.1)
Change in payables to employees		20.7	(5.0)
Change in net operating working capital		(39.2)	22.2
Income taxes refund (paid)		(38.6)	(31.1)
Subsidiaries impairment loss		-	77.2
Change in other indirect taxes		5.1	(3.3)
Other operating items		8.2	(0.4)
Cash flow generated from (used in) operating activities		**221.1**	**155.5**
Purchase of tangible and intangible fixed assets	6 i-iii	(30.6)	(22.2)
Disposal of tangible and intangible assets		3.1	(1.5)
Change in investments in subsidiaries, associates and joint ventures	6 iv	66.4	24.0
Put options and earn-out payments	8 v-vi	(7.6)	(83.7)
Purchase of brands	6 iii.	(35.0)	-
Interests received		0.2	0.6
Decrease (increase) in short-term deposits and investments	8 ii.	(13.2)	-
Dividends received	10 vi	14.9	62.2
Cash flow generated from (used in) investing activities		**(1.8)**	**(20.6)**
Proceeds from issue of bonds, notes and debentures	8 viii.	-	545.0
Repayments of bonds, notes and debentures	8 viii.	-	(580.9)
Proceeds from non-current borrowings	8 viii.	130.0	195.0
Repayment of non-current borrowings	8 viii.	(149.2)	(8.3)
Net change in short-term financial payables and bank loans	8 viii.	(0.9)	90.0
Payment of lease liabilities	8 iv.	(1.8)	(1.6)
Interests paid on other financial items	8 viii.	(16.3)	(27.7)
Interest on paid leases	8 iv.	(0.1)	(0.1)
Other intercompany inflows (outflows) of cash		(9.4)	(205.4)
Inflows (outflows) of other financial items	8 viii.	1.5	5.9
Purchase of own shares	9 ii.	(70.7)	(293.6)
Sale of own shares	9 ii.	68.2	22.4
Dividend paid to equity holders of the Parent	9 ii.	(61.6)	(62.9)
Cash flow generated from (used in) financing activities		**(110.4)**	**(322.1)**
Net change in cash and cash equivalents: increase (decrease)		**108.9**	**(187.3)**
Cash and cash equivalents at the beginning of period	8 i	69.7	257.0
Cash and cash equivalents at end of period	8 i	178.6	69.7

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	notes	share capiatal	capital reserves	cash flow hedge reserve	retained earnings and other reserves	profit for the period	total
	€ million	€ million	€ million	€ million	€ million	€ million	€ million
At 31 december 2020		**11.6**	**6.7**	**(12.3)**	**1,033.1**	**83.3**	**1,122.4**
Allocation of prior year result	9 ii	-	-	-	83.3	(83.3)	-
Dividend payout to parent company shareholders	9 ii	-	-	-	(61.6)	-	(61.6)
Increase (decrease) through treasury share transactions	9 ii	-	-	-	(2.8)	-	(2.8)
Increase (decrease) through share-based payment transactions	9 ii	-	-	-	11.4	-	11.4
Increase (decrease) through other changes	9 ii	-	-		293.5	-	293.5
Total comprehensive income (expense)		**-**	**-**	**4.5**	**(0.0)**	**166.9**	**171.3**
At 31 december 2021		**11.6**	**6.7**	**(7.8)**	**1,356.9**	**166.9**	**1,534.2**

	share capital	capital reserves	cash flow hedge reserve	retained earnings and other reserves	profit for the period	total
	€ million	€ million	€ million	€ million	€ million	€ million
At 31 december 2019	**58.1**	**-**	**(15.3)**	**1,207.8**	**110.2**	**1,360.8**
Allocation of prior year result	-	-	-	110.2	(110.2)	-
Dividend payout to parent company shareholders	-	-	-	(62.9)	-	(62.9)
Increase (decrease) through treasury share transactions	-	-	-	(271.2)	-	(271.2)
Increase (decrease) through share-based payment transactions	-	-	-	9.2	-	9.2
Increase (decrease) through other changes	(46.5)	6.7	-	39.8	-	-
Total comprehensive income (expense)			**3.0**	**0.2**	**83.3**	**86.4**
At 31 december 2020	**11.6**	**6.7**	**(12.3)**	**1,033.1**	**83.3**	**1,122.4**

NOTES TO THE COMPANY ONLY FINANCIAL STATEMENTS

1

GENERAL INFORMATION

Davide Campari-Milano N.V. is a company listed on the Italian Stock Exchange, with its official seat in Amsterdam, in the Netherlands, and its corporate address at Via Franco Sacchetti 20, 20099 Sesto San Giovanni, Milan, Italy.
For the purposes of its business operations in Italy, the Company has established a secondary seat with a permanent representative office within the meaning set forth in article 2508 of the Italian Civil Code.
The Company is entered in both the Dutch Companies' Register under the number 78502934 and the Milan Monza Brianza Lodi Chamber of Commerce under the number 06672120158.
At 31 December 2021, 53.9% of the share capital and 66.7% of the total voting rights of the Company were held by Lagfin S.C.A., Société en Commandite par Actions, headquartered in Luxembourg, in its turn controlled by Artemisia Management S.A., Société Anonyme, which is the ultimate controlling company of Campari Group.
Davide Campari-Milano N.V. is the Parent Company of Campari Group. It trades directly on the Italian market and, through its subsidiaries, on the international alcoholic and non-alcoholic beverages markets.
The Group operates in around 190 countries with prime positions in Europe and the Americas. It has 22 production plants worldwide, its own distribution network in 21 countries, and employs around 4,000 people.

For ease of reference, all the figures in the notes of this Company only financial statement are expressed in Euro million, whereas the original data and all percentages relating to changes between two periods or to percentages of net sales or other indicators are always calculated/recorded using the original data in Euro.
As Parent Company of Campari Group, Davide Campari-Milano N.V. has also drawn up the consolidated financial statements of Campari Group at 31 December 2021.
The financial statements of Davide Campari-Milano N.V. for the year ending 31 December 2021 were approved and authorised it for issue on 23 February 2022 by the Board of Directors.
The Board of Directors reserves the right to amend the results, up to the date of the General Meeting of Shareholders, should any significant events occur that require changes to be made.

2
SIGNIFICANT EVENTS OF THE YEAR

Significant events during the period relating to corporate actions, significant events, acquisitions and commercial agreements and other significant events impacting results, which are also affecting the Company, are reported in a dedicated section in the management board report of this annual report, to which reference is made.

Simplification of the Campari Group's structure

During the course of 2021, as part of the ongoing process of optimising and streamlining the corporate structure of Campari Group, Di.Ci.E. Holding B.V. was incorporated into Davide Campari-Milano N.V. and the merger was effective from 14 December 2021. The transaction was carried out pursuant to Section 333 paragraph 1 juncto Section 309 of Book 2 of the Dutch Civil Code, on the basis of the statements of financial position of the Dutch company at the incorporation date. Di.Ci.E. Holding B.V. was entirely controlled by the Company, and the merger, which does not affect the controlled companies' accounting values, is effective for accounting and tax purposes, from 14 December 2021. The book and financial values of Di.Ci.E. Holding B.V. at the incorporation date are set out in the table below.

	Di.Ci.E. Holding B.V
	€ million
ASSETS	
Non-current assets	
Investments in Campari Group subsidiaries and associates	368.3
Total non-current assets	**368.3**
Total assets	**368.3**
LIABILITIES AND SHAREHOLDERS' EQUITY	-
Shareholders' equity	-
Share capital	15.0
Retained earnings and other reserves (including net profit for the period) (1)	311.0
Total shareholders' equity	**326.0**
Non-current liabilities	-
Other current financial liabilities	42.3
Total current liabilities	**42.3**
Total liabilities	**42.3**
Total liabilities and shareholders' equity	**368.3**

(1) The merger was leading to a prospective to an accounting and tax effect prospectively from the incorporation date.

The merger of Di.Ci.E. Holding B.V resulted in a net merger difference of €293.5 million identified as investments in Campari Group subsidiaries and cash pooling balances, with the residual values allocated directly to the shareholders' equity of Davide Campari-Milano N.V. as reported below.

Merger values allocation	**€ million**
Total asset	368.3
Total liabilities	(42.3)
Equity	**326.0**
Investment in DiCiE Holding B.V.	28.5
Merger difference	**297.5**
Allocated and recognized in equity as offset	(4.0)
Net increase in Davide Campari-Milano N.V. Net Equity	**293.5**

The value of the investment in DiCiE Holding B.V. of €28.5 million disclosed above did not include the contribution in kind recognized to the employees of its subsidiaries through stock options granted by Davide Campari-Milano N.V. for a total of €15.7 million, which was attributed to the value of the respective equity investments in the allocation of the merger difference (see note 2 iv - 'Equity investments in subsidiaries, associates and joint ventures').

3
ACCOUNTING INFORMATION AND POLICIES

i. Accounting principles

The annual financial statements of Davide Campari-Milano N.V. (represented by the 'Company financial statements'), for the years ending 31 December 2021, were prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code and the International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board ('IASB') and ratified by the European Union ('IFRS-EU'). These include all the international accounting standards (International Accounting Standards-'IAS') and interpretations of the International Financial Reporting Interpretations Committee ('IFRIC'), formerly the Standing Interpretations Committee ('SIC').

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the date of signing the Company only financial statements.

The financial statements were prepared in accordance with the historical cost method and taking any value adjustments into account where appropriate for certain categories of assets and liabilities, which were measured in accordance with the methods provided by IFRS.

ii. Form and content

In line with the structure of the financial statements chosen by the Group, which is also adopted for the annual financial statements of the Company itself, the income statement has been classified by function, and the statement of financial position is based on a distinction between current and non-current assets and liabilities.
We consider that this format will provide a more meaningful representation of the items contributing to the results and financial position.
Transactions or events that may generate income and expenses that are not relevant for assessing performance, such as gains/losses on the sale of fixed assets, restructuring and reorganisation costs, financial expenses and any other non-recurring income/expenses, are described in these Notes.
This presentation complies with the requirements and guidelines of the European Securities and Markets Authority ('ESMA') set out in ESMA/2015/1415.
In 2021, the Company did not carry out any atypical and/or unusual transactions which, due to their materiality or size, type of counterparties to the transaction, or method for determining the price and timing of the event (proximity to year-end), could give rise to concerns over the accuracy or completeness of the information in the financial statements, conflicts of interest, or the safeguarding of company assets.
The cash flow statement was prepared using the indirect method.

iii. Use of estimates

Preparation of the financial statements and the related notes in accordance with IFRS requires the management to make estimates and assumptions that have an impact on the Company's assets and liabilities and items in the profit or loss during the year. These estimates and assumptions, which are based on the best valuations available at the time of their preparation and are reviewed regularly, may differ from the actual circumstances and may be revised accordingly at the time that circumstances change, or where new information becomes available. Future outcomes can consequently differ from estimates.
Details of critical estimates and judgements which could have a significant impact upon the financial statements are set out in the related notes as follows:

- goodwill and intangible asset: management judgement of the assets to be recognised and synergies resulting from an acquisition. Management judgement and estimate required in determining future cash flows and appropriate applicable assumptions to support the intangible asset value. Please refer to note 6 iii-'Intangible assets' of the company only financial statements at 31 December 2021;

• investments in subsidiaries: management judgement in assessing the value of the investments in subsidiaries are not carried at a value higher than their recoverable amounts. Please refer to note 6 iv-' Investments in subsidiaries and associates and share of profit (loss) of associates' of the company only financial statements at 31 December 2021;

• disclosure regarding 'other operating income and expenses': management judgement whether non-recurring or not usual. Please refer to note 5 v-'Selling, general and administrative expenses and other operating income and expenses ' of the company only financial statements at 31 December 2021;

• disclosures for contingent liabilities: management judgement in assessing the likelihood of whether a liability will arise and an estimate to quantify the possible range of any settlement and judgement in assessing the likelihood of the assets collection. Please refer to note 10 ii-'Provisions for risks and future charges' of the company only financial statements at 31 December 2021;

• compensation plans in the form of share-based payments: management estimate in determining the assumptions in calculating the fair value of the plans. Please refer to note 10 i-'Share-based payments' of the company only financial statements at 31 December 2021;

• taxation: management judgement and estimate required to assess uncertain tax positions and the recoverability of deferred tax assets. Please refer to note 5 xi-'Taxation' of the company only financial statements at 31 December 2021.

• **Climate related matters**

There has been increasing interest in how climate change will impact the Company's business. With reference to the climate related matters, a critical review was undertaken, and a focused analysis was performed to identify, and consequently manage, the principal risks and uncertainties to which the Company is exposed. The most significant area of effort will be the management of water scarcity and waste and reducing energy and GHG emissions in the supply chain area. The Company recognises the importance of climate change risk and promotes a responsible use of resources and a reduction of the environmental impact of production to mitigate climate change. In this context, the Company has adopted an environmental policy, issued by Campari Group, to set up a structure dedicated to control environmental pollution, waste, and water disposal as well as emission reduction.

Financial statements information is presented through historical values which, by their nature, do not fully capture future events.

In determining fair value measurement, the impact of potential climate-related matters, including legislation, which may affect the fair value measurement of assets and liabilities in the financial statements, has been considered. These risks in respect of climate-related matters are included as key assumptions where they materially impact the measure of the recoverable amount. At present, the impact of climate-related matters is not material to the Company's financial statements.

With regard to the preparation of the financial statements and the analysis conducted aiming to identify and address the new uncertainties related to climate changes which could affect the business, based on the Company's strategy outlined in the context of the global supply chain environmental targets, no critical situation that cannot be attributable to and addressed in the ordinary course of the business was identified.

• **Outbreak of Covid-19**

The Covid-19 pandemic continues to impact countries and economies differently: while some governments are starting to ease restrictions, with a very positive impact on consumption trends in the on-premise channel which has gradually reopened across all countries, others continue to enforce lockdown measures. The timing and intensity of the world recovery still remain uncertain, even though the ongoing mass vaccination campaigns launched since the beginning of 2021 are progressively accelerating in many countries due to a new spike of contagions of variants.

With regard to the Company, overall the situation seems to be improving, also thanks to the effective interventions by the Italian government in terms of the imposition of only selective and temporary restrictions and the overall gradual lifting of these via the introduction of the vaccination green pass.

The Company is continuing to monitor and analyse the evolution of the pandemic and its effects on the macroeconomic scenario, the markets in which it operates, the behavioural patterns of its consumer base and the related impact on the Company's financial position and the results of its operations.

Either way, Covid-19 continues to potentially affect the recognition and measurement of assets, liabilities, income and expenses. As a result of the uncertainty mentioned above associated with the unprecedented nature of Covid-19, in preparing these 2021 company only financial statements, despite the very strong business performance recovery versus the year before and pre-pandemic levels, the Company performed a more extensive assessment analysis than the usual update required. In addition, going concern has also been carefully reassessed.

A critical review was undertaken and a focused analysis performed to identify, and consequently manage, the principal risks and uncertainties to which the Company is exposed.

In particular, all significant assumptions and estimates underlying the preparation of the following items were the subject to an analysis in order to identify and address new uncertainties linked to the unpredictability of the pandemic: impairment of non-financial assets and investments, fair value measurement of financial instruments, expected credit loss assessment, deferred tax assets and tax reliefs, revenue recognition, reverse factoring agreements, lease agreements, provisions and onerous contracts.

The analysis did not highlight any critical situations that cannot be attributable to and addressed in the ordinary course of the business figures. The Company and Campari Group continue to be very sound, in terms of their financial and equity profiles, and have not been exposed to any going-concern issues.

Specific additional supplementary information is provided below with respect to the Covid-19 impact on the Group disclosure.

GOING CONCERN

The Company continues to be very sound, in terms of its operating and financial profiles, and has not been exposed to any going-concern issues during 2021 thanks to the agility and resilience of its organisation.

While the Company's priority is, and will continue to be, to guarantee the safety of its employees ('Camparistas') and the continuity of its business, no business continuity issues have been identified since all plants continue to be fully operational, while complying with rigorous health and safety measures in force to protect the health of Camparistas. Whilst smart-working is still the recommended policy for office-based Camparistas, the Company started to set the guidelines for introducing of new consistent ways of working for a safe return to the workplace, respecting the specific regulations applicable. For the Company the togetherness of Camparistas, main pillar in the Campari Group's culture, in a space that will be increasingly designed to support collaboration and relationship building is fundamental to its success.

During 2021, the Company continued to build on its agility and learning ability, particularly strengthened during the pandemic peak in 2020, to engage with consumers with new online and digital initiatives, thus supporting the positive own brand momentum thanks to the gradual on-premise re-opening. The very sound performance achieved in 2021, as well as the generation of cash flows allowed the Company to reinvest in long-term growth, including production capacity, digital capabilities and supporting the Group's global sustainability agenda.

INVESTMENTS, GOODWILL, BRANDS AND INTANGIBLE ASSETS WITH A FINITE LIFE

Goodwill and intangible assets with an indefinite useful life were subject to at least annual impairment tests to verify if any substantial deterioration of business performance occurred with respect to these assets. During the year no issues was identified in the course of 2021 since over the year no worsening in consumer demand affecting business was registered and there was no interruption in the Company's plants operations or supplies or any other issues involving logistics and freight transport activities. Compared with 2020, 2021 was characterised by a significantly improved business and consumer sentiment thanks to the acceleration of the vaccination campaigns and the gradual reopening of the on-premise channel. The spirits industry has demonstrated strong resilience throughout the pandemic thanks to sustained home consumptions with strong home cocktail mixing trends, also favoured by a positive development of the e-commerce channel and ready-to-drink category.

With respect to investments, in-deep analysis based also on cash generation of the subsidiary has been carried out considering also the related expected profitability, to assess the investment recoverability and ensure that the value of the investments in subsidiaries are not carried at above their recoverable amounts. The evaluation performed was consistent with the impairment test on goodwill and brands.

No impairment loss was identified with respect to the test performed on investments, goodwill, brands and intangible assets with a finite life for the year ended 31 December 2021.

NET FINANCIAL DEBT

In conducting the assessment to identify whether in 2021 there were events triggering issues on the Company's financial performances, certain characteristics specific to the Company's situation have been taken into consideration.

As far as financial assets are concerned, they are not subject to particular risks, since the investments considered by the Company are always the subject of a careful and scrupulous preliminary analysis and are always aligned with the financial needs of the moment.

With regard to financial liabilities, the Company's indebtedness ratios measured internally (given the lack of covenants on existing debt) were under control, standing at a level considered entirely manageable. During 2021, the Company's financial structure was confirmed to have been boosted by the availability of significant committed and uncommitted credit lines. No renegotiation of interest rates or other terms of existing agreements (derivatives included) have been performed if not required by the Company in the normal course of its business, and the fact that the Company's loan profile is mainly at fixed-interest rates has minimised its exposure to market risks.

In terms of fair value measurement hierarchies of financial items, during 2021 there were no changes to be reflected in the 2021 Company only financial statements other than those disclosed in the related notes.

With respect to lease and rental agreements, there have been no significant lease agreements, including sub-leases, generating financial receivables. During 2021, there were no significant contract amendments directly linked to the pandemic and no significant rental concessions were agreed with lessors exclusively in relation to Covid-19.

OPERATING WORKING CAPITAL, REVENUE RECOGNITION AND PROVISION AND ONEROUS CONTRACTS

The pandemic environment over the year did not trigger any significant change with clients' contracts and any change in the revenue recognition criteria previously identified. Significant judgements were used to review the expected credit losses in the normal course of business and based on the Company's business model to manage financial instruments, since no specific issues were identified during the year. No significant anticipated partial payments were experienced, indicating an implicit price concession to be accounted for or an impairment loss.

To facilitate the management of liquidity, the Company continued the reverse factoring agreements introduced at the end of 2020, confirming a limited number of trusted suppliers involved during 2021. A detailed analysis was reassessed to confirm the proper representation of these agreements within the Company's figures: the trade payables under reverse factoring agreements continued to be classified as a component of the Company's operating working capital with no separate disclosure as primary line items of the Company only financial statements in consideration of the total exposure.

During 2021 the coronavirus outbreak did not generate the need to include dedicated and additional adjustments to be reflected in the net realisable value of inventories nor to change the production cost allocation linked to inefficiencies. In terms of the assessment of provision for risks and charges, there were no events or situations generating the need to include additional provisions outside the normal course of business or requiring any significant estimate of onerous contracts to be reflected in the Company's accounts.

TAXATION

All significant assumptions and estimates considered in the preparation of the 2021 Company only financial statements were reviewed. In particular, the tax rates were investigated to check for any changes occurred during the period in the Italian tax jurisdictions and any amendments substantially enacted were considered in assessing both current and deferred taxes. The review conducted has not identified any new triggering events, which could have an effect on the recoverability on deferred tax assets and on the recognition of any additional liabilities for uncertain tax positions.

PROPERTY, PLANT AND EQUIPMENT

Over 2021 the business development confirmed no issues related to operations. In terms of production facilities, all the Company's plants remained fully operational and the outbreak did not trigger the need to perform an impairment test for the production facilities.

iv. Associates and joint ventures

An associate is a company over which the Company exercises significant influence. Significant influence means the power to contribute to determining a subsidiary's financial and management policies without having control or joint control over it.

A joint venture exists where there is a joint-control agreement under which the parties, which hold joint control, have a right to the net assets covered by the agreement. Joint control is the contractually agreed sharing of control under an agreement, which solely exists when decisions on relevant activities require unanimous consensus from all the parties sharing control.

The factors considered to determine significant influence or joint control are similar to those necessary to determine control over subsidiaries.

These companies are initially recognised at cost plus acquisition-related costs and subsequently reported in the company only financial statements using the equity method from the date on which significant influence or joint control begins and ending when that influence or control ceases.

If there is a significant loss of influence or of joint control, the holding and/or investment is recognised at fair value, with the difference between fair value and the carrying amount being recorded in the statement of profit or loss .

Any committed payments to increment the ownership interest in an associate or a joint venture, in the form of put and/or call option or a combination of the two, cannot be estimated and recorded as a financial liability at the time of the transaction since the guidance valid for financial instruments does not apply to interests in associates and joint ventures that are accounted for using the equity method. These written agreements for put and/or call options are considered derivative agreements and represented in the Company's accounts as financial instruments measured at fair value with impact in the statement of profit or loss. At that time the call and/or the put options expire, the derivatives will be replaced by an increased value of the investment to be recorded against the cash out for the derivative settlement.

Contingent or committed payments in the form of incentive plan granted to personnel of the associate or joint venture are recorded as the incremental cost of the investment once achievement of the performance condition becomes probable based on the fair value of the replacement award as of the acquisition date.

If the Company's interest in any losses of associates exceeds the carrying amount of the equity investment in the financial statements, the value of the equity investment is derecognised, and the Company's portion of further losses is not reported, unless, and to the extent to which, the Company has a legal or implicit obligation to cover such losses.

The Company assesses the existence of any impairment indicators on an annual basis by comparing the value of the investment measured at equity with the recoverable value; any impairment value is allocated to the investment as a whole with an offsetting entry in the statement of profit or loss.

v. Investments in subsidiaries

Investments in subsidiaries are recorded at cost and adjusted for any loss in value.

The following approaches have been applied in relation to the recognition of contingent consideration: (i) recognition of the contingent consideration only when payments are made; or (ii) inclusion of a best estimate of the contingent consideration in the initial determination of the cost of the investment. Judgement is exercised in defining the accounting treatment to be applied based on relevant and reliable information in each particular circumstance. The designated methodology for each acquisition is specified when the transaction is represented, and the treatment is then applied consistently to the subsequent developments of the same transaction. Under both approaches, the recognition of the contingent consideration when actually paid or changes from initial measurement are recognised either in profit or loss, or as an increase or decrease to the cost of the investment in the subsidiary.

The positive difference arising at the time of the acquisition between the acquisition cost and the current value of the Company's stake is included in the carrying amount of the investment.

If the subsidiary's losses exceed its share capital and reserves, the carrying amount of the investment is derecognised and the portion of any further losses is posted to liabilities as a specific provision reflecting the extent to which the Company is required to fulfil legal or implicit obligations concerning the subsidiary or, at least, to cover its losses.

A critical accounting estimate, specific to the Company is the assessment of the recoverable amount of the investments in subsidiaries. Impairment reviews are carried out to ensure that the value of the investments in subsidiaries is not carried at above their recoverable amounts. The tests are also dependent on management's estimates with regards to forecasting future cash flows, the discount rates applicable to the future cash flows and expected growth rates. Such estimates and judgements are subject to change as a result of changing economic conditions and actual cash flows may differ from forecasts.

If the tests show evidence of impairment, the loss in value must be recorded as an impairment in the income statement.

Dividends received are recognised in the income statement when the right to receive payment in cash or in kind is established.

vi. Intangible assets

Intangible assets include all assets without any physical form that are identifiable, controlled by the company and capable of producing future economic benefits and goodwill when purchased for a consideration.

Intangible assets acquired are recorded under assets when it is likely that the use of the assets will generate future economic benefits, and when the cost can be reliably determined.

These assets are reported at acquisition cost if acquired separately, including all allocable ancillary costs on the acquisition date.

Subsequently, intangible assets are recorded at cost net of accumulated amortisation and any impairment losses.

Assets produced internally, are not capitalised and are reported in the statement of profit or loss for the financial year in which they are incurred; there are no significant development costs to be considered.

Intangible assets with a finite life are amortised on a straight-line basis in relation to their remaining useful life, considering losses due to a reduction in the cumulative value.

The period of amortisation of intangible assets with a finite life is reviewed at the end of every financial year to ascertain any changes in their useful life, which, if identified, will be treated as changes in estimates.

The costs of innovation projects and studies are recorded in the statement of profit or loss in full in the year in which they are incurred.

Costs relating to industrial patents, concessions, licenses and other intangible fixed assets are recorded on the assets side of the statement of financial position only if they can produce future economic benefits for the Company. These costs are amortised based on the period of use, if this can be defined, or according to the contract term.

Software licenses represent the cost of purchasing licenses and, if incurred, external consultancy fees; normally there are no costs associated with internal personnel costs necessary for development. These costs are recorded in the year when the internal or external costs are incurred for training personnel and other related costs.

Cloud computing arrangements under which the Company contracts to pay a fee in exchange for a right to access the supplier's application software for a specified term and where the cloud infrastructure is managed and controlled by the supplier, insofar as access to the software is on an 'as needed' basis over the internet or via a dedicated line and, the contract does not convey to the Company any rights over tangible assets, are managed as a service contract with the related costs expensed as they are incurred. Any prepayment giving a right to a future service is recognised as a prepaid asset. Detailed analysis is undertaken to determine whether the implementation costs for software hosted under cloud arrangements can be capitalised.

Goodwill and brands which result from acquisitions and qualify as intangible assets with an indefinite life are not amortised. The possibility of recovering their carrying amount is ascertained at least once a year, and, in any case, when events occur that lead to the assumption of a reduction in value based on the criteria specified in the section entitled 'Impairment'.

For goodwill, a test is performed on the smallest cash-generating unit to which the goodwill relates. Based on this, management directly or indirectly assesses the return on investment, including goodwill. Goodwill write-downs can no longer be written back in future years. When control of a previously acquired company is transferred, the gain or loss on the sale considers the corresponding residual value of the previously recorded goodwill.

vii. Property, plant and equipment

Property, plant and equipment are recorded at acquisition or production cost, gross of capital grants received (if received) and directly charged expenses and are not revalued.

Subsequently, tangible fixed assets are recorded at cost net of accumulated depreciation and any impairment losses. Any costs incurred after purchase are only capitalised if they increase the future financial benefits generated by using the asset.

The replacement costs of identifiable components of complex assets are allocated to assets on the statement of financial position and depreciated over their useful life. The residual value recorded for the component being replaced is allocated to the statement of profit or loss; other costs are charged to profit or loss when the expense is incurred.

Financial expenses incurred in respect of investments in assets that generally take a substantial period to be prepared for use or sale are capitalised and depreciated over the useful life of the asset class to which they belong. All other financial expenses are posted to the statement of profit or loss when incurred.

Ordinary maintenance and repair expenses are expensed in profit or loss in the period in which they are incurred.

If there are current obligations for dismantling or removing assets and cleaning up the related sites, the carrying amount of the assets includes the estimated costs (discounted to present value) to be incurred when the structures are abandoned, which are posted as an offsetting entry to a specific provision.

Depreciation is applied using the straight-line method, based on each asset's estimated useful life as established in accordance with the Company's plans for use of such assets, taking into account wear and tear and technological obsolescence and the likely estimated realisable value net of disposal costs.

When the tangible asset consists of several significant components with different useful lives, depreciation is applied to each component individually.

The amount to be depreciated is represented by the carrying amount less the estimated residual value at the end of its useful life if this value is significant and can reasonably be determined.

Land, even if acquired in conjunction with a building, is not depreciated, nor are held-for-sale tangible assets, which are reported at the lower of their carrying amount and fair value less cost to sell. Barrels are depreciated based on the useful life, which can vary depending on the maturing work in progress for the liquid. For lease-hold-improvements, the depreciation period is the shorter between the asset's economic life and the contract duration of the underlying lease agreement.

THE DEPRECIATION RATE RANGES ARE AS FOLLOWS:

The depreciation rate ranges are as follows: business related properties and light construction:	3%-10%
plant and machinery:	10%
furniture, office and electronic equipment:	10%-20%
vehicles:	20%-25%
miscellaneous equipment:	20%-30%

Depreciation ceases on the date the asset is classified as held for sale or on which the asset is derecognised for accounting purposes, whichever occurs first.

A tangible asset is derecognised from the statement of financial position at the time of sale or when there are no future economic benefits associated with its use or disposal.

Any profits or losses are included in the statement of profit or loss in the year of this derecognition.

viii. Grants

The Company recognises unconditional public grants, including those relating to biological assets, in the statement of profit or loss for the period when the Company has complied with all the underlying conditions to be entitled to receive the grant. Grants made to compensate the Company for certain expenses incurred in the operation of business, are recognised in the statement of profit or loss when the expenses are incurred.

Capital grants are recorded when there is a reasonable certainty that all the requirements necessary for access to such grants have been met and that the grant will be disbursed. This generally occurs when the decree acknowledging the grant is issued. Capital grants that relate to tangible fixed assets are recorded as deferred income and credited to the statement of profit or loss over the whole period corresponding to the useful life of the asset in question.

ix. Impairment

Intangible assets with an indefinite useful life and goodwill are subjected to impairment tests every year, or more frequently if there is any indication that the asset may be impaired. With reference to intangible with finite useful life and tangible assets, the Company ascertains whether there are indicators of potential impairment at least once a year. If the Company finds that such indications exist, it estimates the recoverable value of the relevant asset.

The ability to recover the assets is ascertained by comparing the carrying amount to the related recoverable value, which is represented by the higher of the fair value less cost of disposal and the value in use.

In the absence of a binding sale agreement, the fair value is estimated based on recent transaction values in an active market or based on the best information available to determine the amount that could be obtained from selling the asset.

The value in use is determined by discounting expected

cash flows resulting from the use of the asset, and if significant and reasonably determinable, the cash flows resulting from its sale at the end of its useful life. Cash flows are determined based on reasonable, documentable assumptions representing the best estimate of the future economic conditions that will occur during the asset's remaining useful life, with greater weight given to external information. Growth rate assumptions are applied to the years beyond the business plan horizon. The discount rate applied takes into account the implicit risk of the business segment.
When it is not possible to determine the recoverable value of an individual asset, the Company estimates the recoverable value of the unit generating the financial flows to which the asset belongs.
Impairment loss is recorded if the recoverable value of an asset is lower than its carrying amount by posting the related cost in the statement of profit or loss.
In the event that in subsequent periods, circumstances arise in support of an impaired asset other than goodwill, has recovered the lost value, the carrying amount of the asset or the related cash-generating unit is increased to reflect the new estimate of recoverable value, which may not exceed the value that would have been calculated if no impairment had been recorded. The recovery of impairment is posted in the statement of profit or loss.

x. Investment property

Property and buildings held to generate rental income (investment property) are valued at cost less accumulated depreciation and impairment losses. The depreciation rate for buildings is that used for the relevant fixed asset category. Investment property is derecognised from the statement of financial position when sold or when it becomes permanently unusable, and no future economic benefits are expected from its disposal.

xi. Leases

The Company has various agreements in place for the use of offices, vehicles, machinery, shops and other minor assets belonging to third parties. Lease agreements are generally entered into for a term of 3-10 years but may contain options to extend them. The terms of a lease are negotiated individually and have a wide range of different terms and conditions. Such agreements do not include covenants, but the leased assets may be used to guarantee the liability arising from contractual commitments.

Rights of use are valued at cost, net of accumulated amortisation and impairment losses, and adjusted after each remeasurement of the lease liabilities. The value assigned to the rights of use corresponds to the amount of the lease liabilities recognised plus initial direct costs incurred, lease payments settled on the start date of the agreement or previously, and restoration costs, net of any lease incentives received. Restoration costs, which may be recognised in rare cases, usually relate to offices, for which there could be a contractual requirement to restore them to their original state at the end of the lease agreement. The Company estimates the fair value of the restoration obligation based on the agreement with the lessor or by using expert valuations by third parties. The value of the liability, discounted to present value, as determined above, increases the right of use of the underlying asset, and a dedicated provision is created as offset. Unless the Company is reasonably certain that it will obtain ownership of the leased asset at the end of the lease term, the rights of use are amortised on a straight-line basis over its estimated useful life or the term of the agreement, whichever is the shorter.
The financial liability for leases is recognised on the start date of the agreement at a total value equal to the present value of the lease payments to be made during the term of the agreement, discounted to present value using incremental borrowing rates ('IBR') when the implicit interest rate in the lease agreement cannot easily be determined (explicit interest rates in lease agreements are rare). The incremental borrowing rates used to evaluate leasing contracts are determined by the Company and are revised on a recurring basis; they are applied to all agreements with similar characteristics, which are treated as a single portfolio of agreements. The rates are determined using the average effective debt rate of the subsidiary, appropriately adjusted as required by the accounting rules, to simulate a theoretical interest rate consistent with the agreements being valued. The most important elements considered in adjusting the rate are the credit-risk spread of each country observable on the market and the varying durations of the lease agreements.
After the start date, the amount recorded for the liabilities relating to lease contracts increases to reflect the accrual of interest and reduces to reflect the payments made. Each lease payment is divided into a repayment of the capital portion of the liability and a financial cost. The financial cost is charged to the statement of profit or loss over the term of the agreement to reflect a constant interest rate on the remaining debt portion of the liability for each period.

If there are sublease agreements or agreements to modify the lease agreement, the rules required by IFRS 16-'Leases', are applied.

The term of the lease is calculated taking into account the non-cancellable period of the lease together with the periods covered by an option to extend the agreement if it is reasonably certain that it will be exercised or any period covered by an option to terminate the lease contract if it is reasonably certain it will not be exercised. The Company assesses whether it is reasonably certain that it will exercise the options to extend or will terminate the agreements taking into account all the relevant factors that create a financial incentive for such decisions.

Lease incentives received at the latest by the start date of the agreement are deducted directly from the value of the right of use; the corresponding value reflects the money already received net of the credit amount to be collected. Lease incentives agreed during the term of the agreement are considered to be amendments to the original agreement, measured at the date of the amendment, with a resulting impact of the same value on both the right of use and the liability relating to leases.

The management is required to make estimates and assumptions that might influence the valuation of the right of use and the financial liability for leases, including determination of:

- whether arrangements is or contains a lease by applying the lease definition;
- terms of the agreement;
- interest rate used for discounting future lease payments to the current value.

The agreements are either included or excluded from applying the standard based on detailed analysis conducted out for each agreement and in line with the rules laid down by IFRS standards. Variable lease payments which are not linked to an index or rate continue to be charged to the statement of profit or loss as costs for the period.

xii. Financial instruments

Financial instruments held by the Company are categorised as follows.

FINANCIAL ASSETS

Financial assets include investments, short-term securities and financial receivables, which in turn include the positive fair value of financial derivatives, trade and other receivables and cash and cash equivalents.
Specifically, cash and cash equivalents include cash, bank deposits and highly liquid securities that are readily convertible into cash and are subject to an insignificant risk of a change in value. Deposits and securities included in this category mature in less than three months based on the conditions existing on the date of the acquisition of the asset. Current securities include short-term securities or marketable securities that represent a temporary investment of cash and do not meet the requirements for classification as cash and cash equivalents.

Financial assets are classified and measured based on of a business model developed by the Company. The business model has been defined at a level that reflects how groups of financial assets are managed to achieve a particular business objective. The model's measurement process requires an assessment based in part on quantitative and qualitative factors relating to, for example, the way in which the performance of the financial assets in question is communicated to management with strategic responsibilities and how the risks connected with these financial assets are managed.

The Company measures a financial asset at amortised cost if it meets both of the following conditions:

- it is held under a business model whose objective is to hold assets to collect contractual cash flows; and,
- its contractual terms and conditions are such that the cash flows generated by the asset are attributable exclusively to payments of principal and the related interest.

Financial assets measured at amortised cost are measured at fair value at the time of initial recognition; subsequent measurements reflect the repayments made, the effects of applying the effective interest method and any write-downs. Any gain or loss made on derecognition is recognised in profit or loss, together with foreign exchange gains and losses.
Financial assets also include investments in companies that are not held for trading. These assets are strategic investments, and the Company has decided to recognise changes in the related fair values through profit or loss (FVTPL).
Financial assets represented by debt securities are classified and valued in the statement of financial position based on the business model adopted to manage these financial assets, and based on the financial flows associa-

ted with each financial asset. They are measured at fair value through other comprehensive income (FVOCI) if all the conditions required by IFRS 9 are respected.

IMPAIRMENT OF A FINANCIAL ASSET
Financial assets are tested for recoverability by applying an impairment model based on the expected credit loss (ECL). Regarding trade receivables, the Company applies the simplified method for trade receivables, which considers the probabilities of defaults over the financial instrument's life (lifetime expected credit losses). In making impairment assessments, the Company considers its historical credit loss experience, adjusted for forward-looking factors specific to the nature of the Company's receivables and economic environment. If any such evidence exists, an impairment loss is recognised under selling, general and administrative expenses. More specifically, non-performing receivables are analytically analysed based on the debtor's creditworthiness and ability to pay the sums due, as well as the degree of effective coverage provided by any collateral and personal guarantees in existence.
The Group has defined a matrix-based approach for the Company for estimating impairment losses, given its current situation. A financial asset is considered to be impaired when internal or external information indicates that it is unlikely that the Company will receive the full contractual amount.
Lastly, with regard to other financial assets measured at amortised cost, and, more specifically, cash and cash equivalents, the impact in terms of expected loss is not considered material and for this reason no adjustment is made to the book values.

FINANCIAL LIABILITIES
Financial liabilities include financial payables, which, in turn, include the negative fair value of financial derivatives, trade payables and other payables.
Financial liabilities are classified and measured at amortised cost, except for financial liabilities that are initially measured at fair value, for example, financial liabilities relating to earn-out linked to derivative instruments and financial liabilities for put options.

DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (i) the Company has transferred substantially all the risks and rewards of the asset, or (ii) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

FINANCIAL DERIVATIVES AND HEDGING TRANSACTIONS
Financial derivatives embedded in contracts where the primary element is a financial asset that falls within the scope of IFRS 9 are not treated separately. The hybrid instrument is instead examined as a whole for classification in the statement of financial position and subsequent measurement.
Financial derivatives are used exclusively for hedging purposes to reduce exchange and interest-rate risk. Financial derivatives are only accounted for applying the methods established for hedge accounting (fair value hedge or cash flow hedge) if the hedging relationship has been designated at the start of the hedging period. It is assumed that the hedge is highly effective: it must be possible for this effectiveness to be reliably measured during the accounting periods for which it is designated. All financial derivatives are measured at fair value.
Where financial instruments meet the requirements for being reported using hedge accounting procedures, the following accounting treatment is applied:

- fair value hedge: if a financial derivative is designated as a hedge against exposure to changes in the fair value of an asset or liability attributable to a particular risk that could have an impact in the statement of profit or loss, the gains or losses resulting from subsequent measurements of the fair value of the hedging instrument are reported in the statement of profit or loss. The gain or loss on the hedged item that is attributable to the hedged risk is reported as a portion of the carrying amount of this item and as an offsetting entry in the statement of profit or loss;
- cash flow hedge: if a financial instrument is designated as a hedge of the exposure to fluctuations in the future cash flow of an asset or liability recorded in the financial statements, or of a transaction that is considered to be highly probable and that could have an impact on the statement of profit or loss, the effective portion of the gains or losses on the financial instrument is recognised in the statement of comprehensive income. Cumulative gains or losses are reversed from shareholders' equity and recorded in the statement of profit or loss in the same period the transaction being hedged has an impact on the statement of profit or loss. The gain or loss associated with a hedge or the portion of a hedge that has become ineffective is posted to the statement of profit or loss when the ineffectiveness is reported.

If a hedge instrument or hedge relationship is closed out, but the transaction being hedged has not been carried out, the cumulative gains and losses, which, until that time had been posted to shareholders' equity, are recognised in the income statement at the time when the related transaction is carried out.
If the transaction being hedged is no longer considered likely to take place, the pending unrealised profits or losses in shareholders' equity are recorded in the statement of profit or loss.
If hedge accounting cannot be applied, any gains or losses resulting from measuring the financial derivative at its present value are posted to the statement of profit or loss.
A highly probable intra-group transaction qualifies as a hedged item in a cash flow hedge of exchange-rate risk, provided that the transaction is denominated in a currency other than the functional currency of the company entering into the transaction and that the financial statements are exposed to exchange-rate risk.
In addition, if the hedge of a forecast intra-group transaction qualifies for hedge accounting, any gain or loss that is recognised directly in the statement of other comprehensive income must be reclassified in the statement of profit or loss in the same period in which the currency risk of the hedged transaction affects the statement of profit or loss.

FINANCIAL GUARANTEE CONTRACT LIABILITIES
The Company recognises financial guarantees as a financial liability in case the likelihood of these guarantees being called is assessed not remote and the Company is expected to be liable for any legal obligation in respect of these financial guarantee agreements. Financial guarantee contract liabilities are measured initially at their fair values. These liabilities are subsequently measured at the higher of the amount determined under IAS37 and the amount initially recognised (i.e. fair value) less where appropriate, cumulative amortisation of the initial amount recognised. They are represented as a long- or short-term financial liability depending on the time of the expected execution of the guarantees.
If the likelihood of these guarantees being called is assessed to be remote, these guarantees are treated like commitments with disclosures requirement only. It occurs when they are represented as other forms of security in favour of third parties, such as customs guarantees for excise duties and guarantees for granting credit lines.

xiii. Own shares
Own shares (both ordinary and special voting) are reported as a reduction in shareholders' equity.
The original cost of own shares and the economic effects of any subsequent sales are reported as movements in shareholders' equity.

xiv. Inventories
Inventories of raw materials and semi-finished and finished products are valued at the lower of purchase or production cost, determined using the weighted average method and realisable value.
Work in progress is recorded at the acquisition cost of the raw materials used including the actual production costs incurred up to the point of production reached.
Inventories of raw materials and semi-finished products that are no longer of use in the production cycle and inventories of unsaleable finished products are fully written down.

xv. Assets held for sale
Assets held for sale include assets (or disposal groups) whose carrying amount will be recovered primarily from their sale rather than their ongoing use, and whose sale is highly probable in the short term (within one year) and in the assets' current condition. Assets held for sale

are valued at the lower of their net carrying amount and their fair value less cost to sell and are not amortised.

xvi. Employee Benefits

POST-EMPLOYMENT BENEFITS

The Company provides post-employment benefits through defined contribution and/or defined benefit plans.

- *Defined benefit plans.*
  The Company's obligation and the annual cost reported in the statement of profit or loss are determined by independent actuaries using the projected unit credit method.
  The net cumulative value of actuarial gains and losses is recorded directly in the statement of comprehensive income and is not subsequently recognised in the statement of profit or loss.
  As the time for payment of the benefits draws nearer, the costs associated with an increase in the present value of the obligation are included under financial expenses. Service costs are posted to the statement of profit or loss. The liability recognised represents the present value of the defined benefit obligation, less the present value of plan assets, if applicable. If an amendment to the plan changes the benefits accruing from past service, the costs arising from past service are recognised in the statement of profit or loss when the plan change is made. The same treatment is applied if there is a plan change that reduces the number of employees or that amends the plan's terms and conditions (the treatment is the same regardless of whether the final result is a profit or a loss).

- *Defined contribution plans.*
  Since the Company fulfils its obligations by paying contributions to a separate entity (a fund), with no further obligations, the company records its contributions to the fund in respect of employees' service, without making any actuarial calculation.
  Where these contributions have already been paid at the reporting date, no liabilities are recorded in the financial statements.

COMPENSATION PLANS IN THE FORM OF STOCK OPTIONS

The Company pays additional benefits in the form of stock option plans to employees, directors and individuals who regularly carry out work for the Company.
Pursuant to IFRS 2-'Share-Based Payment', the total fair value of the stock options on the grant date is to be reported as a cost in the statement of profit or loss, with an increase in the respective shareholders' equity reserve, in the period beginning at the time of allocation and ending on the date on which the employees, directors and individuals who regularly carry out work for the Company become fully entitled to receive the stock options.
After the grant date, changes in the present value have no effect on the initial valuation. In contrast, in the event of changes to the terms and conditions of the plan, any additional costs are recorded for each change that determines an increase in the present value of the recognised option. The cost is recognised as a portion for each period in which the vesting conditions have been met. In the event of the forfeiture of an option, the cumulated cost recorded until that date is released to the statement of profit or loss. If an option is cancelled, it is treated as an acceleration of the vesting period and any outstanding charge is recognised immediately in the statement of profit or loss.
The fair value of stock options is represented by the value of the option calculated by applying the Black-Scholes model, which takes into account the terms and conditions for exercising the option, the current share price, the expected volatility and dividend, and the risk-free rate, as well as the non-vesting conditions. Volatility is estimated with the help of data supplied by a market information provider together with a leading bank and corresponds to the estimate of volatility recorded in the period covered by the plan.
The stock options are recorded at fair value with an offsetting entry in the stock option reserve.
The stock options values awarded to the Company's employees working in subsidiaries is recorded as increase in the investment value of the subsidiary since it is considered as a "contribution in kind" to the legal entity made directly by Davide Campari-Milano N.V. via the services provided by the beneficiary employee itself.

SHARE-BASED PAYMENTS IN THE FORM OF 'EMPLOYEES SHARE OWNERSHIP PLAN'

Employee Share Ownership Plan ('ESOP') is a share matching plans offering employees the opportunity to invest in the Company's shares for which free shares will be granted after a certain vesting period. The free shares granted represent an equity settled arrangement.
The accounting treatment for the ESOP plan follows the accounting treatment applied for benefits granted in the form of stock option plans. The fair value of the ESOP plan is represented by the value of the option calculated by applying the Black-Scholes model. This initiative will start having an impact on the Company's accounts from the first quarter of 2022.

Extra-Mile Bonus Plan ('EMB') awarded in 2021 represent a preparatory assignment to the launch of the ESOP programme with which it shares the main features. The fair value of EMB plan is represented by the awarded number of rights assigned calculated based on the annual base gross salary of eligible employees as at 31 December 2020, divided by twelve.

xvii. Provision for risks and charges and contingent assets

The provision for risks and charges are recognised when:

- there is a current legal or implicit obligation resulting from a past event;
- it is likely that the fulfilment of the obligation will require some form of payment;
- the amount of the obligation can be reliably estimated.

Provisions are recorded at a value representing the best estimate of the amount the Company would reasonably have to pay to discharge the obligation or transfer it to third parties on the reporting date.
Where the financial impact of the timing is significant, and the payment dates of the obligations can be reliably estimated, the accrual is discounted to present value. The change in the related provision over time is allocated to the statement of profit or loss under 'Financial income (expenses)'.
Provisions are periodically updated to reflect changes in estimates of cost, timescales and discount rates. Revisions to estimates of provisions are booked to the same statement of profit or loss item that contains the accrual or, if the liability relates to tangible assets (i.e. dismantling and restoration), these revisions are reported as an offsetting entry to the related asset. When the Company expects that third parties will repay all or part of the provisions, a receivable is recorded under assets only if it is virtually certain, and the accrual and related repayment are posted to the statement of profit or loss.
The Company discloses purely contingent assets and provides information where there are significant amounts that are highly likely to be realised. The Company records the relevant asset only when the original uncertainty relating to it no longer applies and it is virtually certain that the asset will be realised.

xviii. Restructuring provisions

The Company reports restructuring provisions only if there is a restructuring obligation deriving from a formal detailed restructuring programme that has led to a reasonable expectation by interested parties that the restructuring will be carried out with an outflow of resources whose amount can be reliably estimated, either because the process has already started or because the main features of the restructuring programme have already been communicated.

xix. Revenues from sales and services

The Company's revenues mainly include sales of spirits on the market. Revenues are recognised when the customer gains control of the goods. Transfer of control is determined using a five-step analytical model that is applied to all revenues from contracts with customers. This occurs when the goods are delivered to the customer, who has complete discretion over the sales channel and price of the products themselves and there is no unfulfilled obligation that could affect acceptance by the customer. Delivery takes place when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and the customer has accepted the products in accordance with the sales contract, the terms and conditions of acceptance have expired, or the Company has objective evidence that all criteria for acceptance have been met.
Revenues are recognised at the price stated in the contract, net of any estimates of deferred discounts or incentives granted to the customer in line with industry practice, for example:

- volume/value discounts based on cumulative sales above a threshold at the end of a given period;
- performance-based discounts (such as discounts, rebates, performance bonuses, logistical discounts) based on promotional activities carried out by the customer and agreed in advance;
- customer incentives, such as discount vouchers, free products, price protection, market development allowances and price reduction allowances (to compensate low sales);
- product placement allowances (such as contributions for placement and range).

Historical experience is used to estimate deferred discounts/incentives based on agreements with clients, and

revenues are recognised only to the extent that it is highly probable that there will be no need for subsequent significant adjustments.
No element of financing is deemed to be present as sales are made with only a brief delay before payment: contracts are not generally entered into where there is more than one year between the transfer of the goods and payment by the customer.
Discounts relating to specific payment terms that lower the Company entity's collection risk or reduce administrative costs, and/or improve liquidity (such as payments at the time of sale) are recognised as a reduction in revenue. A liability reducing the related trade receivable is recognised for deferred discounts due to customers in relation to sales made up to the end of the period. Such liabilities can then be offset against the amounts payable by the customer.
Receivables are recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before payment is due.
The Company incurs consumption taxes. Excise duty is a production tax payable by the manufacturer and becomes payable when the product is removed from captive warehouses and is not directly related to the sales value: the excise duty is consequently recognised as a cost for the Company. Excise duties are normally recovered through the sales although they are generally not shown as a separate item on external invoices. Excise duty increases are not always passed on to the customer and if a customer does not pay for the product received, the Company cannot request a refund of the excise duty. For excise duties passed on to customers, the Company considers itself an agent of the regulatory authorities. Consequently, the re-invoiced excise values are excluded from the presentation of net sales in the primary statements and are presented to offset the cost incurred by the Company.

xx. Recognition of costs and expensesin the statement of profit or loss

Costs are recognised in the statement of profit or loss when they relate to goods and services consumed during the period.
Personnel costs include stock option plans (in keeping with their largely remunerative nature) allocated to employees, directors and individuals who regularly carry out work for one or more Group companies. Personnel costs include as well the share-based payments connected with the 'Employees Share Ownership plan'.
Costs incurred in developing alternative products or processes or in conducting technological research and development, are considered to be current costs and recognised in profit or loss in the period in which they are incurred.

xxi. Financial income and expenses

Financial income and expenses (including exchange-rate differences) are mainly recognised in the statement of profit or loss in the year in which they are incurred; recognition in other components of the statement of other comprehensive income is governed by the rules of IFRS. Financial expenses that are not capitalised are recognised in the statement of profit or loss based on the effective interest method.

xxii. Taxation

Current income taxes are calculated on estimated taxable income, and the related payable is recorded under 'Tax payable'.
Current tax payables and receivables are recognised in the amount to be paid to/received from tax authorities by applying the tax rates and regulations in force or effectively approved on the reporting date. In preparing the above estimates, a detailed assessment was also given to uncertainties regarding the tax treatment of transactions carried out that could led to disputes with the tax authorities.
Current taxes relating to items posted directly to shareholders' equity are included in shareholders' equity.
Other non-income taxes, such as property and capital taxes, are included in operating expenses.
Deferred tax assets and liabilities are calculated on all temporary differences between the asset and liability values recorded in the financial statements and the corresponding values recognised for tax purposes using the liability method.
Deferred tax assets are recognised for all temporary deductible differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss or
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred tax liabilities are recognised for all temporary taxable differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, or
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are determined based on the tax rates projected to be applicable under the respective Italian laws in those periods when the temporary differences are generated or derecognised.
Current tax assets and liabilities are offset when the legal right of set-off exists, provided that realisation of the asset and settlement of the liability take place simultaneously.
The Company has also opted for the national tax consolidation procedure, governed by Article 117 et seq of the Italian Consolidated Law on Income Tax (TUIR). The decision to adopt this procedure is reflected in the accounting entries, showing receivables and payables arising as a result of the tax consolidation procedure towards the controlling shareholder Lagfin S.C.A., Société en Commandite par Actions.

xxiii. Transactions in foreign currencies (not hedged with derivatives)

Revenues and costs related to foreign-currency transactions are reported at the exchange rate on the date the transaction is carried out.
Monetary assets and liabilities in foreign currencies are initially translated into Euro at the exchange rate in effect on the transaction date and subsequently converted into Euro at the exchange rate applying on the reporting date, with the difference in value being posted to the statement of profit or loss.
Non-monetary assets and liabilities arising from the payment/collection of a foreign currency advance are initially recognised at the exchange rate in effect on the transaction date. They are not subsequently modified to take account of any change in the exchange rate in effect on the reporting date.

4
CHANGES IN ACCOUNTING STANDARDS

i. Summary of the new accounting standards adopted by the Company from 1 January 2021

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 on 'Interest Rate Benchmark Reform' phase 2 (issued on 27 August 2020). The amendments support companies in applying IFRS standards when i) changes are made to contractual cash flows or hedging relationships because of the reform; and ii) assist companies in providing useful information to users of financial statements. The amendment was considered in the preparation of this Company only financial statements with no significant impact to be reported.

Amendments to IFRS 4-'Insurance Contracts' on the deferral of IFRS-9 (issued on 25 June 2020). The amendment further extended the temporary exemption from IFRS 9, according to IFRS 4, until 1 January 2023, in order to align with the effective date of IFRS 17-'Insurance Contracts'. The amendment had no direct impact on the Company only financial statements.

Amendments to IFRS 16-'Leases' Covid-19-Related Rent Concessions beyond 30 June 2021 (issued on 31 March 2021). The IFRS 16 was amended to extend the availability of the practical expedient, allowed in 2020, by one year. Specifically, the practical expedient in the 2021 amendment applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment, applicable to annual reporting periods beginning on or after 1 January 2021, was considered in the preparation of this Company only financial statements with no impact to be reported.

ii. Accounting standards, amendments and interpretations that have been endorsed but are not yet applicable/have not been adopted in advance by the Company

The Company is still assessing the impact of these amendments on its financial position or operating results, when applicable.

Amendments to IAS 16-'Property, Plant and Equipment' on Proceeds before Intended Use (issued on 14 May 2020).
The amendments prohibit a company from deducting, from the cost of an item of property, plant and equipment, amounts received from selling items produced while bringing that asset to the location and into the condition necessary for it to be capable of operating in the manner intended by management. Instead, the Company must recognise the proceeds from selling such items and the cost of producing them, in profit or loss. The first application is scheduled for 1 January 2022.

Amendments to IAS 37-'Provisions, Contingent Liabilities and Contingent Assets' on Onerous Contracts-Cost of Fulfilling a Contract (issued on 14 May 2020).
The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. They can either be the incremental costs of fulfilling that contract (examples would be direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The first application is scheduled for 1 January 2022.
Amendments to Annual improvements 2018-2020 (issued on 14 May 2020) include the following amendments to IFRS:

- IFRS 9-'Financial Instruments'. The amendment clarifies the fees that an entity may include when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.
- IAS 41-'Agriculture'. The amendment removes the requirement to exclude taxation cash flows when measuring the fair value of assets falling within the scope of IAS 41.
- IFRS 16-'Leases'. The amendment to illustrative example 13 in IFRS 16 removes the illustration of payments from the lessor relating to leasehold improvements to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were illustrated in that example.

The first application of these amendments is scheduled for 1 January 2022.

iii. Accounting standards, amendments and interpretations not yet endorsed

The Company is still assessing the impact of these amendments on its financial position or operating results, when applicable.

Amendment to IAS 1-'Presentation to Financial Statements' (issued on 23 January 2020).
The amendment specifies the requirements to classify liabilities as current or non-current by clarifying i) what is meant by a right to defer the settlement; ii) that if an entity has the right to roll over an obligation for at least twelve months after the end of the reporting period, it classifies the obligation as non current, even if it would otherwise be due within a shorter period; iii) that the classification is unaffected by the likelihood that an entity will exercise its deferral right; and iv) that the settlement refers to a transfer to the counterparty that results in the extinguishment of the liability. The first application is scheduled for 1 January 2023.

Amendments to IAS 8-'Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021).
The amendments introduce a new definition of 'accounting estimates', clarifying the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The first application is scheduled for 1 January 2023.

Amendments to IAS 1-'Presentation of Financial Statements' and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021). The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The first application is scheduled for 1 January 2023.

Amendments to IAS 12-'Income Taxes' Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 6 May 2021). The amendment requires an entity to recognise deferred tax on initial recognition of particular transactions to the extent that the transaction gives rise to equal amounts of deferred tax assets and liabilities. The proposed amendments would apply to transactions such as leases and decommissioning obligations for which an entity recognises both an asset and a liability.
The first application is scheduled for 1 January 2023.

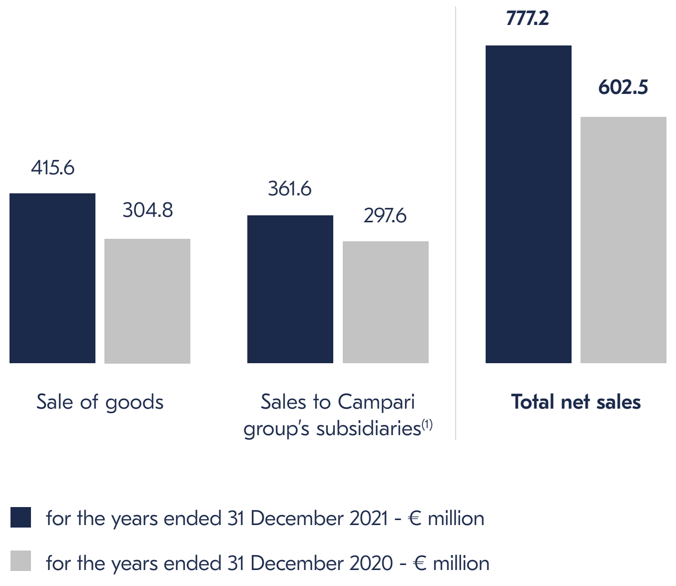
5

RESULTS FOR THE PERIOD

This section explains the results and performance for the period ended 31 December 2021. Breakdowns are provided for operating costs, other income and expenses, finance income and expenses and taxation. For taxation and share of profit (loss) of associate and joint ventures, balance sheet disclosures are also provided in this section.

i. Net sales

Net sales are broken down by nature, counterpart and market in the tables below.



	for the years ended 31 December	
	2021	2020
	€ million	€ million
Italy	437.4	320.2
Germany	91.7	78.5
United States	44.2	38.3
France	33.4	31.1
Russia	30.2	25.8
Austria	25.6	20.3
United Kingdom	20.9	19.7
Belgium	16.9	15.0
Switzerland	16.0	14.6
Australia	10.4	10.7
Other	50.6	28.4
Total net sales	**777.2**	**602.5**

(1) Please refer to note 10 vi-'Related parties' for further information about sales to Group companies.

	for the year ended 31 December 2021		
	€ million	percentage of Company sales	main region/markets for brands
global priority brands	**437.1**	**56.2%**	
APEROL		36.9%	Italy, SEMEA Germany, NCEE France, SEMEA
CAMPARI		16.3%	Italy, SEMEA US, AMERICAS Germany, NCEE
WILD TURKEY PORTFOLIO [1][2]		0.4%	Italy, SEMEA Ukraine, NCEE United Kingdom, NCEE
SKYY[1]		1.5%	Germany, NCEE Italy, SEMEA China, APAC
GRAND MARNIER		0.7%	Italy, SEMEA China, APAC Mexico, AMERICAS
JAMAICAN RUMS PORTFOLIO[3]		0.4%	Italy, SEMEA France, SEMEA Germany, NCEE
regional priority brands	**146.6**	**18.9%**	-
ESPOLÒN		0.6%	SEMEA
BULLDOG		0.5%	SEMEA
THE GLENGRANT		2.0%	SEMEA
ITALIAN BITTERS[4]		5.3%	SEMEA
CINZANO		5.2%	NCEE
OTHER[5]		5.1%	-
local priority brands[6]	**149.9**	**19.3%**	-
rest of the portfolio	**43.7**	**5.6%**	-
total	**777.2**	**100.0%**	-

(1) Excludes ready-to-drink.
(2) Includes American Honey.
(3) Includes Appleton Estate, Wray&Nephew Overproof and Kingston 62.
(4) Includes Braulio, Cynar, Averna and Frangelico.
(5) Includes Bisquit&Dubouché, Riccadonna, Mondoro, Trois Rivières, Maison La Mauny, Ancho Reyes, Montelobos and Lallier.
(6) In light of the positive trends recorded over the past periods, starting from 1 January 2021 Aperol Spritz ready-to-enjoy and X-Rated were moved from the rest of the portfolio category and reported as local priority brands.

In 2021, net sales totalled €777.2 million, showing an increase of 29.0% on the previous year. This item included sales of €437.4 million on the Italian market, of which €415.6 million directly managed by the Company, whereas €21.8 million managed by Group in-market companies. The overall sales to Group companies that primarily conduct their businesses in the international markets amounted to €361.6 million, increasing 21.5% on the previous year.

The Italian market, which is the core market for the Company, is predominantly on-premise skewed and mainly focused on the Company's aperitif portfolio. The overall 2021 result reflected strong business performance during the year, supported by a favorable comparison base and was mainly driven by the strong growth of both the aperitifs portfolio (Campari, Aperol) and the single-serve aperitif Campari Soda. Non-alcoholic single serve aperitif Crodino performed also well in 2021, although it has not yet fully recovered since pre-pandemic level. Aperol Spritz ready-to-enjoy was also very positive in the year. The overall performance was favored by overall increased frequency of consumption across channels and the 'revenge conviviality' in the on-premise venues over the year, combined with an extremely favorable summer season also in terms of weather. This trend was further strengthened by the restart of the tourist flow (both domestic and international), combined with a still relevant staycation effect.

ii. Cost of sales

A breakdown of the cost of sales is shown in the table below.

	for the years ended 31 December	
	2021	2020
	€ million	€ million
Materials and manufacturing costs	265.4	203.0
Distribution costs	37.5	25.1
Total cost of sales	**302.9**	**228.0**
Raw materials and finished goods acquired from third parties	221.7	167.1
Inventory write-downs	1.8	0.7
Personnel costs(1)	21.8	19.0
Depreciation/amortisation(1)	7.0	6.1
Utilities	3.8	3.1
External production and maintenance costs	10.5	8.6
Variable transport costs	29.2	18.5
Other costs	7.1	5.0
Total cost of sales	**302.9**	**228.0**

(1) For an analysis of personnel costs and depreciation and amortisation components by nature, please see also the breakdown of personnel costs in notes 5 vi-'Personnel costs' and 5 vii-'Depreciation and amortisation'.

The cost of sales, which amounted to €302.9 million in 2021, showed an increase of €74.9 million compared with the same figures in 2020. As a percentage of net sales, the cost of sales stood at 39.0% in 2021, which was slightly up on the 37.8% of the previous year.

The improved business performance has driven this increase during 2021 and the intensifying inflationary pressure detected on input costs that began to occur, especially with reference to logistics.

iii. Advertising and promotional costs

A breakdown of advertising and promotional costs is shown in the table below.

	for the years ended 31 December	
	2021	2020
	€ million	€ million
Advertising spaces	25.6	19.4
Merchandising and promotional costs	21.6	18.2
Media production	11.8	11.7
Sponsorships, testimonial, influencers and events	11.0	5.5
Research and innovation(1)	8.5	9.7
Trade allowance for promotional purposes	(5.3)	(1.1)
Depreciation/amortization(2)	-	0.1
Personnel costs(2)	0.4	0.3
Other advertising and promotional costs	0.9	0.7
Total advertising and promotional costs	**74.6**	**64.4**

(1) Research and innovation activities referred mainly to market research and packaging studies.
(2) For an analysis of personnel costs and depreciation and amortisation components by nature, please see also the breakdown of personnel costs in notes 5 vi-'Personnel costs' and 5 vii-'Depreciation and amortisation'.

iv. Public grants

For 2021, no operating grants for promotional spending on sparkling wines were recorded in the statement of profit or loss (€1.9 million in 2020).

v. Selling, general and administrative expenses and Other operating income (expenses)

A breakdown of selling, general and administrative expenses and Other operating income (expenses), is shown in the table below.

	for the years ended 31 December	
	2021	2020
	€ million	€ million
Agents and other variable sales costs	5.6	5.4
Depreciation/amortisation[1]	13.5	12.3
Personnel costs[1]	79.4	60.7
Travel, business trip, training and meetings	8.1	7.6
Utilities	0.6	0.6
Services, maintenance and insurance	55.2	42.0
Expenses for use of third-party assets	2.3	2.4
Other	(19.9)	3.8
Total selling, general and administrative expenses	**144.8**	**134.8**
Other operating expenses	(21.1)	(115.5)
Other operating income	6.0	1.3
Total other operating income and expenses	**15.1**	**114.2**
Breakdown of other operating (income) and expenses by nature[2]		
Last mile long-term incentive schemes with retention purposes[3]	*10.0*	*-*
Restructuring costs	*4.2*	*2.6*
Impairment loss on goodwill and brands	*-*	*15.5*
Impairment loss on investments	*-*	*77.1*
Finance transformation	*3.3*	*-*
Consultancies	*1.5*	*11.8*
Gain on sale of tangible assets	*(0.1)*	*-*
Impairment of tangible assets	*0.1*	*1.8*
Acquisition/M&A fees	*-*	*5.1*
Covid-19 donations	*-*	*1.4*
Cyber-attack expenses net of insurance refund	*(4.5)*	*-*
Other net expenses	*0.7*	*(1.1)*
Total other operating income and expenses	**15.1**	**114.2**

(1)For an analysis of personnel costs and depreciation and amortisation components by nature, please see also the breakdown of personnel costs in notes 5 vi-'Personnel costs' and 5 vii-'Depreciation and amortisation'.
(2) The breakdown showed the net impact of other income and expense items by nature.
(3) Pursuant to the Remuneration Policy, a last mile incentive scheme with retention purpose to be potentially awarded to the current CEO has been approved by the Company's corporate bodies and therefore implemented as illustrated in the Remuneration Report in the 'Governance' section.

In 2021, selling, general and administrative expenses and other operating income (expenses) came to €159.9 million (€249.0 million in 2020). The change in the 'Other' item is mainly attributable to transactions related to contracts with Group companies.

In 2021 the main components of other operating income and expenses were attributable to non-recurring last mile long-term incentive schemes with retention purposes to be potentially recognised to senior management for €10.0 million, to restructuring costs for €4.2 and the investments in the digital transformation processes for €3.3 million, partially mitigated by the insurance reimbursement related to the malware attack suffered in 2020 for a total income of €4.5 million.

The significant decrease of overall costs compared to last year was mainly due to the impairment loss recognised in 2020 on the The GlenGrant brand amounting to €15.5 million and on several investments in subsidiaries for an overall amount of €77.1 million, mainly due to the change in the macro-economic context occurred in 2020. The latter was mainly attributable to Campari do Brasil Ltd (key assumptions applied were weighted average discount rate of 8.8%, long term growth rate of 3.2% and expected cash flow based on a ten-year projection with a terminal value).

vi. Personnel costs

The breakdown of this item is as follows.

	for the years ended 31 December	
	2021	2020
	€ million	€ million
Salaries and wages	61.6	52.8
Social security contributions	22.4	19.0
Cost of defined contribution plans	5.2	4.9
Cost of defined benefit plans	0.1	0.0
Other costs relating to mid/long-term benefits	6.4	(1.8)
Cost of share-based payments	6.0	5.1
Non-recurring personnel costs	14.2	2.6
Total personnel costs	**115.8**	**82.6**
of which:		
Included in cost of sales	*21.8*	*19.0*
Included in selling, general and administrative expenses	*79.4*	*60.7*
Included in advertising and promotional expenses[1]	*0.4*	*0.3*
Included in other operating income (expenses)	*14.2*	*2.6*
Total	**115.8**	**82.6**

(1) Includes personnel costs relating to the management of brand houses.

Personnel costs equalled €115.8 million and recorded an increase of €33.2 million compared to the figures reported in the previous year. The total personnel costs included also costs associated with restructuring projects and non-recurring last mile long-term incentive schemes with retention purposes to be potentially recognised to senior management.[60]The change resulted from an easy comparison base since 2020 was affected by structural downsizing actions such as hiring freeze policies and reduction of employee bonuses aimed at containing costs due to the pandemic.

vii. Depreciation and amortisation

Depreciation and amortisation recognised in the statement of profit or loss by function, are shown below.

(60) Pursuant to the Remuneration Policy, a last mile incentive scheme with retention purpose to be potentially awarded to the current CEO has been approved by the Parent Company's corporate bodies and therefore implemented as illustrated in the Remuneration Report in the 'Governance' section.

	for the years ended 31 December	
	2021	2020
	€ million	€ million
• Property, plant and equipment	6.1	5.3
• Intangible assets	0.2	0.2
• Right of use assets	0.7	0.6
Depreciation and amortisation included in cost of sales	**7.0**	**6.1**
• Property, plant and equipment	2.7	2.6
• Intangible assets	9.7	8.8
• Right of use assets	1.1	0.9
Depreciation and amortisation included in selling, general and administrative expenses	**13.5**	**12.3**
• Right of use assets	-	0.1
Depreciation and amortisation included in advertising and promotional expenses	**-**	**0.1**
• Property, plant and equipment	8.8	8.0
• Intangible assets	9.8	8.9
• Right of use assets	1.9	1.6
Total depreciation and amortisation in the statement of profit or loss	**20.5**	**18.6**

viii. Financial income and expenses

The breakdown of net financial expenses for the period by destination is as follows.

	for the years ended 31 December	
	2021	2020
	€ million	€ million
Interest expenses	(23.2)	(30.4)
Bank expenses	(1.3)	(3.2)
Discounting from put option liabilities and change in estimate	(0.2)	(1.6)
Exchange loss net	-	(3.9)
Other expenses	(0.1)	(0.2)
Total financial expenses	**(24.9)**	**(39.3)**
Bank and term deposit interests	0.3	0.6
Liability management	-	1.4
Dividends from subsidiaries	14.9	62.2
Exchange gain net	2.8	-
Other income	1.3	2.1
Total financial income	**19.3**	**66.2**
Net financial income (expenses)	**(5.6)**	**26.8**

In 2021, net financial income (expenses) reported a total net cost of €5.6 million, compared to the previous year's net financial income of €26.8 million. This variance was attributable to the lower dividend income from Group companies that amounted to €14.9 million in 2021 and €62.2 million in 2020 and thus more than offset the decrease in interest expenses.

The breakdown of net financial expenses for the period by nature is as follows.

	for the years ended 31 December	
	2021	2020
	€ million	€ million
Interest expenses on bonds	(15.5)	(22.8)
Interest expenses on loans	(7.6)	(7.5)
Interest expenses on leases	(0.1)	(0.1)
Total interest expenses	**(23.2)**	**(30.4)**
Bank and term deposit interests	**0.3**	**0.6**
Bank expenses	(1.3)	(3.2)
Other net expenses	1.2	1.9
Total financial expenses	**(0.1)**	**(1.4)**
Total financial expenses before exchange gain (losses), one-offs and put option	**(23.0)**	**(31.2)**
Exchange rate differences	2.8	(3.9)
Total financial expenses before one-offs, hyperinflation and put option	**(20.3)**	**(35.1)**
Discounting from put option liabilities and change in estimate	(0.2)	(1.6)
Liability management	-	1.4
Dividends	14.9	62.2
Net financial income (expenses)	(5.6)	26.8

Focusing on the main components of the year 2021, interest expenses stood at €23.2 million compared to €30.4 million reported in 2020, with a decrease mainly attributable to the lower average coupon on long-term debt obtained thanks to accurate liability management transactions performed over the last years to benefit from favourable interest rates.

Financial income and expenses arising from bond emissions and the related hedging instruments are shown below.

	for the years ended 31 December	
	2021	2020
	€ million	€ million
Financial expenses to bondholders	(13.5)	(20.2)
Net changes in fair value and other amortised cost components	(0.8)	(1.3)
Cash flow hedge reserve reported in the statement of profit or loss during the year	(1.2)	(1.4)
Net interest expenses on bonds	**(15.5)**	**(22.8)**

ix. Leases components

The amounts recognised in the statement of profit or loss are reflected in the table below.

	for the years ended 31 December 2021	for the years ended 31 December 2020
	€ million	€ million
Interest of lease	0.1	0.1
Depreciation and amortisation on right-of-use underlying assets	1.9	1.6
Variable lease payment not included in measurement of lease liability	2.0	1.8
Expense related to leases with low value	0.9	0.7
Other	0.7	0.8
Total lease components in the statement of profit or loss	**5.6**	**5.1**

The variable leases included in the statement of profit or loss mainly referred to information technology equipment and warehouses for storing products.

x. Share of profit (loss) of associates and joint ventures

The change in the interest value of associated and joint ventures is shown in the table below.

€ million	Investment in associates and joint venture
at 31 December 2020	**24.7**
Share of profit (loss)	(2.2)
Merger	0.2
Increase in interests	30.6
Decrease in interests	(28.0)
Other movements	0.4
at 31 December 2021	**25.7**

During the year, the Group has carried out several initiatives:

- the setup of the 50/50 joint venture agreement with Moët Hennessy to create a premium pan-European Wines&Spirits e-commerce player through the company Dioniso S.r.l.. As part of this partnership, Campari contributed its stake in Tannico, the leading e-commerce platform for wines and premium spirits in Italy and France;
- the merger of Di.Ci.E. Holding B.V. into Davide Campari-Milano N.V., which led to an increase of €0.2 million in interests in associates.

For the year ended 2021, the Company recorded a loss of overall €2.2 million, applying the equity method for all its associates and joint venture interests (€0.7 million in 2020).
Please refer to paragraph 6 iv.- 'Investments in subsidiaries, associates and joint ventures' for more information.

xi. Taxation

Taxes are calculated based on the applicable regulations at the rates in force, which, in 2021, were 24.0% for IRES (corporate income tax) and 5.57% for IRAP (regional production tax).

A breakdown of the current and deferred taxes included in the Company's statement of profit or loss and statement of other comprehensive income is as follows.

	for the years ended 31 December 2021	for the years ended 31 December 2020
	€ million	€ million
• current taxes for the year and previous years	(66.9)	(34.8)
• deferred tax expenses of the year	1.9	31.0
Taxes recorded in the statement of profit or loss	**(65.0)**	**(3.9)**
Taxes recorded in the statement of comprehensive income	**(1.4)**	**(1.0)**

	for the years ended 31 December 2021	for the years ended 31 December 2020
	€ million	€ million
Deferred tax liabilities	(11.9)	(12.4)
Net deferred tax	**(11.9)**	**(12.4)**

Taxation in 2021 amounted to €65.0 million compared to €3.9 million reported in 2020. The discrepancy in the reported net tax burden was guided by the resumed business performance and the significant decrease of the overall tax components reported in 2020 pursuant to the Italian tax Law Decree no. 104/2020 which resulted in a one-off benefit of €29.9 million on the 2020 tax items relating to the remeasurement of deferred taxation on brand and goodwill fiscal values stepped-up to their corresponding book values, net of the 3% substitutive tax to be paid in order to access the fiscal benefit.

The effect of the law mentioned above, which allows the deduction of higher amortisation for fiscal purposes, has not impacted the representation of the 2021 taxation as reported above, since the tax benefit deriving from lower current taxation is offset by a corresponding deferred tax burden. In addition, the cash tax saving of the year 2021 was neutralized by the payment of the relevant instalment of substitute tax due in the first year as a requisite to access the tax incentives, equal to €5.1 million. Finally, the beforementioned Italian tax law, was revised on 30 December 2021 pursuant to Law no. 234 (Budget Law) published in the Official Gazette on 31 December 2021. Following the introduction of the Budget Law, the terms of the amortisation period of goodwill and brands for tax purposes was extended from the original 18 years to 50 years, with a consequent dilution over time of the expected tax benefits: the figures reported in the 2021 accounts reflected the new rules.

Reconciliation of tax charges

The following table shows a reconciliation of the theoretical tax charge against the Company's actual tax charge.

The theoretical rate used is the rate in force during the year in question, based on the legal provisions, considering the rates for both IRES (corporate income tax) and IRAP (regional production tax) taxes, which have different tax bases.

Tax base differences are included under permanent differences.

	for the years ended 31 December	
	2021	2020
	€ million	€ million
Profit before taxation	**231.9**	**87.2**
Applicable tax rate	29.57%	29.57%
Theoretical taxes at current tax rate	**68.6**	**25.8**
Tax incentives	-	(29.9)
Permanent differences	(5.9)	4.2
Taxes relating to previous financial years	1.5	1.4
Item with different theorical tax rate	0.7	2.3
Other differences	0.1	-
Actual tax liability in the statement of profit or loss	**65.0**	**3.9**
Actual tax rate	**28.0%**	**4.4%**

Profit before taxation represents the basis on which tax is calculated, in accordance with current tax regulations.

The reported tax rate in the 2021 period was 28.0%, compared to a reported tax rate of 4.4% in 2020. The discrepancy in the reported tax rate was mainly guided by the significant decrease of the positive and non-recurring tax adjustments reported in 2020 equal to €29.9 resulting from the deferred tax remeasurement pursuant to the Italian tax Law Decree no. 104/2020. The tax reconciliation items also included the effect of permanent differences due to the tax effect of dividends received from subsidiaries and the allowance for corporate equity.

Breakdown of deferred taxes by type

Details of deferred tax income/assets and expenses/liabilities posted to the statement of profit or loss and statement of financial position are broken down by type below.

	statement of financial position at 31 December		statement of profit or loss for the years ended 31 December		other comprehensive income statements for the years ended 31 December	
	2021	2020	2021	2020	2021	2020
	€ million	€ million	€ million	€ million	€ million	€ million
Deferred expenses	3.8	0.2	3.6	(0.3)	-	-
Taxed funds	1.5	1.3	0.2	(0.2)	-	-
Other	6.6	8.1	(0.1)	1.3	(1.4)	(1.0)
Reclassified in reduction of deferred tax liabilities	(11.9)	(9.6)	-	-	-	-
Deferred tax assets	**-**	**-**	**3.7**	**0.8**	**(1.4)**	**(1.0)**
Goodwill and trademarks deducted locally	(18.4)	(17.9)	(0.5)	15.6	-	-
Goodwill and trademarks non deducted locally	-	-	-	14.8	-	-
Cash flow hedging	-	-	-	-	-	-
Unrealized forex exchange profit	(2.5)	(1.3)	(1.2)	(0.2)	-	-
Other	(2.9)	(2.9)	(0.1)	(0.1)	-	-
Reclassification of deferred tax assets	11.9	9.6	-	-	-	-
Deferred tax liabilities	**(11.9)**	**(12.4)**	**(1.8)**	**30.2**	**-**	**-**
Total	**(11.9)**	**(12.4)**	**1.9**	**30.9**	**(1.4)**	**(0.9)**

Deferred tax assets arise from temporary differences and mainly relate to costs that are deductible based on certain tax measures, to the creation of taxed provisions (such as the provision for inventory impairment, provisions for risks, provision for expected future losses on receivables), to directors' remuneration and, lastly, to unrealised exchange-rate losses.
Temporary differences that entailed the reporting of deferred tax liabilities related mainly to the amortisation of goodwill and brands, the deferral of gains made in previous years and, lastly, unrealised exchange-rate gains.

The amounts credited and debited under this item are recognised in the statement of profit or loss for the period or under other comprehensive income or expense if the temporary difference is also recorded under other comprehensive income or expense.
The breakdown of income tax payables is as follows.

	for the years ended 31 December	
	2021	2020
	€ million	€ million
Taxes payable	5.2	1.0
Payable to controlling shareholder for tax consolidation(1)	32.6	8.6
Total income tax payables	**37.8**	**9.6**

(1) Please refer to paragraph 10 vi-'Related parties' for more information.

Income tax receivables and payables are all due within 12 months. The corporate income tax payable is shown net of advance payments and taxes deducted at source. At 31 December 2021, the Company's tax payables came to €37.8 million due to higher taxable income for IRES and IRAP purposes than the previous year, which arose mainly from the different business results.
There were no income tax receivables at 31 December 2021.

6

OPERATING ASSETS AND LIABILITIES

This section describes the assets used to generate the Company performance and the liabilities.

i. Property, plant and equipment

Changes in this item in 2021 and 2020 are shown in the tables below.

	land and buildings	plant and machinery	other	total
	€ million	€ million	€ million	€ million
Carrying amount at the beginning of the period	120.5	140.3	24.2	285.0
Accumulated depreciation at the beginning of the period	(53.7)	(109.6)	(19.0)	(182.4)
at 31 December 2020	**66.8**	**30.7**	**5.1**	**102.7**
Additions	2.5	9.0	2.3	13.8
Disposals	(0.4)	(0.3)	-	(0.7)
Depreciation	(3.2)	(4.7)	(0.9)	(8.8)
Impairment	(0.1)	-	-	(0.1)
Other movements	(0.1)	-	-	(0.1)
at 31 December 2021	**65.6**	**34.9**	**6.3**	**106.7**
Carrying amount at the end of the period	122.5	144.7	26.1	293.4
Accumulated depreciation at the end of the period	(57.0)	(109.8)	(19.9)	(186.6)

	land and buildings	plant and machinery	other	total
	€ million	€ million	€ million	€ million
Carrying amount at the beginning of the period	119.0	126.8	23.3	269.1
Accumulated depreciation at the beginning of the period	(50.4)	(106.3)	(18.2)	(174.9)
at 31 December 2019	**68.7**	**20.5**	**5.1**	**94.3**
Additions	1.0	14.0	1.0	16.0
Depreciation	(3.3)	(3.8)	(0.9)	(8.0)
Reclassifications	0.5	-	(0.1)	0.4
at 31 December 2020	**66.8**	**30.7**	**5.1**	**102.7**
Carrying amount at the end of the period	120.5	140.3	24.2	285.0
Accumulated depreciation at the end of the period	(53.7)	(109.6)	(19.0)	(182.4)

LAND AND BUILDINGS

This item included the land occupied by the Novi Ligure facility, the buildings essential for carrying out the business, i.e. the building that accommodates the Company's headquarters, and the Canale, Alghero and Caltanissetta production units. This item also includes the water system, plumbing works and electricity units.

PLANT AND MACHINERY

The item included plants, machinery and tanks for the production units and the facilities attached to the Company's headquarters.

Increases during the year, totalling €9.0 million, were related mainly to efficiency improvements and capacity expansion at some production facilities.

OTHER

This item included various devices, including laboratory equipment and other assets, such as furniture, electronic machines, cars and goods vehicles.

ii. Right of use assets

Assets underlying the right of use recognised in the statement of financial position and their related changes that occurred in 2021 and 2020 are shown in the following tables.

	land and buildings	plant and machinery	other	total
	€ million	€ million	€ million	€ million
at 31 December 2020	**0.1**	**3.2**	**1.2**	**4.4**
Additions	-	0.1	2.1	2.2
Depreciation	-	(0.7)	(1.1)	(1.9)
at 31 December 2021	**0.1**	**2.6**	**2.1**	**4.8**
Carrying amount at the end of the period	0.1	5.1	6.1	11.3
Accumulated amortization at the end of the period	-	(2.6)	(3.9)	(6.5)

	land and buildings	plant and machinery	other	total
	€ million	€ million	€ million	€ million
at 31 December 2019	**0.1**	**2.6**	**2.1**	**4.8**
Additions	-	1.3	-	1.3
Depreciation	-	(0.7)	(0.9)	(1.6)
at 31 December 2020	**0.1**	**3.2**	**1.2**	**4.4**
Carrying amount at the end of the period	0.1	4.5	3.5	8.1
Accumulated amortization at the end of the period	-	(1.3)	(2.3)	(3.7)

iii. Intangible assets

• *Goodwill and Brands*

At 31 December 2021, goodwill and brands came to €355.3 million and €258.6 million, respectively.

Changes in goodwill and brands during 2021 and 2020 are shown in the tables below.

	goodwill	brands	total
	€ million	€ million	€ million
at 31 December 2020	**355.3**	**223.8**	**579.1**
Additions		35.0	35.0
Amortization	-	(0.2)	(0.2)
at 31 December 2021	**355.3**	**258.6**	**613.9**

	goodwill	brands	total
	€ million	€ million	€ million
at 31 December 2019	**355.3**	**239.4**	**594.7**
Amortization	-	(0.2)	(0.2)
Impairment loss	-	(15.5)	(15.5)
at 31 December 2020	**355.3**	**223.8**	**579.1**

The breakdown of the brands is as follows.

	for the years ended 31 December	
	2021	2020
	€ million	€ million
Brands with indefinite useful life		
The GlenGrant and Old Smuggler	88.8	88.8
Averna and Braulio	65.5	65.5
Frangelico	54.0	54.0
Bulldog	35.0	-
Riccadonna-Mondoro, of which:	12.3	12.3
Riccadonna	*11.3*	*11.3*
Mondoro	*1.0*	*1.0*
Cynar	1.6	1.6
Cinzano	0.8	0.8
Total brands with indefinite useful life	**258.0**	**223.0**
Brands with definite useful life		
X-Rated	0.6	0.8
at 31 December 2021	**258.6**	**223.8**

Goodwill and brands with an indefinite life are not amortised but are instead subject to impairment tests which are carried out annually or more frequently, if events or changes in circumstances indicate a possible loss.
Brands with a finite life include the X-Rated brands. In 2015, its useful life was reviewed and determined as a total of ten years from 2016.

In 2021, the Company acquired the Bulldog brand from Glen Grant Ltd. for €35.0 million.

• *Intangible assets with a finite life*
Changes in this item that occurred in 2021 and 2021 are shown in the tables below.

	software	other	total
	€ million	€ million	€ million
Carrying amount at the beginning of the period	63.0	11.2	74.2
Accumulated amortization at the beginning of the period	(41.9)	(7.1)	(49.1)
at 31 December 2020	**21.0**	**4.1**	**25.1**
Additions	20.8	-	20.8
Disposal	(4.2)	-	(4.2)
Amortisation	(9.0)	(0.7)	(9.7)
at 31 December 2021	**28.8**	**3.4**	**32.1**
Carrying amount at the end of the period	79.7	11.2	90.9
Accumulated amortization at the end of the period	(50.9)	(7.9)	(58.8)

	software	other	total
	€ million	€ million	€ million
Carrying amount at the beginning of the period	57.1	11.2	68.3
Accumulated amortization at the beginning of the period	(33.9)	(6.4)	(40.3)
at 31 December 2019	**23.2**	**4.8**	**28.0**
Additions	6.2	-	6.2
Disposal	(0.3)	-	(0.3)
Amortisation	(8.1)	(0.7)	(8.8)
Reclassification	0.1	-	0.1
at 31 December 2020	**21.0**	**4.1**	**25.1**
Carrying amount at the end of the period	63.0	11.2	74.2
Accumulated amortization at the end of the period	(41.9)	(7.1)	(49.1)

Intangible assets with a finite life are amortised according to their remaining useful life.

Net investment in information technology, totalling €20.8 million, primarily related to the enhancement of the Company's IT infrastructure through digital transformation aiming to boost agility, ability and speed in strategic business decision making and to drive superior performances throughout the organization.

• *Impairment test on goodwill and brands*
With reference to the impairment tests on the intangible assets of Davide Campari-Milano N.V., aggregate goodwill was measured using the fair value criterion less the cost of sales. This methodology applies parameters associated with the valuation assigned to comparable businesses acquired, in an active market, in terms of type of business acquired and transaction structure. These are implicit parameters or multiples derived from the ratio between the acquisition price and specific economic and financial values relating to those companies. The fair value method was used to determine the recoverable amount of goodwill, using the EV/EBITDA (enterprise value/earnings before interest, taxes, depreciation, and amortisation) multiple, associated with a sample of transactions comparable to the acquisition. The use of this multiple is considered particularly effective as it avoids distortions caused by different tax regulations and financial structures; it is less sensitive to distortions caused by variations in extraordinary profit and facilitates comparison at international level.

In 2021 the impairment test confirmed the full recoverability of the goodwill booked in DCM N.V. with sufficient headroom to exclude impairment losses that may arise from meaningful business downside risks. Moreover, a sensitivity analysis of the recoverable amount determined based on the fair value, was performed conservatively assuming a reduction of 20% to the metrics to which the multiple is applied.

The sensitivity analyses described above confirmed the full recoverability of the value recorded for the goodwill.

It should be noted that the trademark values booked in the separate financial statements of DCM N.V. have already been tested within the impairment test of trademark values at the Group level.

The impairment test of the Company's goodwill at 31 December 2021 confirmed the value of €355.3 million shown in the previous note.

In addition, the Company tests the recoverability of the value of brands with an indefinite life using the methodology described in note 7 -'Impairment test on goodwill and brands' of Campari Group consolidated financial statements at 31 December 2021, to which full reference is made. As of 31 December 2021, the overall value of brands owned by Davide Campari-Milano N.V. amounted to €258.6 million.

iv. Investments in subsidiaries, associates and joint ventures

The following table reflects the changes relating to investments in subsidiaries and associates and joint ventures.

€ million	at 31 December 2020	contribution in kind(1)	increases	decreases	values from merger(2)	contribution in kind from merger(1)	at 31 December 2021
Campari America LLC	506.1	1.9	-	-	-	-	508.0
Campari Benelux S.A.	81.0	0.1	-	(72.6)	-	-	8.5
Campari do Brasil Ltda	72.1	0.1	-	-	-	-	72.2
Campari España S.L.	329.4	0.7	-	-	145.0	0.7	475.7
Campari International S.r.l.	1.3	0.2	-	-	-	-	1.5
DI.CI.E. Holding B.V.	44.2	-	-	-	(28.5)	(15.7)	-
Campari Argentina S.A.	-	0.1	-	-	15.2	1.2	16.6
Campari Australia Pty Ltd.	-	0.2	-	-	37.2	4.3	41.7
Campari Austria GmbH	-	0.1	-	-	0.5	1.1	1.7
Campari Beijing Trading Co. Ltd.	-	-	-	-	5.0	0.3	5.3
Campari Deutschland GmbH	-	0.3	-	-	13.0	4.4	17.7
Campari Schweiz A.G.	-	0.1	-	-	3.4	1.1	4.6
Campari Ukraine LLC	-	-	-	-	5.2	-	5.3
Forty Creek Distillery Ltd.	-	0.3	-	-	74.9	0.8	76.0
Campari RUS OOO	-	0.1	-	-	38.1	1.4	39.6
Kaloyannies-Koutsikos Distilleries S.A.	-	-	-	-	28.6	0.1	28.8
Campari Singapore Pte Ltd.	-	0.2		-	0.3	0.2	0.7
Campari India Pte Ltd.	-	-		-	1.6	-	1.6
Glen Grant Ltd.	161.8	0.5	-	-	-	-	162.2
Société des Produits Marnier Lapostolle S.A.S.	478.3	0.3	-	-	-	-	478.6
SPML – Commitment to purchase residual shares	175.1	-		-	-	-	175.1
Camparino Srl	7.3	-	-	-	-	-	7.3
Terrazza Aperol S.r.l.	4.1	-	4.0	-	-	-	8.1
Investments in subsidiaries	**1,860.5**	**5.4**	**4.7**	**(72.6)**	**339.6**	**-**	**2,136.9**
Tannico e Wineplatform S.p.A.	24.7	-	-	(24.7)	-	-	-
Dioniso S.r.l.	-	-	55.0	(29.3)	-	-	25.7
CT Spirits Japan LTD	-	-	0.4	(0.6)	0.2	-	-
Interests in associates and joint ventures	**24.7**	**-**	**55.4**	**(54.6)**	**0.2**	**-**	**25.7**
Total	**1,885.2**	**5.4**	**60.1**	**(127.2)**	**339.8**	**-**	**2,162.6**

(1) Contribution in kind refer to the value of share based payment plans awarded to the Company's employees working in subsidiaries.
(2) The investments incorporated in the Company resulting from the merger of Di.Ci.E. Holding B.V were equal to €368.3 million. The value reported in the table is inclusive of the elimination of Di.Ci.E. Holding B.V. investment previously held by the Company for €28.5 million.

The changes in investments in subsidiaries during the year related to the following events:

- in November 2021, Campari Benelux S.A. made a payment to the Company of €73.2 million, of which €0.6 million was for dividends and €72.6 million as a return of capital;
- in January and December 2021, the Company made two capital contributions to Terrazza Aperol S.r.l. for a total amount of €4.0 million;
- on 14 December, the incorporation of Di.Ci.E. Holding B.V. was effective. The merger led to an overall increase of €339.6 million in investments in subsidiaries and €0.2 million in investments in associates. The previously held investment in Di.Ci.E. Holding B.V. was offset through the merger allocation process. For further details refer to paragraph 2- 'Significant events of the year' of this Company only financial statements.

Other changes in the value of shareholdings arose from the capitalisation of the value of investments in units in share-based payment plans granted to directors and employees of subsidiaries

The list of investments in direct and indirect subsidiaries, including additional information extract from their last financial statements available is as follows.

			share value	equity value	profit (loss) of the year	investment percentage		carrying amount
name	head office	currency	in local currency (LC)	€ million	€ million	direct	indirect	€ million
Campari (Beijing) Trading Co. Ltd.	Beijing	CNY	104,200,430	(0.1)	1.1	100.00	-	5.3
Campari America LLC	New York	USD	566,321,274	1,434.1	57.9	100.00	-	508.0
Campari Argentina S.A.[1]	Buenos Aires	ARS	1,179,365,930	20.5	(1.1)	98.81	1.19	16.6
Campari Australia Pty Ltd.	Sydney	AUD	56,500,000	58.3	2.8	100.00	-	41.7
Campari Austria GmbH	Wien	EUR	500,000	3.0	1.5	100.00	-	1.7
Campari Benelux S.A.	Bruxelles	EUR	1,000,000	9.0	0.6	61.00	39.00	8.5
Campari Deutschland GmbH	Munich	EUR	5,200,000	18.4	5.7	100.00	-	17.7
Campari do Brasil Ltda.	Alphavil-le-Barue-ri-SP	BRL	239,778,071	53.6	7.7	99.999	-	72.2
Campari España S.L.	Barcellona	EUR	4,279,331	524.1	37.1	100.00	-	475.7
Campari India Private Ltd.[2]	New Dheli	INR	172,260	1.7	0.1	99.99	0.01	1.6
Campari International S.r.l.	Sesto San Giovanni	EUR	700,000	1.8	(0.3)	100.00	-	1.5
Campari Mexico S.A. de C.V.	Guadalajara	MXN	1,670,184,642	61.3	(7.4)	-	100.00	-
Campari New Zealand Ltd.	Auckland	NZD	10,000	1.9	0.3	-	100.00	-
Campari Peru SAC(3)	Lima	PEN	34,733,589	9.1	1.2	-	100.00	-
Campari RUS LLC	Moscow	RUB	2,010,000,000	33.8	2.4	100.00	-	39.6
Campari Schweiz A.G.	Baar	CHF	500,000	3.1	1.0	100.00	-	4.6
Campari Singapore Pte Ltd.	Singapore	SGD	100,000	0.8	1.3	100.00	-	0.7
Campari South Africa Pty Ltd.	Cape Town	ZAR	310,247,750	18.1	0.8	-	100.00	-
Campari Ukraine LLC	Kiev	UAH	87,396,209	7.3	1.6	99.00	1.00	5.3
Forty Creek Distillery Ltd.[3]	Grimsby	CAD	105,500,100	98.9	2.0	100.00	-	76.0
Glen Grant Ltd.	Rothes	GBP	24,949,000	172.8	(1.4)	100.00	-	162.2
J. Wray&Nephew Ltd.	Kingston	JMD	750,000	161.0	36.3	-	100.00	-
Kaloyannies-Koutsikos Distilleries S.A.	Volos	EUR	6,811,220	21.6	5.0	100.00	-	28.8
Société Civile Immobilière DU VAL	Paris	EUR	16,769,392	16.7	0.1	-	92.71	-
Société des Produits Marnier Lapostolle S.A.S.(4)	Paris	EUR	27,157,500	176.9	1.1	92.71	-	653.6
Campari France S.A.S.	Paris	EUR	112,759,856	298.1	40.1	-	92.71	-
Camparino S.r.l.	Milano	EUR	48,880	1.4	(1.7)	100.00	-	7.3
Campari Mexico Destiladora, S.A. de C.V.	San Ignacio Cerro Gordo	MXN	10,100,000	0.4	(0.1)	-	100.00	-
Bellonnie et Bourdillon Successeurs S.A.S.	Ducos Martinique	EUR	5,100,000	18.2	(1.4)	-	89.49	-
Distilleries Agricoles De Sainte Luce S.A.S.	Ducos Martinique	EUR	2,000,000	1.1	-	-	89.48	-
SCEA Trois Rivières	Ducos Martinique	EUR	5,920	0.4	0.3	-	89.49	-
Casa Montelobos, S.A.P.I. de C.V.	Mexico City	MXN	144,823,850	1.6	(1.4)	-	51.00	-
Licorera Ancho Reyes y cia, S.A.P.I. de C.V.	Mexico City	MXN	177,888,738	0.3	(0.8)	-	51.00	-
Champagne Lallier S.A.S.	Ay	EUR	3,575,420	5.3	(2.4)	-	74.16	-

Sci Athena	Ay	EUR	1,000	(0.2)	(0.1)	-	74.16	-
Scev Des Gloriettes	Oger	EUR	34,301	-	(0.1)	-	74.16	-
Les Rives Marne S.A.S.	Ay	EUR	100,000	0.4	0.2	-	74.16	-
Terrazza Aperol S.r.l.	Venice	EUR	20,000	2.6	(1.3)	100.00	-	8.1
Trans Beverages Company Ltd.	Seoul	KWD	2,000,000,000	2.9	0.6	-	51.00	-
Total investments in subsidiaries								**2,136.9**

(1) The share capital does not include effects related to the hyperinflation accounting standard.
(2) All data, excluding carrying amount, are at 31 March 2021.
(3) Includes the capital contribution.
(4) The direct investment percentage of 92.71% does not include the portion of capital with right of usufruct, equal to 0.59%, whose bare ownership is held by shareholders of Société des Produits Marnier Lapostolle S.A.S. who hold 7.29% of the capital, both covered by agreements for Campari Group purchases.

Any excess of the carrying value of the investment to the related net equity value is not considered representative of impairment losses. An in-depth analysis based on cash generation of the subsidiary has been carried out to assess the investment recoverability, also considering the related expected profitability. The evaluation performed was consistent with the impairment test on goodwill and brands.

The changes in interests in associates and joint venture during the year were related to the following events (refer to the paragraph 'Significant events of the year'):

- in June 2021 the interests in Tannico of €24.7 million was contributed to Dioniso S.r.l.;
- in June 2021, the interests in Dioniso S.r.l. was recorded, initially composed of the aforementioned contribution in kind and subsequently enhanced by the capital contribution which took place in July and October 2021 for a total amount of €30.2 million euro, subsequently reduced by €28.0 million following the establishment of the 50/50 joint-venture with Moët Hennessy. Finally, the value of the interests was reduced by €1.3 million due to the application of the equity method valuation at year end;
- the equity method valuation led further to a decrease in the interest value of CT Spirits Japan LTD, for which a provision was built up.

v. Other non-current Liabilities

A breakdown of other non-current assets is reflected in the table below.

	at 31 December	
	2021	2020
	€ million	€ million
Equity investment in other companies	0.1	0.1
Other non-current receivables from related parties	1.4	1.8
Other non-current tax receivables	0.5	1.4
Other assets	-	0.1
Total other non-current assets	**2.0**	**3.5**

vi. Other current assets

A breakdown of other current assets is reflected in the table below.

	at 31 December	
	2021	2020
	€ million	€ million
Advances to suppliers	-	2.2
Prepaid expenses	4.9	3.2
Receivable for Group to Parent Company	-	1.2
Receivables from related parties	4.9	4.8
Other receivables from tax authorities	0.2	-
Other	4.1	1.6
Other current assets	**14.1**	**13.1**

All receivables are due within 12 months and their carrying amount is considered to be closed to their fair value.
For further details on receivables from related parties, please refer to note 10 vi-'Related parties' of this Company only financial statements.

The table below reflects a breakdown of receivables (the full other current asset balance excluding prepaid expenses) by maturity.

at 31 December 2021	other receivable[1]	*of which related parties*	provision for bad debts
	€ million	*€ million*	€ million
Not overdue	**2.8**	***0.1***	**-**
Overdue	**6.6**	***4.8***	**(0.2)**
Less than 30 days	3.4	*1.9*	-
30-90 days	2.9	*2.8*	-
Within 1 year	0.4	*0.1*	(0.2)
Total receivables broken down by maturity	**9.4**	*4.9*	**(0.2)**
Amount impaired	(0.2)		
Total	**9.2**		

(1) The item does not include prepaid expenses.

at 31 December 2020	other receivables[1]	*of which related parties*	provision for bad debts
	€ million	*€ million*	€ million
Not overdue	**9.8**	*6.0*	**-**
Overdue	**0.2**	-	**(0.2)**
Within 1 year	0.2	-	(0.2)
Total receivables broken down by maturity	**10.0**	*6.0*	**(0.2)**
Amount impaired	(0.2)		
Total	**9.8**		

(1) The item does not include prepaid expenses.

The tables below provide information on the change in the provision for bad debt and the credit risk exposure of the Group's other current receivables using a provisional matrix.

€ million	bad debt provision other receivables
at 31 December 2020	**0.2**
Accruals	-
Utilizations	-
at 31 December 2021	**0.2**

€ million	bad debt provision other receivables
at 31 December 2019	**0.2**
Accruals	-
Utilizations	-
at 31 December 2020	**0.2**

	oher current receivables days past due since						
	current	less than30 days	30-90 days	1 year	5 years	more than 5 years	total
at 31 December 2021	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Credit loss rate	-	-	-	2.6%	-	-	**2.6%**
Estimated total gross carrying amount at default	7.7	1.5	0.1	0.2	-	-	**9.5**
Provision for expected credit losses	-	-	-	(0.2)	-	-	(0.2)

	oher current receivables days past due since						
	current	less than30 days	30-90 days	1 year	5 years	more than 5 years	total
at 31 December 2020	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Credit loss rate	-	-	-	2.0%	-	-	**2.0%**
Estimated total gross carrying amount at default	7.1	-	-	0.2	-	-	**7.3**
Provision for expected credit losses	-	-	-	(0.2)	-	-	(0.2)

vii. Other non-current assets

A breakdown of other non-current liabilities is shown in the table below.

	at 31 December	
	2021	2020
	€ million	€ million
Employee benefit[1]	10.1	0.5
Other	1.0	0.5
Other non-current liabilities	**11.1**	**1.0**

(1) Including non-recurring last mile long-term incentive schemes.

The change of €10.1 million is mainly related to non-recurring last mile long-term incentive schemes with retention purposes to be potentially recognized to senior management.

viii. Other current liabilities

A breakdown of other current liabilities is shown in the table below.

	at 31 December	
	2021	2020
	€ million	€ million
Payables to staff	37.1	20.4
Payables to agents	1.5	1.2
Deferred income	0.5	0.6
Value added tax	0.4	-
Tax on alcohol production	2.7	1.8
Withholding and miscellaneous taxes	2.9	2.0
Other current liabilities to related parties	0.1	0.3
Payables for Group VAT	1.9	-
Other	3.5	1.4
Other current liabilities	**50.7**	**27.7**

Compared to the previous year, the main change was related to an increase in payables to staff for €16.7 million, resulting from the catch up of short-term incentive plans, reflecting the positive business performance in 2021.
The following table shows a breakdown of payables by due date.

at 31 December 2021	on demand	within 1 year	total
	€ million	€ million	€ million
Other payables	10.2	40.4	50.7
of which related parties	*2.0*	-	*2.0*
Total	**10.2**	**40.4**	**50.7**

at 31 December 2021	on demand	within 1 year	total
	€ million	€ million	€ million
Other payables	7.0	20.6	27.7
of which related parties	-	*0.3*	*0.3*
Total	**7.0**	**20.6**	**27.7**

ix. Capital grants

Capital grants were mainly related to the funds received for investments in production plants at Novi Ligure.
The following table provides details of changes in deferred income relating to capital grants.

	deferred income € million
at 31 December 2020	**0.6**
Amounts posted to the statement of profit and loss	(0.1)
Other changes	-
at 31 December 2021	**0.5**

	deferred income € million
at 31 December 2019	**0.7**
Amounts posted to the income statements	(0.1)
Other changes	-
at 31 December 2020	**0.6**

7
OPERATING WORKING CAPITAL

This section breaks down the Company's operating working capital into the various items that are managed to generate the Company's performance.

i. Trade receivables

A breakdown of trade receivables is shown in the table below.

	at 31 December	
	2021	2020
	€ million	€ million
Trade receivables from third parties	16.5	13.3
Trade receivables from related parties	129.0	75.9
Receivables in respect of contributions to promotional costs	2.3	0.9
Trade receivables	**147.8**	**90.1**

The carrying amount of the receivables due within 12 months is considered to be close to their fair value.

At 31 December 2021, the trade receivables item is reported net of the related impairment provision for expected future losses, reflecting the effective collection risk. Compared to the last year, the increase in receivables was mainly related to an easy comparison base, as 2020 was heavily affected by the Covid-19 pandemic and its influence on the Company's business.
For further details on receivables from related parties, please refer to note 10 vi-'Related parties'.

The table below reflects receivables broken down by maturity.

at 31 December 2021	trade receivables[1]	of which related parties	provision for expected future losses and bad debt
	€ million	€ million	€ million
Not overdue	**103.3**	**90.5**	**(0.1)**
Overdue	**45.7**	**38.5**	**(1.8)**
Less than 30 days	7.0	2.8	-
30-90 days	11.6	10.3	(0.2)
Within 1 year	11.7	11.7	-
Within 5 years	8.2	7.4	(0.7)
Due after 5 years	7.3	6.5	(1.0)
Total receivables broken down by maturity	**149.0**	**129.0**	**(2.0)**
Amount impaired	(2.0)	-	
Total	**147.0**	**129.0**	

(1) The item does not include prepaid expenses.

at 31 December 2020	trade receivables[1]	of which related parties	provision for expected future losses and bad debt
	€ million	€ million	€ million
Not overdue	**80.7**	**75.1**	**0.1**
Overdue	**11.2**	**0.8**	**(2.6)**
Less than 30 days	5.4	-	-
30-90 days	1.8	-	-
Within 1 year	1.2	0.8	-
Within 5 years	1.3	-	(1.1)
Due after 5 years	1.5	-	(1.5)
Total receivables broken down by maturity	**92.0**	**75.9**	**(2.5)**
Amount impaired	(2.5)	-	-
Total	**89.5**	**75.9**	

(1) The item does not include prepaid expenses.

The following table reflects the changes in impairment provision for expected future losses on receivables in 2021 and 2020.

	provision for expected future losses and bad debt
€ million	trade receivables
at 31 December 2020	**2.5**
Accruals	0.4
Utilizations	(0.7)
Releases	(0.1)
at 31 December 2021	**2.0**

	provision for expected future losses and bad debt
€ million	trade receivables
at 31 December 2019	**2.5**
Accruals	0.1
Utilizations	(0.2)
at 31 December 2020	**2.5**

The provision for expected future losses included the impairment of specific receivables in order to reflect the estimated realisable value in the accounts and an estimate for expected credit losses on receivables and stood at €2.0 million at 31 December 2021. Utilisations were mainly due to the settlement of lawsuits outstanding from previous years.

The table below sets out the information in relation to the credit risk exposure on the Company's trade receivables using a provision matrix:

	trade receivables days past due[1]						
	current	less than30 days	30-90 days	within 1 year	within 5 years	after 5 years	total
at 31 December 2021	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Credit loss rate	0.6%	0.6%	0.6%	0.0%	3.4%	4.7%	**9.5%**
Estimated total gross carrying amount at default	13.5	4.2	1.2	-	0.8	1.0	**20.7**
Provision for expected credit losses	(0.1)	-	(0.1)	-	(0.7)	(1.0)	**(2.0)**

(1) The table does not include receivables from related parties.

	trade receivables days past due[1]						
	current	less than 30 days	30-90 days	within 1 year	within 5 years	after 5 years	total
at 31 December 2020	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Credit loss rate	0.7%	0.6%	0.2%	1.1%	0.2%	12.5%	**15.3%**
Estimated total gross carrying amount at default	5.7	5.4	1.8	0.4	1.3	1.5	**16.1**
Provision for expected credit losses	(0.1)	(0.1)	(0.0)	(0.2)	-	(2.0)	**(2.5)**

(1) The table does not include receivables from related parties.

The amount of the provision, as well as the level of utilisation over the years confirmed overall, that the Company is exposed to a cluster of customers and to markets that are not significantly affected by credit risk.

ii. Trade payables

A breakdown of trade payables is shown in the table below.

	at 31 December	
	2021	2020
	€ million	€ million
Trade payables to third parties	122.7	97.1
Trade payables to related parties	7.0	15.7
Trade payables	**129.7**	**112.7**

The above payables are all due within 12 months. For further details on payables to related parties, see note 10 vi-'Related parties' of this Company only financial statements.

at 31 December 2021	on demand	within 1 year	total
	€ million	€ million	€ million
Trade payables	49.8	80.0	129.7
of which related parties	-	*7.0*	*7.0*
Total	**49.8**	**80.0**	**129.7**

at 31 December 2020	on demand	within 1 year	total
	€ million	€ million	€ million
Trade payables	2.2	110.6	112.7
of which related parties	-	*15.7*	*15.7*
Total	**2.2**	**110.6**	**112.7**

The payment terms applied to suppliers are generally 60 days from the end of the month of invoice.
The increase in the 2021 balance at year-end compared to the previous year reflected the positive business performance, also boosted by the extension of the reverse factoring programme launched in 2020 in cooperation with an external banking provider, which amounted to €20.3 million in 2021 (€7.3 million in 2020). Given the nature of the programme and the substance of the transaction, the trade payables under reverse factoring agreements continued to be classified as a component of the Company's operating working capital with no separate disclosure as primary line items of the Company financial statements in consideration of the total exposure.

iii. Inventories

The breakdown of inventories is as follows:

	at 31 December	
	2021	2020
	€ million	€ million
Finished goods	40.5	40.5
Work in progress	34.3	35.2
Raw materials, supplies and consumables	15.4	16.0
Maintenance materials	1.3	1.1
Inventories	**91.4**	**92.8**

Inventories are reported net of the relevant impairment provisions. The changes that occurred in 2021 and 2020 are shown in the tables below.

	€ million
at 31 December 2020	**1.1**
Accruals	1.8
Utilisation	(2.0)
at 31 December 2021	**0.9**

	€ million
at 31 December 2019	**1.2**
Accruals	0.7
Utilisation	(0.8)
at 31 December 2020	**1.1**

8

NET FINANCIAL DEBT

This section provides details of the composition of the Company's net financial position broken down into the various items under management. Figurative financial assets and liabilities arising from rent and lease agreements, are also provided in this section.

i. Cash and cash equivalents

The breakdown of cash and cash equivalents is as follows.

	at 31 December	
	2021	2020
	€ million	€ million
Bank current accounts and cash	178.6	69.7
Cash and cash equivalents	**178.6**	**69.7**

At 31 December 2021 the extremely solid cash flow generation was attributable to the very satisfactory performance of the business achieved during the year. For a better understanding of the liquidity management reference is made to cash flow information and the net financial debt (note 8 vii-'Reconciliation with net financial debt and cash flow statement').

ii. Other current financial assets

A breakdown of other current financial assets is shown in the table below:

	at 31 December	
	2021	2020
	€ million	€ million
Financial investments	13.2	-
Financial receivables from related parties	72.6	112.9
Valuation at fair value of forward contracts	0.2	0.1
Other financial assets	1.5	1.0
Other current financial assets	**87.6**	**114.0**

At 31 December 2021, financial receivables from related parties, totalling €72.6 million, were mainly associated with short-term loans for the cash pooling system granted by Davide Campari-Milano N.V. to various Group companies, including: Champagne Lallier Sarl (€24.7 million), Bellonnie et Bourdillon S.A.S. (€24.2 million) and Campari New Zealand (€11.5 million). These financial assets were determined at interest rates in line with market conditions. For further details, see note 11 vi-'Related Parties'.
Moreover, the increase in securities and term deposit was fully related to investments of financial items.

iii. Other non-current financial assets

A breakdown of other non-current financial assets is shown in the table below.

	at 31 December	
	2021	2020
	€ million	€ million
Financial receivables	1.5	3.0
Non-current financial assets	**1.5**	**3.0**

The financial receivables of €1.5 million related to the interest-bearing receivables from Terra Moretti S.r.l., associated with the past sale of Sella&Mosca S.p.A. and Teruzzi&Puthod S.r.l.. The short-term portion of this interest-bearing receivable has been classified under current financial assets into the 'other financial assets' item.

iv. Lease components

Changes in lease liabilities that occurred in 2021 and 2020 are provided in the following tables.

lease payables	at 31 December 2020	addition	payments	interest expenses	reclassification	at 31 December 2021
	€ million	€ million	€ million	€ million	€ million	€ million
Within 12 months	(1.3)	-	1.9	-	(2.1)	(1.5)
Over 12 months	(3.2)	(2.2)	-	(0.1)	2.1	(3.4)
Total lease payables	**(4.5)**	**(2.2)**	**1.9**	**(0.1)**	**-**	**(4.9)**

lease payables	at 31 December 2019	addition	payments	interest expenses	reclassification	at 31 December 2020
	€ million	€ million	€ million	€ million	€ million	€ million
Within 12 months	(1.5)	-	-	-	0.2	(1.3)
Over 12 months	(3.3)	(1.3)	1.7	(0.1)	(0.2)	(3.2)
Total lease payables	**(4.8)**	**(1.3)**	**1.7**	**(0.1)**	**-**	**(4.5)**

The main average IBR in 2021 and 2020 were as follows.

for the year ended 31 December 2021	within 5 years	from 5 to 10 years	over 10 years
EUR	1.1%	1.3%	1.2%

for the year ended 31 December 2020	within 5 years	from 5 to 10 years	over 10 years
EUR	1.0%	1.2%	1.3%

The amounts recognised in the cash flow were as follows.

	for the years ended 31 December	
€ million	2021	2020
cash outflow for lease capital	(1.8)	(1.6)
cash outflow for lease interests	(0.1)	(0.1)
Total cash outflow for leases	**(1.9)**	**(1.6)**

The amounts recognised in the cash flow were as follows.

€ million	within 12 months	over 12 months	total
Machinery	(0.6)	(2.1)	(2.7)
Vehicles	(0.9)	(1.3)	(2.2)
Buildings	-	(0.1)	(0.1)
Total financial liabilities for leases as of 31 December 2021	**(1.5)**	**(3.5)**	**(4.9)**

€ million	within 12 months	over 12 months	total
Machinery	(0.6)	(2.5)	(3.1)
Vehicles	(0.6)	(0.6)	(1.2)
IT equipment	(0.1)	-	(0.1)
Buildings	-	(0.1)	(0.1)
Total financial liabilities for leases as of 31 December 2020	**(1.3)**	**(3.2)**	**(4.5)**

v. Non-current financial debt

The breakdown of bonds and other non-current liabilities is shown in the table below.

	at 31 December	
	2021	2020
	€ million	€ million
Bonds issued in 2017	150.0	200.0
Bonds issued in 2019	149.7	149.5
Bonds issued in 2020	545.9	545.2
Non-current bonds	**845.5**	**894.7**
Loans due to banks	355.2	310.9
Lease payables	3.4	3.2
Liabilities for put option and earn out payments	-	52.0
Non-current financial liabilities	**358.6**	**366.1**
Total non-current financial debt	**1,204.1**	**1,260.8**

• *Bonds*

At 31 December 2021, the Bonds item included the following issues placed by the Company.

at 31 December 2021	nominal value	maturity	issue price	nominal coupon rate	rate type	effective yield
	€ million					
Bond issued in 2017	150.0	05/04/2024	100%	2.165%	fixed	2.165%
Bond issued in 2019	150.0	30/04/2024	100%	1.655%	fixed	1.655%
Bond issued in 2020	550.0	06/10/2027	99.76%	1.250%	fixed	1.370%

At 31 December 2021 the bond issued in 2017 by the Parent Company, with a nominal value of €50.0 million has been reclassified to short term due to the maturing date being within twelve months (April 2022).

The residual change recorded in 2021 relates to the effects of the amortised cost of the above long-term portion of bonds and were negative at €0.8 million.

• *Liabilities and loans due to banks*

This item includes euro-denominated loans entered into with leading banks as follow.

at 31 December 2021	nominal value	residual value		maturity	interest rate
		non-current	current[1]		
	€ million	€ million	€ million		
Term Loan 2019[2]	250.0	250.0		31/07/2024	3-months Euribor plus 1.126% spread (3)
Loan 2020	25.0	8.3	16.7	25/06/2023	3-month Euribor no floor plus 1.227% spread and up-front fees of 0,35%
Loan 2021	100.0	100.0		30/06/2024	0.15% fixed

(1) The current portion is classified in current liabilities — loans due to banks.
(2) The loan was accompanied by a revolving credit facility for the same amount and maturity, at an interest rate of 3-month Euribor plus a 0.75% spread, as well as draw-down fees. The revolving credit facility was not used at 31 December 2021.
(3) Inclusive of the related interest rate swap.

at 31 December 2021	nominal value	residual value		maturity	interest rate
		non-current	current		
	€ million	€ million	€ million		
Term Loan 2019	250.0	250.0	-	31/07/2024	3-months Euribor plus 1.126% spread
Loan 2020	41.7	25.0	16.7	25/06/2023	3-month Euribor no floor plus 1.227% spread and up-front fees of 0,35%
Loan 2020	95.0	38.0	57.0	30/06/2022	0.75% and up-front fees of 0.20%

The increase compared to last year is explained by the dynamic management of loan exposure connected to the needs of the financial activity combined with a management of liabilities focused on benefiting from favourable market opportunities.

• *Liabilities for put options and earn out*

The changes of non-current liabilities for put option and earn out occurred in 2021 and 2020 are shown in the table below.

€ million	total	*variation impacting profit or loss*	*variation impacting net equity or investment value*
at 31 December 2020	**52.0**		
payments	(2.0)	-	-
amortisation costs effect	0.2	*0.2*	-
reclassification to current liability	(50.6)	-	-
exchange rate differences and other changes	0.4	-	*0.4*
at 31 December 2021	**-**		
of which evaluated at fair value	-		
of which evaluated at amortized cost	-		

€ million	total	variation impacting profit or loss	variation impacting net equity or investment value
at 31 December 2019	**103.9**		
increases	1.6	-	1.6
amortisation costs effect	0.2	0.2	-
reclassification to current liability	(53.7)	-	-
at 31 December 2020	**52.0**		
of which measured at fair value	*1.6*		
of which measured at amortized cost	*50.4*		

The changes in the year were mainly related to the reclassification to current financial items of €50.6 million arising from the agreements signed with a number of the former shareholders of Société des Produits Marnier Lapostolle S.A.S. for the purchase of some of the remaining shares held by them in the next twelve months.

vi. Current financial debt

The breakdown of Current financial debt is shown in the table below.

	at 31 December	
	2021	2020
	€ million	€ million
Current portion of bond issued in 2017	50.0	-
Accrued interest on bonds	6.3	6.3
Loans due to banks	146.6	213.7
Lease payables	1.5	1.3
Liabilities for put option and earn out payments	45.0	-
Financial liabilities on hedging contracts	0.5	-
Financial liabilities for derivatives not in hedge accounting	0.2	-
Financial liabilities with related parties	199.9	207.3
Other financial liabilities	2.1	0.4
Current financial liabilities	**452.1**	**429.1**

The main changes that occurred in the composition of financial liabilities during 2021 are as follows:

• *Bonds*
As mentioned in the previous paragraph, at 31 December 2021 the bond issued in 2017 with a nominal value of €50.0 million and maturing on April 2022 has been reclassified to short-term liability.

• *Liabilities and loans due to banks*
At 31 December 2021, loans due to banks reported a net decrease of €67.1 million due to repayment of loans and credit facilities. The item includes, in addition to the current portion of medium / long-term loans, some short-term loans managed dynamically with the aim of further strengthening the Group's financial structure and achieving greater flexibility to respond promptly to the still volatile macroeconomic context.

• *Liabilities for put options and earn out payments*
The changes of non-current liabilities for put option and earn out payments is shown in the table below.

€ million	total	variation impacting profit or loss	variation impacting net equity or investment value
at 31 December 2020	-		
reclassification from non-current liability	50.6	-	-
payments	(5.6)	-	-
at 31 December 2021	**45.0**	**-**	**-**
of which evaluated at fair value	*-*		
of which evaluated at amortized cost	*45.0*		

€ million	total	variation impacting profit or loss	variation impacting net equity or investment value
at 31 December 2019	**28.6**		
reclassification from non-current liability	53.7	-	-
payments	(83.7)	-	-
amortisation costs effect	1.4	1.4	-
at 31 December 2020	**-**		
of which measured at fair value	-		
of which measured at amortized cost	-		

At 31 December 2021, this item was fully related to the option to purchase shares still held by the former shareholders in Société des Produits Marnier Lapostolle S.A.S. that can be exercised over the next 12 months and therefore reclassified from the long portion of the liability during the period.

• *Financial liabilities with related parties*
At 31 December 2021, the item totalled €199.9 million, resulting from the management of cash pooling by the Company in respect of other Group companies.

vii. Reconciliation with net financial debt and with the cash-flow statement

A reconciliation with the Company's net financial debt is shown in the table below.

	at 31 December	
	2021	2020
	€ million	€ million
Cash and cash equivalents	178.6	69.7
Cash (A)	**178.6**	**69.7**
Other current financial receivables	87.6	114.0
Current financial receivables (B)	**87.6**	**114.0**
Loans due to banks current	(146.6)	(213.7)
Current portion of lease payables	(1.5)	(1.3)
Current portion of bonds	(50.0)	-
Other current financial payables	(208.9)	(214.1)
Current portion of liabilities for put option and earn out payments	(45.0)	-
Current financial payables (C)	**(452.1)**	**(429.1)**
Net current financial debt (A+B+C)	**(185.9)**	**(245.4)**
Loans due to banks non-curren[1]	(355.2)	(310.9)
Non-current portion of lease payables	(3.4)	(3.2)
Non-current portion of bonds	(845.5)	(894.7)
Other non-current financial payables	-	-
Non-current portion of liabilities for put option and earn out payments	-	(52.0)
Non-current financial debt (D)	**(1,204.1)**	**(1,260.8)**
Net debt (A+B+C+D)[2]	**(1,390.1)**	**(1,506.2)**
Reconciliation with the financial position, as shown in the Directors' report:		
Non-current financial receivables	1.5	3.0
Net financial position	**(1,388.6)**	**(1,503.2)**

(1) Including the related derivatives.
(2) In accordance with ESMA guidelines.

cash flow generated (absorbed) from financial liabilities	bonds		payables for interest	borrowings[1]		leases		financial net debt with related parties	other financial assets (liabilities)	
€ million	current	non-current	current	current[3]	non-current	current	non-current	current	current	non-current
at 31 December 2020	-	(894.7)	(6.3)	(213.7)	(310.9)	(1.3)	(3.2)	(94.4)	0.7	3.0
Notional liabilities addition	-	-	-	-	-	-	(2.2)			
Interest accrued	-	-	(16.3)	-	-		(0.1)			
New financing[2]	**-**	**-**	**-**	**(200.0)**	**(130.0)**		**-**		**(1.5)**	
Repayment[2]	**-**	**-**	**16.3**	**350.1**	**-**		**1.9**	**9.4**	**-**	**-**
- of which long-term debt	-	-	-	149.2	-					
- of which other borrowings	-	-	-	200.9	-					
Merger	-	-	-	-	-			(42.3)		
Reclassification	(50.0)	50.0	-	(84.7)	84.7	(0.1)	0.1		1.5	(1.5)
Other movements	-	(0.8)	-	1.7	1.1	(0.1)	-		11.6	
at 31 December 2021	**(50.0)**	**(845.5)**	**(6.3)**	**(146.6)**	**(355.2)**	**(1.5)**	**(3.4)**	**(127.3)**	**12.3**	**1.5**

(1) Included related derivatives.
(2) Cash flow generated (absorbed) from financial liabilities.
(3) Net change in short-term financial payables and bank loans is equal to €0.9 million (proceeds of €200.0 net of repayments of €200.9).

cash flow generated (absorbed) from financial liabilities	bonds		payables for interest	borrowings[1]		leases		financial net debt with related parties	other financial assets (liabilities)	
€ million	current	non-current	current	current[3]	non-current	current	non-current	current	current	non-current
at 31 December 2019	(580.0)	(349.4)	(8.7)	(0.0)	(248.8)	(1.5)	(3.3)	140.7	2.0	5.2
Notional liabilities addition	-	-	-	-	-	-	(1.3)	-	-	-
Interest accrued	-	-	(25.3)	-	-	-	(0.1)	-	-	-
New financing	-	(545.0)	-	(90.0)	(195.0)	-	-	-	-	-
Repayments	580.9	-	27.7	8.3	-	-	1.7	(27.9)	(0.7)	(5.2)
- of which long term debt				8.3						
- of which other borrowings										
Reclassification	-	-	-	(132.0)	132.0	0.2	(0.2)	-	(3.0)	3.0
Other movements	(0.9)	(0.3)	-	-	0.9		-	-	2.4	-
at 31 December 2020	**-**	**(894.7)**	**(6.3)**	**(213.7)**	**(310.9)**	**(1.3)**	**(3.2)**	**112.9**	**0.7**	**3.0**

viii. Financial instruments-disclosures

The value of individual categories of financial assets and liabilities held by the Company at 31 December 2021 and 31 December 2020 is reflected below.

31 December 2021	measurement at amortized cost	measurement at fair value through profit and loss[3]	measurement at fair value with changes recognized in the statement of other comprehensive income
€ million			
Cash and cash equivalents	178.6	-	-
Trade receivables	147.8	-	-
Current financial receivables with related parties	72.6		
Current financial receivables	-	14.7	-
Other non-current financial assets	-	1.5	
Other non-current assets	-	0.1	
Loans due to banks[1]	(501.1)	-	-
Lease payables	(4.9)	-	-
Bonds	(895.5)	-	-
Accrued interest on bonds	(6.3)	-	-
Other financial liabilities	(2.1)	-	
Liabilities for put option and earn out payments	(45.0)		
Other financial liabilities with related parties	(199.9)	-	-
Trade payables	(129.7)	-	-
Current assets for hedge derivatives, not in hedge accounting		0.1	
Current assets for hedging derivatives	-	-	0.1
Non-current liabilities for hedging derivatives[2]	-	-	(0.7)
Current liabilities for hedging derivatives	-	-	(0.5)
Non-current liabilities for derivatives not in hedge accounting	-	(0.2)	-
Total	**(1,385.7)**	**16.2**	**(1.0)**

(1) Excluding related derivative.
(2) Derivative on loan due to bank.
(3) Liabilities linked to some investments may be elected to have the fair value variation accounted for against the cost of the investment in the associate of subsidiary.

31 December 2021	measurement at amortized cost	measurement at fair value through profit and loss[3]	measurement at fair value with changes recognized in the statement of other comprehensive income
€ million			
Cash and cash equivalents	69.7	-	-
Trade receivables	90.1	-	-
Current financial receivables	112.9	1.0	-
Other non-current financial assets	-	3.0	
Other non-current assets	-	0.1	
Loans due to banks[1]	(521.2)	-	-
Lease payables	(4.5)	-	-
Bonds	(894.7)	-	-
Accrued interest on bonds	(6.3)	-	-
Other financial liabilities	(0.4)	-	-
Liabilities for put option and earn out payments	(50.4)	(1.6)	
Other financial liabilities with related parties	(207.3)	-	-
Trade payables	(112.7)	-	-
Current assets for hedging derivatives	-	-	0.1
Non-current liabilities for hedging derivatives[2]	-	-	(3.5)
Current liabilities for hedging derivatives	-	-	-
Total	**(1,524.9)**	**2.5**	**(3.4)**

(1) Excluding related derivative.
(2) Derivative on loan due to bank.
(3) Liabilities linked to some investments may be elected to have the fair value variation accounted for against the cost of the investment in the associate of subsidiary.

HEDGING ACTIVITIES AND DERIVATIVES
The Company is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are foreign currency risk and interest rate risk.

Derivatives are designated as hedging instruments in the form of: 1) foreign exchange forward and option contracts, elected as cash flow hedges to hedge highly probable forecast sales and purchases in different currencies compared to Euro and 2) interest rate swap to mitigate the risk associated to variable interest rate changes on loan and bond agreements not issued at a fixed interest rate.
The Company also used derivatives not designated as hedging instruments to reflect the change in fair value of foreign exchange of forward and option contracts that are not elected in hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk for expected sales and purchases.

In relation in connection with the establishment of joint ventures in CT Spirits Japan Ltd., commitments to increment the ownership in this company exists in the form of call option elected as derivative financial instruments measured at fair value with impact in the Campari Group statement of profit or loss. At 31 December 2021 the fair value was negligible as well as the expected cash out at the time of the expiring of the call options.

The tables below show a breakdown of the foreign exchange contracts on highly probable sales and purchases and interest rate swaps on loan, while the call agreements over joint ventures elected as derivative instruments was not represented in light of the negligible amount of both fair value and expected cash out.

• _Foreign exchange forward contracts and options (highly probable forecast sales and purchases)_

foreign exchange forward contracts and options (highly probable forecast sales and purchases)	at 31 December 2021		at 31 December 2020	
€ million	notional amount hedged items	average forward rate	notional amount hedged items	average forward rate
US Dollar	24.0	1.14	5.8	1.21
New Zealand Dollar	11.4	1.69	-	-
Russian Ruble	9.8	86.10	-	-
Swiss franc	3.3	1.05	0.9	1.08
Australian Dollar	5.4	1.57	0.9	1.65
Singapore Dollar	2.9	1.57	0.5	1.62
Sterling Pound	2.1	0.85		-
Total	**58.9**		**8.1**	

	at 31 December 2021			at 31 December 2020		
€ million	notional amount hedged items	carrying amounts hedging instruments	change in fair value gain (losses)	notional amount hedged items	carrying amounts hedging instruments	change in fair value gain (losses)
foreign exchange forward contracts and options (highly probable forecast sales and purchases)	58.9	(0.5)	0.1	8.1	0.1	-

• _Interest rate swap contracts_

	at 31 December 2021			at 31 December 2020		
€ million	notional amount hedged items	carrying amounts hedging instruments(1)	change in fair value gain (losses)	notional amount hedged items	carrying amounts hedging instruments(1)	change in fair value gain (losses)
Interest rate swap	250.0	(0.7)	1.1	250.0	(3.5)	(3.0)

(1) The carrying value is included in the line 'Loans due to banks' in the recap table of financial instruments reported above.(3) Liabilities linked to some investments may be elected to have the fair value variation accounted for against the cost of the investment in the associate of subsidiary.

9

RISK MANAGEMENT AND CAPITAL STRUCTURE

This section details the Company's capital structure and the financial risks the Company is exposed to.
With regards to capital management, the Company has implemented a dividend distribution policy which reflects the company's priority to use its cash mainly to fund external growth via acquisitions. Concomitantly, the Company carries out share buyback programs on a rolling basis intended to meet the obligations arising from share based payments plans currently in force or to be adopted.

i. Nature and extent of the risks arising from financial instruments

The Company's main financial instruments include current accounts, short-term deposits, short and long-term loans due to bank, lease payables and bonds. The purpose of these is to finance the Company's operating activities. In addition, the Company has trade receivables and payables resulting from its operations.
The main financial risks to which the Company is exposed are market (currency and interest rate), credit and liquidity risks. The following is a description of these risks and of how they are managed. To cover some of these risks, the Company makes use of derivatives, primarily interest-rate swaps, cross-currency swaps and forward contracts, to hedge interest-rate and exchange-rate risks.

• _Credit risk_
Davide Campari-Milano N.V. directly undertakes commercial transactions on the Italian market, and in foreign markets through its Group companies. The composition of receivables from Italian customers varies widely in terms of the different market channels, their size and commercial nature. The market consists of a high number of customers from around Italy, with a balance between mass retail and purchasing consortia and traditional retail, with a significant presence in the ho.re.ca (hotels/restaurants/cafés) sector.
The Company has a very broad product portfolio, consisting of both Campari Group's products and products distributed under license. There are no market concentration risks, as the Company sells internationally both within the Group and to third parties.
The Company has a credit management function exclusively dedicated to monitoring the progress of receivables, chasing up payments and managing the exposure of individual customers in a targeted and timely manner using internal risk monitoring procedures.
Non-performing receivables are pursued regularly with legal support with a view to continuously updating progress on individual cases. This is then reflected in the provision for doubtful receivables.
Trade receivables from third parties, for which there is an impairment, are classified as doubtful; these have mainly been past due for more than one year and are the subject of legal proceedings.

Receivables from customers are mainly denominated in Euros. The maximum amount of risk on the reporting date is equal to the net value of trade receivables, also taking into account the expected credit loss risk estimated by the Company on the basis of the business model identified.

• _Liquidity risk_
The Company's ability to generate substantial cash flow through its operations reduces its liquidity risk, which is defined as the difficulty to raise funds to meet financial obligations.
The Company manages financial flows with the Italian subsidiaries through a centralised cash management department, with transactions settled at market rates (refer to note 10 vi-'Related parties').
Detailed information on financial payables and liabilities at 31 December 2021 is provided below, compared against the previous year. The tables below summarise financial liabilities at 31 December 2021 and 2020 by maturity based on contractual repayment obligations, including non-discounted interest.

at 31 December 2021	on demand € million	within 1 year € million	due in 1 to 2 years € million	due in 2 to 5 years € million	due after 5 years € million	total € million
Loans due to banks	-	149.9	11.1	351.5	-	512.5
Bonds	-	63.5	12.6	326.4	556.9	959.3
Financial payables to related parties	-	185.9	-	-	-	185.9
Leases payables	-	1.5	1.2	2.2	0.1	5.1
Liabilities for put option and earn-out payments	-	45.0	-	-	-	45.0
Other financial payables	-	16.7	-	-	-	16.7
Trade payables	49.8	80.0	-	-	-	129.7
Other non-financial payables	10.2	40.4	-	-	-	50.7
Total liabilities	**60.0**	**583.0**	**24.9**	**680.1**	**557.0**	**1,904.9**

at 31 December 2021	on demand € million	within 1 year € million	due in 1 to 2 years € million	due in 2 to 5 years € million	due after 5 years € million	total € million
Loans due to banks	-	219.3	58.1	263.5	-	540.8
Bonds	-	13.5	63.5	332.1	562.0	971.1
Financial payables to related parties	-	207.3	-	-	-	207.3
Leases payables	-	1.4	1.7	1.6	-	4.8
Liabilities for put option and earn-out payments	-	-	50.6	1.6	-	52.2
Trade payables	2.2	110.6	-	-	-	112.7
Other non-financial payables	7.0	20.6	-	-	-	27.7
Total liabilities	**9.2**	**572.7**	**173.9**	**598.8**	**562.1**	**1,916.7**

Loans due to banks for current accounts and lines of credit reflect the negative balance of cash management. The Company has also granted loans to subsidiaries, with interest charged at market rates.

The change in the overall structure of financial liabilities over the various deadlines reported above, which provided the Company with a safe and structured long-term exposure profile, was achieved thanks to careful liability management planning (refer to paragraph 'Group financial review' in the management board report).

• _Market risk_

Market risk consists of the possibility that changes in exchange rates, interest rates or the prices of raw materials or commodities (alcohol, aromatic herbs and sugar) could negatively affect the value of assets, liabilities or expected cash flows. The Company monitors market trends for the most crucial raw materials, which historically have not been subject to unexpected or significant fluctuations.

• _Price risk_

The price of raw materials and ancillary services (namely logistics and other input costs) depends on a wide variety of factors, which are difficult to forecast and are largely beyond the Company's control. Although, historically, the Company has not encountered any particular difficulties in purchasing high-quality raw materials in sufficient quantities and appropriate services, it is not possible to rule out the possibility that the emergence of any tensions in this supply chain area could lead to difficulties in obtaining supplies and services, causing costs to rise, which would have a negative impact on the Company's financial results. The aim of keeping costs below inflation and supporting the margin accretion becomes more and more important, due to the induced logistic constraints and intensified input cost pressure worldwide. The Company monitors the relationship with key suppliers on ongoing basis and specific projects are developed to foster virtuous business practices.

• _Interest-rate risk_

The Company has bonds that pay interest at a fixed rate, issued directly under an agreement. The Company is therefore exposed to fair value risk.

Other financial liabilities, however, for the large part taken out at variable rates, account for only a modest proportion of total debt. For this reason, the Company is only partially exposed to the risk of interest rate fluctuations. The portion of debt at fixed rates was 98% (84% in 2020) of total financial payables at 31 December 2021.

A breakdown of the effective interest rate, including all the cost components of the amortised costs, divided by type of financial liability, is as follows.

	nominal interest rate	effective interest rate(1)	maturity	at 31 December 2021 € million	 2020 € million
Loans due to banks	fixed rate 0.908% + variable rate(2)	1.33%	2024	501.8	524.7
Bond issues:					
- issued in 2017	fixed rate 1.768%	1.77%	2022	50.0	50.0
- issued in 2017	fixed rate 2.165%	2.17%	2024	150.0	150.0
- issued in 2019	fixed rate 1.655%	2.56%	2024	149.7	149.5
- issued in 2020	fixed rate 1.250%	1.41%	2027	545.9	545.2
Lease payables	interest borrowing rate	interest borrowing rate	2022-2027	4.9	4.5

(1) Calculated on any difference between the initial amount of the liability and the maturity amount.
(2) Inclusive of the interest rate swap on the term loan subscribed in 2019.

• _Exchange-rate risk_

The Company has hedging instruments in place to minimise exchange-rate risk, with a view to avoiding a situation where unexpected variations in exchange rates occur on purchases and sales transactions.

Analysis was performed on the statement of profit or loss effects of a possible change in the exchange rates against the Euro, keeping all the other variables constant. The types of transactions included in this analysis are sales and purchases in a currency other than the Company's functional currency.

The effects on shareholders' equity are determined by changes in the fair value of forward contracts on future transactions, which are used as cash flow hedges.

Sensitivity analysis

The following table reflects the effects of a potential change in interest rates on the statement of profit or loss and the effect of a potential change in exchange rates against the Euro on the net equity, keeping the Company's other variables constant.

The assumptions used in terms of a potential change in rates are based on an analysis of the trends on the reporting date.

Regarding the fixed-rate financial liabilities hedged by interest rate swaps, the change in the hedging instrument offsets the difference in the underlying liability, with practically no effect on the income statement.

	net equity (€ million)		income statements (€ million)	
at 31 December 2021	increase in exchange rates	decrease in exchange rates	increase in interest rates	decrease in interest rates
Euro	-	-	(0.6)	0.6
Dollar	0.2	(1.6)	-	-
Other currency	0.3	(0.8)	-	-
Total effect	**0.6**	**(2.4)**	**(0.6)**	**0.6**
at 31 December 2020				
Euro	-	-	(0.7)	0.7
Dollar	0.7	-	-	-
Other currency	-	(0.2)	-	-
Total effect	**0.8**	**(0.2)**	**(0.7)**	**0.7**

ii. Shareholders' equity

The Company manages its capital structure and makes any corresponding changes based on economic conditions and the specific risks of the underlying asset.
To maintain or change its capital structure, the Company may adjust the dividends paid to shareholders and/or issue new shares. It should be noted that risk-capital management is carried out at the Group level. Please refer to the relevant notes to Campari Group consolidated financial statements.
For information on the composition and changes in shareholders' equity during the comparison periods, please refer to the statement of changes in shareholder's equity.

• *Issued capital and capital structure*

At 31 December 2021, the issued capital of Davide Campari-Milano N.V is represented in the table below. Both ordinary and special voting shares have a nominal value of €0.01 each.

No movements occurred during 2021 in the composition of the issued capital.

	no. of shares			nominal value (€)		
	ordinary shares	special voting shares(1)	total	ordinary shares	special voting shares(1)	total
Issued capital at 31 December 2021	**1,161,600,000**	**665,718,342**	**1,827,318,342**	**11,616,000**	**6,657,183**	**18,273,183**

(1) Special voting shares A.

The features of the special voting shares (which can be A, B, C depending on the voting rights assigned) are described in the articles of association as well as in the terms and conditions for special voting shares ('SVS Terms'). The special voting shares are not tradable on a regulated market.

• *Outstanding shares, own shares rights associated with the shares*

In 2021, the Company launched a share buyback programme covering the period from 8 April 2021 to 8 October 2022 coordinated by EXANE BNP Paribas by 31 March 2022. The programme is carried out pursuant to article 5 of Regulation (EU) 596/2014, in accordance with a resolution approved by the Shareholders' Meeting, authorising the purchase of own shares to serve the existing stock option plans for the Company's management which were resolved by the Shareholders' Meeting and the Shareholders' Meetings of the previous years and other incentive plans currently in force. The external broker responsible for implementing the programme acted in compliance with the statutory limits and the shareholders' resolutions. The transactions carried out under the programme are regularly communicated to the competent authorities pursuant to applicable legislation.
Furthermore this programme included a contractually-agreed reward mechanism, based on which an amount deriving from the outperformance[61] in the purchase cost of the shares during the programme shall be allocated by Campari to an energy efficiency project, namely the installation of photovoltaic panels in one of the Company's main production plants located in Italy (Novi Ligure), making it possible to insource the production of renewable electricity and reduce emissions, in line with Campari Group's energy efficiency and decarbonisation agenda. Since the outperformance generated by the share buyback programme is higher than what was originally expected, it is possible to extend the financing of the environmental sustainability photovoltaic transformation project also to the Italian plant in Canale, in addition to the plant in Novi Ligure (Italy). By introducing this share buyback programme linked to an ESG commitment, Campari further confirms its strong commitment to the responsible use of resources and reduction of the environmental impact of its production activities, one of the four pillars of Campari Group's sustainability roadmap.

(61) The outperformance is the difference between the purchase price and the average VWAP (Volume Weighted Average Price) during the execution period.

The table below show the reconciliation between the number of outstanding shares at 31 December 2021.

	no. of shares			nominal value (€)		
	ordinary shares	special voting shares	total	ordinary shares	special voting shares	total
Outstanding shares at 31 December 2020	1,119,406,193	652,128,342	1,771,534,535	11,194,062	6,521,283	17,715,345
Ordinary shares repurchased under share repurchase program	(5,931,376)	-	(5,931,376)	(59,314)	-	(59,314)
Ordinary shares assigned under incentive plans	19,015,454	-	19,015,454	190,155	-	190,155
Special voting shares allocation	-	(34,521,538)	(34,521,538)	-	(345,215)	(345,215)
Outstanding shares at 31 December 2021	1,132,490,271	617,606,804	1,750,097,075	11,324,903	6,176,068	17,500,971
Total own shares held	29,109,729	48,111,538	77,221,267	291,097	481,115	772,213
Own shares as a % total respective shares	2.51%	7%	4%			

With reference to ordinary shares, between 1 January and 31 December 2021 the Company wield 19,015,454 of own shares, out of which 19,009,546 shares were sold for a total cash-in of €68.3 million, corresponding to the average exercise price multiplied by the number of own shares sold to stock option beneficiaries, while additionally 5,908 shares were transferred in the context of share matching plans. In the same period, the Company purchased 5,931,376 shares at an average price of €12.0, for a total amount of €71.0[62] million. At 31 December 2021, the Company held 29,109,729 own shares, equivalent to 2.5% of the share capital.

With reference to special voting shares, between 1 January and 31 December 2021 the Company allocated the nominal value of 34,521,538 special voting shares to the treasury shares reserve. This resulted from disposals of outstanding ordinary shares having corresponding special voting shares. During the year no cancellation of the treasury special voting shares has been resolved by the shareholders' meeting of the Company.

On 12 May 2021 a transaction carried out via block trade mechanism was completed for an amount of 3,756,833 Campari shares which have been purchased by 31 stock option beneficiaries ('relevant beneficiaries') following the exercise of stock options in accordance with the terms and conditions of the applicable Campari stock options regulation, and simultaneously the same number of shares has been sold by the relevant beneficiaries via the above-mentioned block trade. In order to ensure an orderly process for the sale of the shares by the relevant beneficiaries (corresponding to approximately 0.3% of Campari's share capital), the transaction was fully implemented through a block trade with Goldman Sachs International for the distribution of the shares to institutional investors only. The stock option plan relevant for this transaction, was approved by Campari shareholders' meeting held on 29 April 2016 and is part of an ongoing long-term incentive plan consisting of multiple rolling grants. In particular, under the executed 2016 plan, on 11 May 2016, stock options were assigned with (i) a five-year vesting period, (ii) a subsequent two-year exercise period and (iii) a strike price equal to €4.28 (each option entitling the beneficiary to purchase one Campari share). Currently, net of certain early exercises and cancellations (due to early retirements or employment terminations), the outstanding stock options assigned in 2016 are equal to 11,717,577 (inclusive of the above 3,756,833 options) and were distributed across 156 beneficiaries (inclusive of the relevant beneficiaries). Amongst the relevant beneficiaries and in the context of the above-mentioned block trade, Robert Kunze-Concewitz, Chief Executive Officer of Campari Group, exercised 1,166,860 options and sold the resulting 1,166,860 Campari shares; Paolo Marchesini, Chief Financial Officer of Campari Group, exercised 816,802 stock options and sold the resulting 816,802 Campari shares.
The tables below show the reconciliation between the number of outstanding shares at 31 December 2020 and at 31 December 2019.

(62) The amount does not include the payable of €0.1 million to be collected in connection with the share buyback programme.

	no. of shares			nominal value (€)		
	ordinary shares	special voting shares	Total	ordinary shares	special voting shares	Total
Outstanding shares at 31 December 2019	1,147,895,800	-	1,147,895,800	57,394,790	-	57,394,790
Capital reduction of ordinary shares to non-distributable reserve	-	-	-	(46,464,000)	-	(46,464,000)
Capital reduction of own shares	-	-	-	548,168	-	548,168
Special voting shares allocation at the Redomiciliation date	-	665,718,342	665,718,342	-	6,657,183	6,657,183
Ordinary shares repurchased under share repurchase program	(36,281,893)	-	(36,281,893)	(362,819)	-	(362,819)
Special voting shares allocation	-	(13,590,000)	(13,590,000)	-	(135,900)	(135,900)
Ordinary shares assigned under incentive plans	7,792,286	-	7,792,286	77,923	-	77,923
Outstanding shares at 31 December 2020	1,119,406,193	652,128,342	1,771,534,535	11,194,062	6,521,283	17,715,345
Total own shares held	42,193,807	13,590,000	55,783,807	-	-	-
Own shares as a % total respective shares	3.63%	2.04%	3.05%			

	no. of shares	nominal value (€)
Outstanding shares at 31 December 2019	1,146,618,042	57,330,902
Ordinary shares repurchased under incentive plans	(9,036,356)	(451,818)
Ordinary shares assigned under incentive plans	10,314,114	515,706
Outstanding shares at 31 December 2020	1,147,895,800	57,394,790
Total own shares held	13,704,200	685,210
Own shares as a % total respective shares	1.18%	-

• *Dividends paid and proposed*

The dividends approved and paid in 2021 and in previous years are as follows.

	2021	2020	2019
	€	€	€
Dividend per share	0.055	0.055	0.050
	€ million	**€ million**	**€ million**
Total amount	61.6	62.9	57.3
of which, to owners of the Parent	*61.6*	*62.9*	*57.3*
of which, to non-controlling interests	-	-	-

The dividends submitted for the approval of the General Meeting of Shareholders called to approve the financial statements for the year ended 31 December 2021 is €67.9 million, calculated on the basis of shares outstanding at 31 December 2021 and to be recalculated based on the total number of outstanding shares as of the coupon detachment date. For information purposes, on the basis of the 29,109,729 own shares held at 31 December 2021, the shares outstanding at the same date amounted to 1,132,490,271. The proposed dividend for the period is €0.06 per share, increasing by +9.1% compared to the previous financial year.

For information on the dividend payments in the last five years, refer to the following 'Other reserves' note.

• *Other reserves*

	legal reserves for Dutch legislation[(1)]	retained earnings and other reserves							
	cash flow hedge reserve	treasury ordinary shares	treasury special voting shares	ordinary shares purchases/sal	share-based payments	remeasurement of defined benefit plans	other reserve	retained earnings	Total retained earnings and other reserves
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
at 31 December 2020	**(12.3)**	**(0.4)**	**(0.1)**	**(534.3)**	**35.7**	**(0.7)**	**51.4**	**1,481.6**	**1,033.1**
Cost of share-based payments for the period					6.0				6.0
Share-based payments - controlled companies					5.4				5.4
Share-based payments assigned					(17.1)			17.1	-
Losses (profits) reclassified in the income statement	4.3								-
Merger difference							293.5		293.5
Profits (losses) allocated to shareholders' equity	1.5					-			-
Tax effect recognised in shareholder's equity	(1.4)					-			-
Purchase of treasury shares		(0.1)	(0.3)	(71.0)				0.3	(71.1)
Sale of treasury shares		0.2		68.1					68.3
Share capital reduction								-	-
Dividends								(61.6)	(61.6)
Allocation of prior year result		-		-				83.3	83.3
at 31 December 2021	**(7.8)**	**(0.3)**	**(0.5)**	**(537.2)**	**30.0**	**(0.7)**	**345.0**	**1,520.6**	**1,356.9**

(1) No legal reserve for undistributed earnings on associates and joint ventures has been considered based on the related results of the period.

	legal reserves for Dutch legislation[(1)]	retained earnings and other reserves							
	cash flow hedge reserve	treasury ordinary shares	treasury special voting shares	ordinary shares purchases/sal	share-based payments	remeasurement of defined benefit plans	other reserve	retained earnings	Total retained earnings and other reserves
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
at 31 December 2019	**(15.3)**	**(0.7)**		**(263.4)**	**32.6**	**(0.8)**	**11.6**	**1,428.5**	**1,207.8**
Cost of stock options for the period					5.1				5.1
Stock option - controlled companies					4.1				4.1
Stock option exercised					(6.1)			6.1	-
Losses (profits) reclassified in the income statement	4.4								-
Tax effect recognised in the income statement									-
Profits (losses) allocated to shareholders' equity	(0.5)					0.2			0.2
Tax effect recognised in shareholder's equity	(0.9)					-			-
Purchase of treasury shares		(0.4)	(0.1)	(293.2)				0.1	(293.6)
Sale of treasury shares		0.1		22.3					22.4
Share capital reduction		0.5					39.8	(0.5)	39.8
Dividends								(62.9)	(62.9)
Allocation of prior year result								110.2	110.2
at 31 December 2020	**(12.3)**	**(0.4)**	**(0.1)**	**(534.3)**	**35.7**	**(0.7)**	**51.4**	**1,481.6**	**1,033.1**

At 31 December 2021, pursuant to Dutch law, certain limitations exist relating to the distribution of shareholders' equity in addition to the issued capital of €18.3 million composed by €11.6 million of common share capital and €6.7 million special voting shares A. Such limitations related to unrealised net losses connected to cash flow hedges through 'other comprehensive income' financial instruments of €7.8 million, which reduced the distributable amount since this reserve was negative.
Non-distributable reserves totalling €345.0 million are composed of €11.6 million to previous Italian legal requirements, €39.8 million to the share capital reduction resolved by the Company's extraordinary general meeting of the previous year and €293.5 of net merger difference coming from the incorporation of Di.Ci.E. Holding B.V. into Davide Campari-Milano N.V.. Please refer to paragraph 'Significant events of the year' of the management board report for more information.

• *Stock option reserve*
Accruals made to the stock option reserve during the year in respect of share-based payments totalled €11.4 million, of which €5.4 million was posted against the related investment for the allocation of stock options to directors and employees of subsidiaries.
Moreover, options assigned (including both stock options and other forms of share-based payments) during the year by beneficiaries at Davide Campari-Milano N.V. and its subsidiaries totalled €17.1 million (€9.3 million and €7.7 million respectively).
For full information regarding stock option plans, see note 10 i-'Share-based payments'.

• *Retained earnings*
Following the resolution of the General Meeting of Shareholders of 8 April 2021, the profit for the year at 31 December 2020, amounting to €83.3 million, was allocated as follows:
- €61.6 million to dividends;
- €21.7 million to retained earnings.

In terms of the distribution of dividends during the last five years, the utilisation of the retained earnings reserve was as follows.

		approved and paid during the years				
		2021	2020	2019	2018	2017
Dividend per share	€	0.055	0.055	0.050	0.050	0.045
Total amount	€ million	61.6	62.9	57.3	57.5	52.1
		2021	2020	2019	2018	2017
retained earning reserve	€ million	61.6	62.9	57.3	57.5	52.1
other reserve	€ million	-	-	-	-	-

• *Other comprehensive income*
The changes during the year and the related tax effect on other comprehensive income items for the years ended 31 December 2021 and 2020 were as follows.

	for the years ended 31 December	
	2021	2020
	€ million	€ million
Profit for the period (A)	**166.9**	**83.3**
B1) Items that may be subsequently reclassified to the statement of profit or loss		
Cash flow hedge:		
(Profit) losses components for the period	4.3	4.4
Other comprehensive income components	1.5	(0.5)
Related Income tax effect	(1.4)	(0.9)
Total cash flow hedge	**4.5**	**3.0**
B2) Items that may not be subsequently reclassified to the statement of profit or loss		
Remeasurements of defined benefit plans:		
Gains/(losses) on remeasurement of defined benefit plans	-	0.2
Related Income tax effect	-	-
Total remeasurements of defined benefit plans	**-**	**0.2**

• *Reconciliation of the Parent Company and Group net profit and shareholders' equity*
The table below shows a reconciliation between the result for the period and shareholders' equity for Campari Group with the same items of the Parent Company Davide Campari-Milano N.V..

	at 31 December			
	2021		2020	
	shareholders' equity € million	result of the period € million	shareholders' equity € million	result of the period € million
Figures from the annual financial statements of Davide Campari-Milano N.V.	**1,534.2**	**166.9**	**1,122.4**	**83.3**
- Difference between carrying value and pro-rata value of shareholders' equity of equity investments	876.4		902.2	
- Pro-rata results of subsidiaries		249.5		225.7
- Elimination of intra-group dividends	-	(121.1)	-	(112.2)
- Elimination of intra-group profits and capital gains	(38.8)	(10.5)	(28.0)	(8.9)
Figures from the consolidated financial statements (figures attributable to the Group)	**2,371.8**	**284.8**	**1,996.6**	**187.9**
Shareholders' equity and net profit attributable to non-controlling interests	3.0	(1.8)	1.8	(1.0)
Group's equity and net profit	**2,374.8**	**283.0**	**1,998.4**	**186.9**

10

OTHER DISCLOSURES

This section includes additional financial information that is either required by the relevant accounting standards or that management considers to be material for shareholders.

i. Share-based payments

	no. of ordinary shares held in treasury for the years ended 31 December		purchase price (€ million) for the years ended 31 December	
	2021	2020	2021	2020
Balance at 1 January	42,193,807	13,704,200	342.4	108.7
Purchases	5,931,376	36,281,893	71.1	293.6
Disposals	(19,015,454)	(7,792,286)	(139.8)	(59.8)
Final balance	29,109,729	42,193,807	273.7	342.4
% of share capital	2.51%	3.63%		

In relation to the sales of own shares in the year, shown in the above table at the original purchase cost (€139.8 million), carried out at a market price totalling €68.3 million, the Company recorded a negative difference of €71.5 million , which was recorded under shareholders' equity (embedded within the retained earnings) and partly offset by the use of €11.3 million from the stock option reserve.

• Compensation plans in the form of stock options

The Company Davide Campari-Milano N.V., has a number of incentive plans in place; these take the form of stock option plans, governed in accordance with the shareholders' resolution, pursuant to applicable law, and implemented by means of a specific regulation ('Stock Option Regulations').

The purpose of the plan is to offer beneficiaries who occupy key positions at the Company the opportunity to own shares in Davide Campari-Milano N.V., thereby aligning their interests with those of other shareholders and fostering loyalty, in the context of the strategic goals to be achieved.

The recipients are employees, directors and/or individuals who regularly work for the Company, who have been identified by the Board of Directors of Davide Campari-Milano N.V., and who, on the approval date of the plan and until the date that the options are exercised, have worked as employees and/or directors and/or in any other capacity at one or more Group companies without interruption.

The Board of Directors of Davide Campari-Milano N.V. has the right to draft regulations, select beneficiaries, and determine the share quantities and values for the execution of the stock option plans.

The Shareholders' meeting of 8 April 2021 approved a new stock option plan, established the maximum number of shares that may be granted and authorised by the Board of Directors of the Company to identify, within the limits laid down at the Shareholders' meeting, the beneficiaries and the number of options that may be granted to each. Options were therefore granted on 4 May 2021 to individual beneficiaries, giving them the right to exercise them within two years of the end of the fifth year from the grant date. The total number of options granted in 2021 for the purchase of further shares was 645,795 with an average grant price of €9.91, equivalent to the weighted average market price in the month preceding the day on which the options were granted.

The following table shows the changes in stock option plans during the periods in question.

	for the years ended 31 December			
	2021		2020	
	no. of shares	average allocation/ exercise price (€)	no. of shares	average allocation/ exercise price (€)
Options outstanding at the beginning of the period	52,541,307	4.83	49,289,367	4.13
Options granted during the period	645,795	9.91	12,474,917	6.41
(Options cancelled during the period)	(671,291)	6.34	(1,430,691)	5.29
(Options exercised during the period)[1]	(19,009,546)	3.60	(7,792,286)	2.87
(Options expired during the period)	(15,000)	-	-	-
Options outstanding at the end of the period	33,491,265	5.59	52,541,307	4.83
of which exercisable at the end of the period	10,092,564	3.59	15,647,473	3.07

(1) The average market price on the exercise date was €11.41.

The exercise prices for the options granted in each year range were as follows.

	average exercise price
Allocations: 2012	2.63
Allocations: 2013	2.98
Allocations: 2014	3.14
Allocations: 2015	3.54
Allocations: 2016	4.29
Allocations: 2017	6.19
Allocations: 2018	6.25
Allocations: 2019	8.85
Allocations: 2020	6.41
Allocations: 2021	**9.91**

The stock option plan is not inclusive of vesting conditions linked to business results or to market conditions and the following assumptions were used for the fair value measurement of options issued in 2021 and 2020.

	2021	2020
Expected dividends (€)	0.055	0.055
Expected volatility (%)	20.89%	37.87%
Historic volatility (%)	20.89%	37.87%
Market interest rate	-0.12%	-0.08%
Expected option life (years)	7.00	7.00
Exercise price (€)	9.91	6.41

The average fair value of options granted in 2021 was €1.99 (€2.40 in 2020).

The average residual life of the options existing at 31 December 2021 was 1.99 years in total, while for those held by the Company's employees working in Italy this was 2.4 years (3.0 years and 1.9 years respectively at 31 December 2020).

• Share-based payments in the form of 'Employees Share Ownership plan'

The Shareholders' meeting of 8 April 2021 approved the resolution to implement an Employee Share Ownership Plan ('ESOP'), which is a share matching plan offering employees the opportunity to invest in Davide Campari-Milano N.V. shares for which free shares will be granted after a certain vesting period. ESOP aims at encouraging employees to share the Company's values, strengthening the sense of belonging and encouraging active participation in the Group's long-term growth. The ESOP is intended for all Group employees, with the exception of members of the Board of Directors. These employees will be offered the opportunity to allocate certain amounts to the plan. Their contributions will be used to purchase shares of Davide Campari-Milano N.V. (the 'Purchased Shares') by the plan administrator and, after a three-year vesting period, complementary free shares will be awarded. This initiative will start having an impact on the Company's accounts from the first quarter of 2022 and the

accounting treatment will follow the same applied for benefits granted in the form of stock option plans.
As part of this programme, the Extra-Mile Bonus Plan ('EMB') was awarded in 2021 representing a preparatory assignment to the launch of the ESOP programme with which it shares the main features.
The above-mentioned Shareholders' meeting approved the resolution to reward all permanent employees, who worked at the Company for at least 6 months during 2020, with the exception of the Group Leadership Team, for their participation in the Group's performance. Eligible employees will be awarded the right to receive a number of Campari shares for free, subject to their continued employment during a vesting period of three years. This beforementioned initiative started having an impact on the Company's accounts from the third quarter of 2021. The fair value of the EMB plan is represented by the awarded number of rights assigned calculated based on the annual base gross salary of eligible employees as at 31 December 2020, divided by twelve.
The number of rights granted to the Company's employees working in Italy is provided here below.

n. of rights	at 31 December 2021
Outstanding rights at the beginning of the year	-
Assigned during the period	313,656
Cancelled during the period	(5,736)
Exercised during the period	-
Expired during the period	-
Outstanding rights at the end of the year	307,920

The ESOP and EMB information documents, drafted in accordance with applicable legislation, are available on the Company's website: www.camparigroup.com/en/page/group/governance.

ii. Provisions for risks and future charges

A reconciliation with the Company's net financial debt is shown in the table below.

	tax provision	restructuring provisions	agent severance fund	other	total
	€ million	€ million	€ million	€ million	€ million
at 31 December 2020	**0.1**	**0.8**	**1.3**	**0.5**	**2.7**
Accruals	-		0.1	4.6	4.7
Utilizations	-	-	(0.1)	-	(0.1)
at 31 December 2021	**0.1**	**0.8**	**1.3**	**5.1**	**7.3**
of which estimated outlay:					
- due within 12 months	*0.1*	*0.8*	*1.3*	*0.8*	*2.9*
- due after 12 months	-	-	-	*4.4*	*4.4*

	tax provision	restructuring provisions	agent severance fund	other	total
	€ million	€ million	€ million	€ million	€ million
at 31 December 2020	**0.1**	**0.8**	**1.3**	**0.5**	**2.7**
Accruals	-		0.1	4.6	4.7
Utilizations	-	-	(0.1)	-	(0.1)
at 31 December 2021	**0.1**	**0.8**	**1.3**	**5.1**	**7.3**
of which estimated outlay:					
- due within 12 months	*0.1*	*0.8*	*1.3*	*0.8*	*2.9*
- due after 12 months	-	-	-	*4.4*	*4.4*

The accrual of €4.6 million in other provisions for risks and charges mainly referred to the offset of cumulated losses generated by the Japan joint venture incorporated in Davide Campari-Milano N.V. after the merger of the Di.Ci.E Holding B.V.

iii. Fair value information on assets and liabilities

A summary of the financial assets and liabilities, irrespective of the proposed classification based on the applicable business model, together with their carrying amount and corresponding fair value, is shown below.

	carrying amount at 31 December		fair value at 31 December	
	2021	2020	2021	2020
	€ million	€ million	€ million	€ million
Cash and cash equivalents	178.6	69.7	178.6	69.7
Current financial receivables	14.7	1.0	14.7	1.0
Current assets for hedging derivatives	0.1	0.1	0.1	0.1
Current assets for hedge derivatives, not in hedge accounting	0.1	-	0.1	-
Current financial receivables from related parties	72.6	112.9	72.6	112.9
Other non-current financial assets	1.5	3.0	1.5	3.0
Financial assets	**267.6**	**186.7**	**267.6**	**186.7**
Loans due to banks (1)	501.1	521.2	567.4	581.3
Bonds issued in 2017	200.0	200.0	204.6	209.9
Bonds issued in 2019	149.7	149.5	151.7	157.9
Bonds issued in 2020	545.9	545.2	554.2	571.5
Accrued interest on bonds	6.3	6.3	6.3	6.3
Other current and non-current financial liabilities	7.0	4.9	7.0	4.9
Other financial liabilities in respect of related parties	199.9	207.3	199.9	207.3
Current liabilities for hedge derivatives	0.5	-	0.5	-
Non-current liabilities for hedging derivatives	0.7	3.5	0.7	3.5
Current liabilities for hedge derivatives, not in hedge accounting	0.2	-	0.2	-
Liabilities for put option and earn out payments	45.0	52.0	45.0	52.0
Financial liabilities	**1,656.2**	**1,689.9**	**1,737.5**	**1,794.6**
Financial guarantees	32.6	-	32.6	-
Securities to group companies for credit lines	147.3	67.6	79.0	67.6
Customs guarantees for excise duties	105.4	122.6	105.4	122.6
Other guarantees	8.6	4.5	8.6	4.5
Unrecognised financial instruments (commitments)	**293.9**	**194.7**	**225.6**	**194.7**

(1) Excluding related derivative.

There were no changes in the Company's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period with regards to the fair value of a) financial and b) non-financial instruments. The valuation date for all items is 31 December 2021.

FINANCIAL INSTRUMENTS

Fair value of financial instruments

- for financial assets and liabilities that are liquid or nearing maturity, it is assumed that the carrying amount equates to fair value; this assumption also applies to term deposits, securities that can be readily converted to cash, and variable-rate financial instruments;
- for the measurement of hedging instruments at fair value, valuation models based on market parameters are used;
- the fair value of non-current financial payables was obtained by discounting all future cash flows to present value under the conditions in effect at the end of the year.

Derivatives, valued using techniques based on market data, are mainly interest-rate swaps and forward sales/purchases of foreign currencies to hedge both the fair value of the underlying instruments and cash flows.
The most commonly applied valuation methods include forward pricing and swap models, which use present va-

lue calculations. The models incorporate various inputs, including the non-performance risk rating of the counterparty, market volatility, spot and forward exchange rates and current and forward interest rates.
An analysis of financial instruments measured at fair value based on three different valuation levels is provided in the table below.

- level 1: valuation for the financial assets in question was calculated using a methodology based on the NAV, which was obtained from specialised external sources;
- level 2: valuation used for financial instruments measured at fair value was based on parameters such as exchange rates and interest rates, which are quoted on active markets or are observable on official yield curves;
- level 3: valuation used for financial liabilities deriving from or connected to business combinations, where a portion of the consideration was determined as a condition subordinated to the performance of the company acquired, on the basis of contractually agreed indicators.

at 31 December 2021	level 1 € million	level 2 € million	level 3 € million
Assets valued at fair value		-	
Current assets for hedge derivatives, not in hedge accounting(1)	-	0.1	-
Current assets for hedging derivatives(1)	-	0.1	-
Current financial receivable	13.2	1.5	-
Non-current financial receivable	-	1.5	-
Other non-current assets	-	-	0.1
Liabilities valued at fair value		-	-
Non-current liabilities for hedging derivatives(1)	-	0.7	-
Non-current liabilities for hedging derivatives, not reported using hedge accounting procedures(1)	-	0.2	-
Current liabilities for hedging derivatives(1)	-	0.5	-

(1) Items for which fair value are disclosed in the related note.

at 31 December 2020	level 1 € million	level 2 € million	level 3 € million
Assets valued at fair value	-	-	-
Current assets for hedging derivatives(1)	-	0.1	-
Current financial receivable	-	1.0	-
Non-current financial receivable	-	3.0	-
Other non-current assets	-	0.1	-
Liabilities valued at fair value	-	-	-
Non-current liabilities for hedging derivatives(1)	-	3.5	-
Liabilities for put option and earn out payments	-	1.6	-

(1) Items for which fair value are disclosed in the related note.

The following tables show the valuation techniques used in measuring level 2 and level 3 fair values at 31 December 2021 for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used.

type	valuation technique	significant unobservable inputs	inter-relationship between significant unobservable inputs and fair value measurement
Forward and option exchange contracts	For the Company, net exposure to foreign exchange effects is limited to transactions concluded among the other companies in the Group relating to certain sales and purchases regulated in currencies other than the functional currencies of the companies. Although these transactions represent only a portion of the overall business, the Group policy is to regularly determines the net exposure to the primary currencies (USD, GBP, AUD) based on its predicted intercompany sales and purchases up to 18 months. The Group then enters foreign currency forward and option contracts to hedge those exposures. The fair value is determined using quoted forward exchange rates at the reporting date based on high credit quality yield curves in the respective currencies. The models incorporate various inputs, including the credit rating of the counterparty, market volatility, spot and forward exchange rates and current and forward interest rates.	Not applicable.	Not applicable.
Derivative agreements not in hedge accounting	For operational reasons sometime the Company decided not to designate foreign currency derivative contracts as hedge accounting relationships. The derivative agreements used by the Group are forward and option exchange contracts covering foreign exchange exposure on receivables and payables, for which the natural hedge effect is obtained.	Not applicable.	Not applicable.
Interest rate swaps	Interest rate swaps agreements are namely connected with financing. The fair value of interest rate swaps agreements is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Company and of the counterparty; this is calculated based on credit spreads derived from current credit default swap or bond prices.	Not applicable.	Not applicable.

There were no transfers between level 1 and level 2 fair value measurements during the period. Other non-current assets were transferred from level 2 into level 3 fair value measurements during the year ended 31 December 2021 in consideration of the significant unobservable inputs used in the valuation process.
In light of the negligible amount of other non-current assets classified as level 3 fair value items, no sensitivity was detected as any reasonably possible changes at the balance sheet date of one of the significant unobservable inputs, keeping the other variables constant, would not have generated significant effects either on the income statement or on the group net equity.

Financial derivatives
A summary of financial derivatives implemented by the Group at 31 December 2021, broken down by hedging strategy, is shown below.

- **Derivatives used for fair-value hedging**

At 31 December 2020, the Company had contracts for hedging payables and receivables in foreign currency in

place that meet the requirements to be recognised as hedging instruments based on the relevant accounting standards. Specifically, it recognised forward contracts on receivables and payables in currencies other than the Euro recorded in its financial statements at 31 December 2021. These contracts were negotiated to match maturities with incoming and outgoing cash flows resulting from sales and purchases in individual currencies.
The valuation of these contracts at the reporting date resulted in the reporting of assets of €0.1 million and liabilities of €1.1 million.
Below is a summary of the gains and losses on hedging items and on hedged items with regard to all fair-value hedges, corresponding to the above-mentioned contracts.

	at 31 December	
	2021 € million	2020 € million
Gains on hedging items	-	-
Losses on hedging items	-	-
Total gains (losses) on hedging items	**-**	**-**
Gains on hedged items	0.4	-
Losses on hedged items	(0.1)	(0.1)
Total gains (losses) on hedged items	**0.3**	**(0.1)**

• Derivatives used for cash-flow hedging
The Company uses the following contracts to hedge its cash flows:

- interest rate swaps hedging the risk of interest rate fluctuations on future transactions relating to the clauses of financial loans;
- hedging of future sales and purchases in currency and interest rates on future transactions.

The fair value variation of the hedging instruments during the year generated in impact in other comprehensive income movements of €1.6 million and €4.3 million in profit or loss related to the reversal of cash flow reserve associated with the pre-hedge derivative closed in 2018. The valuation of these contracts at the reporting date gave rise to liabilities of €0.1 million.

The table below shows when the aforementioned hedged cash flows are expected to be received (paid), at 31 December 2021. These cash flows concern both interest and currency derivatives and have not been discounted. Since the Company does not distinguish the outflow for positive and negative fair values of derivative contracts, the below cash outflow is presented net.

at 31 December 2021	within one year € million	1-5 years € million	total € million
Cash outflows (A)	(0.1)	-	(0.1)
Cash inflows (B)	-	1.2	1.3
Net cash flows (A+B)	**-**	**1.2**	**1.2**

at 31 December 2020	within one year € million	1-5 years € million	total € million
Cash outflows (A)	-	(0.4)	(0.4)
Cash inflows (B)	-	-	-
Net cash flows (A+B)	**-**	**(0.4)**	**(0.4)**

The overall changes in the cash-flow hedge reserve and the associated deferred taxes are shown below.

	gross amount € million	tax effect € million	net amount € million
at 31 December 2020	(16.2)	3.9	(12.3)
profit or loss impact	4.3	(1.0)	3.3
net equity impact	1.6	(0.4)	1.2
at 31 December 2021	**(10.3)**	**2.5**	**(7.8)**

	gross amount € million	tax effect € million	net amount € million
at 31 December 2019	(20.1)	4.8	(15.3)
profit or loss impact	4.4	(1.1)	3.4
net equity impact	(0.5)	0.1	(0.4)
at 31 December 2020	**(16.2)**	**3.9**	**(12.3)**

• Hedging derivatives not reported using hedge accounting
These instruments mainly related to hedges of future purchases in currencies other than the Euro. At 31 December 2021 financial liabilities for €0.2 were recognised and financial assets of €0.1 million.

NON-FINANCIAL INSTRUMENTS

• *Fair value of non-financial instruments:*
In 2021 the Company had not recognised any non-financial instruments evaluated at fair value and , as a consequence there were no changes in the valuation methods and no reclassifications between the levels in the fair value hierarchies.

iv. Commitments and risks

Existing contractual commitments for the purchase of goods or services, property, plant and equipment
The Company's other commitments for purchases of goods or services are shown below.

€ million	purchase of assets	purchase of raw materials, semi-finished products and finished products	logistic costs	advertising and promotional costs	packaging, casing	information system services	administration services	total
Within 1 year	2.5	16.1	1.4	3.7	5.3	18.2	**13.1**	**60.3**
1-5 years	-	15.0	-	0.1	-	11.5	**31.9**	**58.5**
After 5 years	-	-	-	-	-	-	**10.0**	**10.0**
Total commitments	2.5	31.1	1.4	3.8	5.3	29.7	**55.0**	**128.8**

€ million	purchase of assets	purchase of raw materials, semi-finished products and finished products	logistic costs	advertising and promotional costs	packaging, casing	information system services	administration services	other	total
Within 1 year	12.5	15.9	0.7	6.2	8.3	8.8	14.9	0.5	67.8
1-5 years	7.3	29.2	-	-	-	14.9	32.5	-	84.0
After 5 years	-	-	-	-	-	-	14.7	-	14.7
Total commitments	**19.7**	**45.1**	**0.7**	**6.2**	**8.3**	**23.8**	**62.1**	**0.5**	**166.5**

Commitments in relation to raw materials mainly related to purchases of wine and grapes for Cinzano sparkling wines.

• *Other guarantees*
Other forms of guarantees provided by the Company can be broken down as follows.

	at 31 December	
	2021	2020
	€ million	€ million
Guarantees issued to third parties	58.3	54.6
Guarantees issued to third parties in the interest of associated companies	32.6	-
Guarantees issued to third parties in the interest of Group companies	201.3	137.3
Total guarantees issued to third parties	**292.3**	**192.0**
Other guarantees	1.6	2.8
Total guarantees given	**293.9**	**194.7**

Guarantees issued to third parties in the interest of associated companies includes the financial guarantees that the Company has provided in the context of the 50/50 joint venture in Dioniso Group with Moët Hennessy to create a premium pan-European Wines&Spirits e-commerce player and which holds the leading e-commerce platforms for wines and premium spirits in Italy Tannico e Wineplatform S.p.A. and in France Ventealapropriete.com. The Company is providing 50% of financial support to Dioniso Group for the completion of business expansion transactions in case existing cash flows are not sufficient and the bank indebtedness or other third-party financing cannot be obtained at satisfactory conditions. At 31 December 2021 the estimated potential cash out for the Company in relation to Dioniso Group existing commitments in the form of put and/or call option connected with business combination and committed liability for the personnel compensation scheme, was €32.6 million.

Guarantees issued to third parties in the interest of Group companies mainly consist of grants sureties to third parties on behalf of Group companies for credit lines or commercial and financial agreements. The company also provide guarantees to customs or tax authorities for excise duties liabilities or tax stamp liabilities to the benefit of both Group companies and the Company itself.

• *Contractual commitments for the use of third-party assets that are not recorded using lease accounting*
The following table shows amounts owed by the Company in future periods, broken down by maturity, in relation to the main contractual commitments for the use of third party assets that are not recorded using lease accounting.
At 31 December 2021, the contracts mainly related to information technology equipment and warehouses for storing products.

	at 31 December	
	2021	2020
	€ million	€ million
Within 1 year	3.6	3.3
Total	**3.6**	**3.3**

No off-balance sheet agreements, including between affiliates were concluded during the year that could generate exposures or benefits for the Company, where knowledge of same would be useful for assessing the Company's financial position or operating results.

v. Defined benefit plans

The employee liability indemnity (TFR), which relates to the Company's employees, pursuant to Article 2120 of the Italian Civil Code, falls under the scope of defined benefit plans.
TRF contributions accrued up to 31 December 2006 remain with the Company; for contributions accruing from 1 January 2007, employees have the choice of allocating them to a complementary pension scheme, or to keep them with the company, which will transfer the contributions to a fund held at the INPS (the Italian social security agency).
Therefore, TFR contributions accrued from 1 January 2007 are classified as defined contribution plans.
As the Company usually pays contributions through a separate fund, without further obligations, it recognises its contributions to the fund in the year to which they relate, in respect of employees' service, without performing any actuarial calculation. Since the contributions in question have already been paid by the Company at the reporting date, no liability is recorded in the statement of financial position.
Nonetheless, TFR contributions accrued up to 31 December 2006 will continue to be classified as defined benefit plans, with the actuarial valuation criteria remaining unchanged in order to reflect the current value of the benefits payable on the amounts accrued at 31 December 2006 when employees leave the Company.

The tables below summarise the components of the net cost of benefits reported in the statement of profit or loss and in the statement of other comprehensive income in 2021 and 2020.

€ million	liabilities
Liabilities (assets) at 31 December 2020	**4.2**
Amounts included in the statement of profit or loss:	
- current service costs	0.1
Total	**0.1**
Other changes:	
- benefits paid	(0.2)
Total	**(0.2)**
Liabilities (assets) at 31 December 2021	**4.1**

€ million	liabilities
Liabilities (assets) at 31 December 2019	**5.0**
Amounts included in the statement of profit or loss:	
- current service costs	0.1
Total	**0.1**
Amounts included in the statement of comprehensive income:	
- gain/(losses) resulting from changes in actuarial assumptions	(0.2)
Total	**(0.2)**
Other changes:	
- benefits paid	(0.7)
Total	**(0.7)**
Liabilities (assets) at 31 December 2020	**4.2**

The main assumptions used in determining the obligations resulting from TFR are indicated below.

	at 31 December	
	2021	2020
Discount rate	0.89%	0.33%
Staff turnover rate	4.54%	3.83%
Forecast inflation rate	**0.50%**	**0.50%**

Quantitative sensitivity analysis of the significant assumptions used at 31 December 2021 is shown below.

	impact of positive change	impact of negative change
Discount rate	3.44%	3.69%
Rate of employee turnover	-0.31%	0.34%
Forecast inflation rate	2.14%	-2.06%

The sensitivity analysis shown above is based on a method involving the extrapolation of the impact on the obligation of reasonable changes to the key assumptions made at the end of the financial year. The methodology and the assumptions made in preparing the sensitivity analysis remain unchanged from the previous year. Since pension liabilities have been adjusted on the basis of the consumer price index, the pension plan is exposed to the inflation rate, interest-rate risks and changes in the rate of employee turnover. Since there are no assets that support the plans, the Company is not exposed to market risk in the sectors in which the plan is invested.

The table below reflects the expected payments in future years.

	at 31 December	
	2021	2020
	€ million	€ million
Within 12 months	0.2	0.2
From 1 to 5 years	0.7	0.6
From 5 to 10 years	0.8	0.7
Total	**1.6**	**1.5**
Average plan duration (years)	**7.4**	**8.0**

Cash flows expected for future payments into the plan are not likely to have a significant effect on the Company's statement of financial position or statement of profit or loss.

vi. Related parties

The Company adopts procedures to ensure the substantive and procedural transparency and integrity of transactions with related parties, whether carried out directly or through subsidiaries, in addition to defining the concept of related parties.

The main intra-group activities, paid for at market prices, are carried out on the basis of contractual relationships, which in particular relate to:

- the management of investments;
- the settlement of financial flows through the centralised intra-group cash and financial management system;
- the sharing of general, administrative and legal services;
- information technology support;
- commercial agreements.

Intra-group transactions are carried out through the centralised cash management system, with interest charged at market rates.

In addition, transactions with related parties include the agreement with the controlling shareholder, Lagfin S.C.A., Société en Commandite par Actions, relating to the option, exercised jointly with the Campari Group's other Italian subsidiaries, to adopt the national tax consolidation scheme governed by articles 117 et seq of the Consolidated Law on Corporate Income Tax (TUIR) for the period running from 2021 to 2023.

The Company has also joined, along with the controlling shareholder Lagfin S.C.A., Société en Commandite par Actions, the Campari Group VAT scheme pursuant to article 73, para. 3, of Presidential Decree (DPR) 633/72.

The receivables and payables arising as a result of the tax consolidation procedure are non-interest-bearing.

No other transactions have taken place with controlling entities, nor with their directly and/or indirectly-owned subsidiaries, other than with Group companies.

For further details on the relationships with the Company subsidiaries, see below.

at 31 December 2021 € million	trade receivables	financial receivables	receivables (payables) for tax consolidation	other receivables	other non-current assets	trade payables	financial payables	receivables (payables) for Group VAT	other current liabilities
Lagfin S.C.A. Société en Commandite par Actions	-	-	(32.6)	-	1.4	-	-	(1.9)	-
CT Spirits Japan	1.0	-	-	-	-	-	-	-	-
Campari Argentina S.A.	5.6	-	-	-	-	-	0.1	-	-
Campari Austria GmbH	3.3	-	-	0.1	-	-	9.1	-	-
Campari Australia Pty Ltd.	4.1	-	-	0.1	-	-	-	-	0.1
Campari Benelux S.A.	2.2	-	-	0.3	-	-	6.6	-	-
Campari do Brasil Ltda	1.8	1.9	-	0.1	-	0.1	-	-	0.0
Forty Creek Distillery Ltd.	0.9	-	-	-	-	-	-	-	-
Campari Schweiz A.G.	2.0	-	-	0.4	-	-	-	-	-
Campari Beijing Trading Co. Ltd.	8.7	-	-	-	-	-	-	-	-
Campari Deutschland GmbH	17.6	-	-	0.5	-	-	46.9	-	-
Campari España S.L.	0.3	-	-	-	-	-	27.4	-	-
Société des Produits Marnier Lapostolle S.A.S.	-	7.8	-	-	-	-	-	-	-
Kaloyannies-Koutsikos Distilleries S.A.	0.4	-	-	-	-	-	-	-	-
Campari International S.r.l.	5.5	-	-	-	-	0.1	15.5	-	-
J. Wray&Nephew Ltd.	20.0	-	-	0.2	-	0.3	-	-	-
Campari Mexico S.A. de C.V.	1.1	-	-	0.1	-	0.2	-	-	-
Campari New Zealand Ltd.	0.6	11.5	-	-	-	-	-	-	-
Campari Peru SAC	3.2	-	-	-	-	-	-	-	-
Campari RUS OOO	13.0	-	-	-	-	0.1	-	-	-
Campari Singapore Pte Ltd.	1.7	-	-	0.2	-	-	-	-	-
Campari Ukraine LLC	3.6	-	-	-	-	-	-	-	-
Glen Grant Ltd.	7.1	-	-	0.5	-	1.8	39.1	-	-
Campari America LLC	18.3	-	-	1.0	-	2.5	13.3	-	-
Campari South Africa Pty Ltd.	0.1	-	-	-	-	-	-	-	-
Campari India Pte Ltd.	2.1	-	-	-	-	-	-	-	-
Camparino Srl	0.1	2.4	-	0.2	-	-	-	-	-
Campari France SAS	3.1	-	-	0.9	-	0.8	40.1	-	-
Campari Corporativo S.A. de C.V.	-	-	-	-	-	-	-	-	-
Bellonnie et Bourdillon S.A.S.	-	24.2	-	0.1	-	-	-	-	-
Licorera Ancho Reyes Y Cia S.A.P.I. de C.V.	-	-	-	-	-	0.1	-	-	-
Casa Montelobos S.A.P.I. de C.V.	-	-	-	-	-	0.1	-	-	-
Société Distilleries Agricoles De Sainte Luce S.A.S.	-	-	-	-	-	-	-	-	-
Société Civile d'Expoitation Agricole Trois Rivieres	-	-	-	-	-	-	-	-	-
Champagne Lallier Sarl	-	24.7	-	0.1	-	0.6	-	-	-
Les Rives de Marne Sarl	-	-	-	-	-	0.1	-	-	-
Terrazza Aperol S.r.l.	-	-	-	-	-	-	1.8	-	-
Trans Beverages Co. Ltd.	1.6	-	-	-	-	-	-	-	-
Total at 31 December 2021	**129.0**	**72.6**	**(32.6)**	**4.9**	**1.4**	**7.0**	**199.9**	**(1.9)**	**0.1**
Total at 31 December 2020	75.9	112.9	(8.6)	4.8	1.8	15.7	207.3	1.2	0.3

at 31 December 2021 € million	net sales	cost of sales	advertising and promotional costs	selling, general and administrative expenses	other operating income (expenses)	Dividends	financial income and expenses
Campari Argentina S.A.	2.0	-	-	1.7	-	-	-
Campari Austria GmbH	25.6	0.1	0.2	0.2	-	-	-
Campari Australia Pty Ltd.	10.4	-	-	1.1	(0.1)	-	-
Campari Benelux S.A.	16.9	-	0.1	1.2	0.1	0.7	-
Campari do Brasil Ltda	0.9	(0.4)	-	2.8	-	2.3	-
Forty Creek Distillery Ltd.	2.8	(0.1)	0.2	2.0	-	-	-
Campari Schweiz A.G.	16.0	-	-	1.2	-	-	-
Campari Beijing Trading Co. Ltd.	8.9	-	-	(3.9)	-	-	-
Campari Deutschland GmbH	91.7	-	0.1	3.3	-	-	-
Campari España S.L.	3.7	-	-	-	-	-	0.2
Société des Produits Marnier Lapostolle S.A.S.	-	-	-	-	-	7.9	-
Kaloyannies-Koutsikos Distilleries S.A.	-	(0.2)	-	0.3	-	-	-
Campari International S.r.l.	22.6	0.7	0.2	3.3	-	4.0	-
J. Wray&Nephew Ltd.	1.5	(1.2)	-	6.8	-	-	-
Campari Mexico S.A. de C.V.	3.5	(2.4)	-	3.3	-	-	-
Campari New Zealand Ltd.	1.0	-	-	0.1	-	-	0.1
Campari Peru SAC	7.7	-	-	1.2	-	-	-
Campari RUS OOO	30.2	(0.1)	-	0.8	-	-	-
Campari Singapore Pte Ltd.	5.6	-	-	(1.8)	-	-	-
Campari Ukraine LLC	6.6	-	-	(0.1)	-	-	-
Glen Grant Ltd.	20.9	(19.7)	1.3	8.0	0.1	-	0.4
Campari America LLC	44.2	(2.4)	(1.1)	13.3	-	-	-
Campari South Africa Pty Ltd.	0.9	-	-	0.3	-	-	-
Campari India Pte Ltd.	2.2	-	-	(0.2)	-	-	-
DI.CI.E. Holding B.V.	-	-		(0.1)	0.2	-	0.4
Camparino Srl	0.1	-	-	(0.1)	-	-	-
Trans Beverages Co. Ltd.	2.3	-	-	(0.6)	-	-	-
Bellonnie et Bourdillon S.A.S.	-	(0.2)	-	0.2	-	-	0.1
Licorera Ancho Reyes Y Cia S.A.P.I. de C.V.	-	(0.2)	-	-	-	-	-
Champagne Lallier Sarl	-	(2.4)	-	0.2	-	-	0.1
Les Rives de Marne Sarl	-	(0.3)	-	-	-	-	-
Total at 31 December 2021	**361.6**	**(34.1)**	**1.4**	**45.8**	**0.5**	**14.9**	**1.3**
Total at 31 December 2020	297.6	(25.4)	1.4	19.0	(76.5)	62.2	2.0

vii. Remuneration to the Company's board of directors

Remuneration and salaries to the Company's board of directors was as follows.

	for the years ending	
	2021	2020
	€ million	€ million
Short-term benefits	7.2	3.6
Defined contribution benefits	0.1	0.1
Stock options[1]	2.3	2.1
Last mile long-term retention scheme[2]	10.0	-
Total	**19.6**	**5.9**

(1) The value shown above also includes the liability relating to the cancellation of plans granted to outgoing directors.
(2) Pursuant to the Remuneration Policy, a last mile incentive scheme with retention purpose to be potentially awarded to the current CEO has been approved by the Company's corporate bodies and therefore implemented as illustrated in the Remuneration Report in the 'Governance' section.

At 31 December 2021, payables accrued in relation to directors amounted to €13.2 million (at 31 December 2020 amounted to €1.2 million).

For more information regarding the remuneration of directors please refer to 'Governance' section.

viii. Employees

All of the Company's employees are based in Italy. The average number of staff in each category is shown below.

	for the years ending	
By category	2021	2020
Managers	223	157
White collar	434	516
Blue collar	145	128
Total	**802**	**801**

ix. Audit fees

The Company's Shareholders' meeting held on 8 April 2021 resolved the appointment of Ernst&Young Accountants LLP, for the statutory audit of the Company's accounts for the financial year 2021, pursuant to Dutch law. The following table shows the 2021 amounts for external auditing activities and for non-audit-related services provided by companies from the Ernst&Young Accountants, LLP network.

Audit fees for Ernst&Young Accountants LLP amounted to €0.2 million. No other fees were performed by Ernst&Young Accountants, LLP.

	for the years ended 31 December					
€ million	2021			2020		
	Ernst & Young accountants LLP	Other EY Network firms	Total	Ernst & Young accountants LLP	Other EY Network firms	Total
Audit fees	0.2	2.2	2.4	0.2	1.9	2.0
Other assurance services	-	0.1	0.1	-	0.5	0.5
Total	**0.2**	**2.3**	**2.5**	**0.2**	**2.4**	**2.6**

11

SUBSEQUENT EVENTS

There are no significant events to report.

12

PROPOSAL FOR THE APPROPRIATION OF PROFIT

The appropriation of the profit will be determined in accordance with article 28 of the Articles of Association of Davide Campari-Milano N.V.

The total amount of the dividend distributed and, consequently, the residual amount of the profits carried forward, will vary according to the number of shares entitled, and these amounts will be defined when the dividend is actually paid on the basis of the shares outstanding at the coupon detachment date (therefore excluding the Company's own shares in the portfolio at that date).

In view of the above, it is proposed to:

- approve the financial statements for the year ended 31 December 2021 and
- to allocate the profit for the year of €166.884.813 as follows:
  - to distribute a dividend of €0.06 per ordinary share outstanding, except for own shares held by the Company at the coupon detachment date (for information purposes, based on the 29,109,729 own shares held on 31 December 2021, the total dividend is €67.9 million);
  - to carry forward the residual amount (for information purposes, amounting to €98.9 million on the basis of the outstanding shares mentioned above);
- to pay the above dividend per share starting from 21 April 2022, with detachment of coupon n. 2 of 19 April 2022 (in accordance with the Italian Stock Exchange calendar and a record date of 20 April 2022.

Sesto San Giovanni (MI), 23 February 2022

Chairman of the Board of Directors

Luca Garavoglia

GOVERNANCE

CORPORATE BODIES

BOARD OF DIRECTORS[1]

- Luca Garavoglia[2] - Chairman
- Robert Kunze-Concewitz[3] - Chief Executive Officer
- Paolo Marchesini[3] - Chief Financial Officer
- Fabio Di Fede[3] - Group General Counsel and Business Development Officer
- Eugenio Barcellona[2] - Director and Member of the Control and Risks Committee and the Remuneration and Appointment Committee
- Fabio Facchini[2] - Director and Member of the Control and Risks Committee
- Alessandra Garavoglia[2] - Director
- Michel Klersy[2] - Director
- Catherine Gérardin-Vautrin[2] - Director and Member of the Control and Risks Committee and the Remuneration and Appointment Committee
- Annalisa Elia Loustau[2] - Director and Member of the Control and Risks Committee and the Remuneration and Appointment Committee

EXTERNAL AUDITOR[4]

- Ernst&Young Accountants LLP

(1) The Board of Directors of Davide Campari-Milano N.V. (the 'Company' or 'Davide Campari' or 'Campari') was appointed by the Company's Shareholders' meeting of 16 April 2019 for a three-year term 2019-2021.

(2) Non-executive directors.

(3) Executive Managing Director.

(4) The Company's Shareholders' meeting held on 8 April 2021 resolved the appointment of Ernst&Young Accountants LLP, for the statutory audit of the Company's accounts for the financial year 2021, pursuant to Dutch law.

SPECIAL VOTING MECHANISM

The articles of association ('Articles of Association') of Davide Campari-Milano N.V.'s (the 'Company' and, together with its subsidiaries, the 'Group') include a mechanism based on the assignment to loyal shareholders of special voting shares, to which multiple voting rights are attached, in addition to the one granted by ordinary shares (the 'Special Voting Mechanism') (a brief description of the control enhancing mechanism currently in force is available on the Company's website at the following link https://www.camparigroup.com/en/page/loyalty-shares).

In a nutshell, the Special Voting Mechanism entails the possibility of assigning to loyal long-term shareholders: (*i*) two voting rights for each Campari ordinary share held for an uninterrupted period of two years, through the assignment of a special voting share A ('Special Voting Share A')[63] ; (*ii*) five voting rights for each ordinary share held for an uninterrupted period of five years, through the assignment of a special voting share B ('Special Voting Share B')[64] ; and (*iii*) ten voting rights for each ordinary share held for an uninterrupted period of ten years ('Special Voting Share C') [65] . The features of the Special Voting Shares (A, B, C) are described in the Articles of Association as well as in the terms and conditions for Special Voting Shares ('SVS Terms'). The Special Voting Shares are not tradable on a regulated market.

Furthermore, Article 13.11 of the Articles of Association provides that holders of Special Voting Shares C have the right to exchange one Special Voting Share C, together with the corresponding ordinary share, for one special ordinary share giving right to twenty votes (the 'Special Ordinary Share'). For a Special Voting Share C and the corresponding ordinary share to qualify for conversion into a Special Ordinary Share giving twenty votes, a Campari shareholder must hold a Special Voting Share C during the designated conversion period.

There will be two windows where holders of Special Voting Shares C may apply for conversion of such shares, together with the corresponding qualifying ordinary shares C, into Special Ordinary Shares: (*i*) the first conversion period will start on 1 November 2028 and end on 30 November 2028; and (*ii*) the second conversion period will start on 1 November 2030 and end on 30 November 2030.

The second conversion period allowed all ordinary shares as of 30 November 2020 to qualify for conversion into Special Ordinary Shares. Indeed, all shareholders who opted to become eligible for Special Voting Shares before 30 November 2020 could qualify for holding Special Voting Shares C and therefore for being entitled to such conversion into Special Ordinary Shares during the second conversion period. The Special Ordinary Shares have equal economic and administrative rights as the existing ordinary shares and will not be listed on a regulated market. The Special Ordinary Shares Terms approved by the Company set forth the features of the Special Ordinary Shares.

(63) Each Special Voting Share A carries one additional vote.
(64) Each Special Voting Share B carries four additional votes.
(65) Each Special Voting Share C carries nine additional votes.

MAJOR SHAREHOLDERS

Based on the information included in the Company's shareholder register, the regulatory filings with the AFM and the other sources available to the Company, the shareholders holding shares in excess of three percent of voting rights of the Company, as of 31 December 2021, are the following.

Shareholders	Ordinary Shares[1]	% of Ordinary Shares	Special Voting Shares A[2]	Ordinary Shares and Special Voting Shares A	% of Ordinary Shares and Special Voting Shares A
Lagfin S.C.A., Société en Commandite par Actions	625,794,132	53.9%	592,416,000	1,218,210,132	66.7%
Cedar Rock Capital[3]	35,417,235	3,0%	23,500,000	58,917,235	3.2%
Other shareholders	471,278,904	40,6%	1,690,804	472,969,708	25.9%
Treasury shares[4]	29,109,729	2.5%	48,111,538	77.221.267	4.2%
Total	1,161,600,000	100.0%	665,718,342	1,827,318,342	100.0%

(1) Ordinary shares are listed, freely transferable and each of them confers the right to cast one vote.
(2) Special Voting Shares do not confer economic rights, are not listed and are not transferable.
(3) Relevant disclosures available on: https://www.afm.nl/en/professionals/doelgroepen/effectenuitgevende-ondernemingen/meldingen/substantieel. After 31 December 2021 Cedar Rock Capital notified AFM of its reduction in substantial shareholding in the Company below 3%.
(4) Includes Special Voting Shares A transferred to the Company upon the sale of Qualifying Ordinary Shares by the selling shareholder in accordance with clause 11.5 of the SVS Terms.

The Company is controlled by Lagfin S.C.A., Société en Commandite par Actions with 66.7% of voting rights as of 31 December 2021. The Company's Chairman Luca Garavoglia indirectly controls Lagfin S.C.A., Société en Commandite par Actions, and is thus the controlling shareholder of the Company.

CORPORATE GOVERNANCE REPORT

1 ISSUER PROFILE

The Company is a public limited liability company incorporated under the laws of the Netherlands.
Campari's shares are listed on Euronext Milan, a regulated market organised and managed by Borsa Italiana S.p.A. (the 'Italian Stock Exchange').
As regards its corporate governance, the Company complies with the Dutch Corporate Governance Code (the 'DCGC') which contains principles and best practice provisions that regulate relations *inter alia* between the Board of Directors and the shareholders, including the general meeting of listed companies. Such principles may be regarded as reflecting the general views on good corporate governance and create a set of standards governing the conduct of the listed companies' corporate bodies.
In this report the Company addresses its overall corporate governance structure. The Company discloses and intends to disclose any departure from the principles and the best practice provisions of the DCGC in this and in its future annual reports.
The Company has elected the Netherlands as its home Member State pursuant to Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004, as subsequently amended and restated.

2 BOARD OF DIRECTORS

Appointment of Directors and Composition of the Board of Directors

The Company has adopted a one-tier governance structure, without a board of statutory auditors.
As provided for in the Articles of Association, the Company has a board of directors consisting of at least three and at most fifteen directors ('Board of Directors'), comprising both executive directors having responsibility for the day-to-day management of the Company ('Executive Directors') and non-executive directors not having such day-to-day responsibility ('Non-Executive Directors', and together with the Executive Directors, the 'Directors'). The total number of Directors, as well as the number of Executive Directors and Non-Executive Directors, is determined by the Board of Directors.
Directors are appointed by the general meeting of the Company ('General Meeting'). The Board of Directors nominates a candidate for each vacant seat. A nomination by the Board of Directors is binding. However, the General Meeting may deprive the nomination of its binding character by a resolution passed with an absolute majority of the votes cast. If the binding nomination is not deprived of its binding character, the person nominated will be deemed appointed. If the nomination is deprived of its binding character, the Board of Directors is allowed to make a new binding nomination. Pursuant to the Articles of Association and the DCGC, the term of office of Directors may not exceed a maximum period of four years.
The Board of Directors currently consists of ten members. All of them, except for Fabio Facchini, were appointed by the General Meeting held on 16 April 2019 and they will remain in office for a three-year period expiring at the closure of the annual General Meeting to be held in 2022. A total of four directors is considered independent within the meaning of DCGC.
After a binding nomination of the Board of Directors, Fabio Facchini was appointed by the General Meeting on 18 September 2020 as Non-Executive Director for the period expiring at the closure of the annual General Meeting to be held in 2022. Fabio Facchini is considered independent within the meaning of the DCGC and, as pointed out in the agenda and explanatory notes of the extraordinary General Meeting of 18 September 2020, the Board of Directors highlighted that Fabio Facchini's audit and general management expertise will provide a valuable contribution to the Board of Directors.
Also Annalisa Elia Loustau, Catherine Gérardin-Vautrin and Michel Klersy are considered independent within the meaning of the DCGC as indicated in the table on *'Composition of the Board of Directors and the committees on 31 December 2021'*

The Company's Board of Directors is composed of the following members:

Luca Garavoglia
(Chairman, Non-Executive Director)

Luca Garavoglia was born in Milan, Italy in 1969. He holds a degree in Business from Bocconi University in Milan. Since 1994, he is the Chairman of the Board of Directors of Davide Campari-Milano N.V. Since he took such office, Campari Group has experienced a material expansion through a combination of organic growth and selective acquisitions of brands and businesses over various geographies and categories, thus becoming the sixth-largest player worldwide in the global spirits industry, trading in over 190 nations around the world with leading positions in Europe and the Americas (creating a portfolio of over 50 premium and super premium brands). Moreover, during his tenure, significant corporate transactions have been successfully pursued, such as, among others, the IPO of Davide Campari-Milano S.p.A. on the Italian Stock Exchange in 2001, and the issuance of several Eurobonds.

Robert Kunze-Concewitz (Executive Director and Chief Executive Officer) Robert Kunze-Concewitz, an Austrian citizen, was born in Istanbul, Turkey in 1967. After graduating from Hamilton College (USA), he earned an MBA from Manchester Business School. Bob joined Procter&-Gamble as FP&A analyst, position that he covered for two years. He then continued his career in the marketing department occupying various positions of increasing responsibility within an international realm. Following numerous assignments in strategic planning and business ownership he became Group Marketing Director in the Global Prestige Products division. He joined the Group as Group Marketing Director in October 2005 developing and implementing new marketing strategies for the Group's international brands. In May 2007, he was appointed Chief Executive Officer. He is also a non-executive director of Imperial Brands PLC and Luigi Lavazza S.p.A..

Paolo Marchesini
(Executive Director and Chief Financial Officer)

Paolo Marchesini was born in Milan, Italy in 1967. He holds a degree in Economics and Business Administration from Bocconi University in Milan. He joined a private consultancy firm in 1991. Since 1993, he is a Professional Chartered Accountant and a Registered Accounting Auditor of the Italian Ministry of Economy and Finance. Paolo joined the Group in 1997 occupying various positions in the Finance division. In 2000 he was appointed Chief Financial Officer. In 2001, he joined the Board of Directors of Davide Campari-Milano S.p.A and was appointed Managing Director in 2004. During his 21-year tenure as Group CFO, he led the IPO of Davide Campari-Milano S.p.A. on the Italian Stock Exchange in 2001. The responsibility of both Group Information Technology and Global Supply Chain was assigned to him in 2015 and 2016 respectively. Since 2016 he is a board member of Borsa Italiana S.p.A..

Fabio Di Fede
(Executive Director, Group General Counsel and Business Development Officer)

Fabio Di Fede was born in France in 1972. After completing a Master in International Business Law at the University of Aix-Marseille, he graduated from the Master of Commerce Program of the University of Sydney. He began his career at Ernst & Young in Monaco and then joined Gruppo Campari in 1999 as International Legal Counsel to become Business Development Manager in 2003. He then joined Campari International in 2008 to take the Market Development Director role, quickly rising to the position of Deputy Managing Director the following year. In March 2011, Fabio was appointed Managing Director International. After serving as CEO of a family office based in Monaco, Fabio joined the Société des Produits Marnier-Lapostolle in May 2016 as Managing Director. Starting from 1 January 2018, Fabio Di Fede holds the position of Group General Counsel and Business Development Officer and also the position of secretary of the Board of Directors.

Alessandra Garavoglia
(Non-Executive Director)

Alessandra Garavoglia was born in Rome, Italy in 1960. She holds a degree in Modern Foreign Languages from 'Università degli Studi' in Milan.

Eugenio Barcellona
(Non-Executive Director)

Eugenio Barcellona was born in Catania, Italy in 1969. He graduated in law from the University of Catania in 1993 and subsequently he specialised in corporate law at the Catholic University of the Sacred Heart (Università Cattolica del Sacro Cuore) of Milan writing his first monograph. From 1994 to 1995 he was Visiting Scholar at Harvard Law School in Cambridge, MA, and in 2001 at the Law School of the Albert-Ludwigs-Universität, in Freiburg, Germany. In 1996 he joined Grande Stevens Law Firm in Turin, Italy, where he became equity partner in 2000. In 2011 he joined the partnership of Pedersoli Studio Legale, where he is practicing corporate and commercial law and litigation still today. Since 2005, he is Associate Professor of Corporate Law at the University of Eastern Piedmont. Eugenio Barcellona is author of several articles and books in corporate and financial law relating in particular to governance issues, agency problems and gatekeepers institution.

Annalisa Elia Loustau
(Non-Executive Director)

Annalisa Elia Loustau has a degree in Law from La Sapienza University in Rome.

Annalisa Elia Loustau started her career at Procter & Gamble in 1989, first in Rome and Paris' subsidiaries, and then at the international headquarters in Geneva until 2001. She was in charge of worldwide marketing for Pampers, the largest brand of Procter&Gamble group. Afterwards, she joined L'Oréal headquarters as International General Manager of several cosmetic brands.

In 2004, Annalisa Elia Loustau joined Cartier executive committee as Worldwide Executive Vice President and for 4 years she was in charge, among other duties, of product development and marketing. From 2008 until January 2021 she sat on the executive committee of Printemps Group as Omnichannel Chief Marketing Officer. In this role, she mainly focused on digital transformation and client experiences.

Annalisa Elia Loustau is, since 2013, Independent Director of Legrand, of Kaufman&Broad, Ferragamo and Swarovski Boards since 2021. She is also, since 2018, an Independent Director of Roche Bobois Supervisory Board.

Catherine Gérardin-Vautrin
(Non-Executive Director)

Catherine Gérardin-Vautrin was born in Versailles, France. She holds a master's degree in English and French Law (Sorbonne/Paris - King's College in London) and also graduated at HEC business school in France.

From 2019 to 2021 as Fashion & Business consultant for LVMH Fashion Group she acted as CEO ad-Interim successfully leading the global turn-around of an historical luxury fashion brand.

From February 2017 to September 2018 she has been CEO of Paule Ka, a Parisian fashion house of women's ready to wear, leading a rejuvenation of the brand's heritage as well as strengthening and developing its international business base.

She was previously Chief Executive Officer of Cerruti where from 2011 to 2014 she implemented a repositioning of the brand, in particular in overhauling its image and design.

Prior to this she was Chief Executive Officer of Emilio Pucci, a long-established brand that had become a niche, where she was responsible for its relaunch and international expansion.

She started her career at Louis Vuitton Malletier, where she was head of global store image and then Director of men's and women's ready-to-wear.

She has been successively independent board member of YNAP, Autogrill, Safilo.

Michel Klersy
(Non-Executive Director)

Michel Klersy is a Non-Executive Director of Davide Campari-Milano N.V. since 2019. He has more than 30 years of experience in consumer goods companies including Mars Inc, Coty and PepsiCo. During his 22 years at Mars he has been Sales and Marketing Director, General Manager in three business units and Regional President Europe. After leaving Mars, he joined Coty where he was Regional President Europe for the cosmetic company. Since 2017, he is also Senior Advisor for Bain&Co.

Fabio Facchini
(Non-Executive Director)

Fabio Facchini was born in Rimini, Italy in 1955. He is a chartered accountant since 1979 and is enrolled in the Register of the Legal Auditors since its inception, in 1995. From 1988 to 2015 he has been a partner at PricewaterhouseCoopers, where he held internal senior positions, having been member inter alia of the Executive Committee and in charge of the Milan office. He has been in charge of the audit of various listed Italian companies and of Italian subsidiaries of large international groups. From 2008 to 2017 he has been contract professor at the Catholic University of the Sacred Heart (Università Cattolica del Sacro Cuore) of Milan and in 2015 also at the Pavia University.

Competences

The Board of Directors is entrusted with the management of the Company. Each Director owes a duty to the Company to properly perform the duties assigned to each Director and to act in the Company's corporate interest. Under Dutch law and the DCGC, the Company's corporate interest extends to the interests of all its stakeholders, including its shareholders, creditors and em-

ployees.
In accordance with the DCGC, the Board of Directors focuses on long-term value creation for the Company and its affiliated enterprise and takes into account the stakeholders' interests that are relevant in this context.
The Executive Directors are responsible for the Company's day-to-day management, which includes, among other things, formulating its strategies and policies and setting and achieving its objectives. The Non-Executive Directors do not have day-to-day responsibility and are charged with the supervision of the Executive Directors, the general course of affairs of the Company and the Group.
The responsibility for the management of the Company is vested collectively in the Board of Directors.

Board Regulations

The By-Laws of the Board are complementary to the provisions regulating the Board of Directors and its members as contained in relevant laws and regulations and the Articles of Association. The By-Laws of the Board describe the duties, tasks, composition, procedures and decision-making of the Board of Directors.
The meetings of the Board of Directors are in principle called by the chairman of the Board of Directors (the 'Chairman'). Save in urgent cases to be determined by the Chairman, the agenda for a meeting must be sent to all Directors at least seven calendar days before that meeting. Board of Directors' meetings are generally held at the offices of the Company in Italy but may also take place elsewhere. No meetings of the Board of Directors or meetings of a committee take place in the Netherlands. In addition, meetings of the Board of Directors may be held by conference call, video conference or by any other means of communication, provided all participants can communicate with each other simultaneously. A Director may be represented at Board of Directors' meetings by another Director holding a proxy in writing. Board of Directors' meetings are chaired by the Chairman or, in his absence, the CEO. The Directors endeavour to achieve that resolutions are, as much as possible, adopted unanimously. Each Director has the right to cast one vote. Where unanimity cannot be reached, all resolutions of the Board of Directors are adopted by an absolute majority of the votes cast. The Board of Directors has not designated types of resolutions which are subject to deviating requirements. At a meeting, the Board of Directors may only pass resolutions if the majority of the Directors then in office are present or represented.

Indemnification of Directors

Pursuant to the Articles of Association, to the extent permitted by applicable laws, the Company will indemnify and hold harmless each Director, both former members and members currently in office ('Indemnified Person'), against any and all liabilities, claims, judgments, fines and penalties ('Claims') incurred by the same as a result of any expected, pending or completed action, investigation or other proceeding, whether civil, criminal or administrative ('Legal Action'), of or initiated by any party other than the Company itself or a group company (*groepsmaatschappij*) thereof, in relation to any acts or omissions in or related to his capacity as an Indemnified Person.
Notwithstanding the above, no indemnification shall be made in respect of Claims in so far as they relate to the gaining in fact of personal profits, advantages or remuneration to which the Director was not legally entitled, or if the Indemnified Person has been adjudged to be liable for wilful misconduct (*opzet*) or intentional recklessness (*bewuste roekeloosheid*)
The Company has in place an adequate insurance covering the above claims against Directors currently in office and former Directors (D&O insurance).
Also in case of a Legal Action against the Indemnified Person by the Company itself or its group companies (*groepsmaatschappijen*), the Company will settle or reimburse to the Indemnified Person his reasonable attorneys' fees and litigation costs, but only upon receipt of a written undertaking by that Indemnified Person that he will repay such fees and costs if a competent court in an irrevocable judgment has resolved the Legal Action in favour of the Company or the relevant group company (*groepsmaatschappij)* rather than the Indemnified Person.

Conflict of Interest: Directors' Interests and Related Party Transactions Policy

Pursuant to the Articles of Association, a Director having a conflict of interests or an interest which may have the appearance of such a conflict of interests, must declare the nature and extent of that interest to the other Directors.
A Director may not participate in deliberating or decision-making within the Board of Directors, if with respect to the matter concerned, he or she has a direct or indirect personal interest that conflicts with the interests of the Company and the business connected with it. .
During the year under review, no conflict of interests matters occurred with respect to the Company and its Directors. The Board of Directors approved a related party transaction policy in line with the Dutch corporate law framework. Pursuant to the related party transaction policy of the Company, the decision making process of a related party transaction is structured as follows: all related party transactions that fall within the scope of Sections 2:167 up to and including 2:170 of the Dutch Civil Code are submitted to the Control and Risks Committee. The Control and Risks Committee will consider all relevant facts and circumstances of the transaction (including without limitation the commercial reasonableness of the terms, the benefit and perceived benefit to the Company, opportunity costs of alternate transactions, the materiality and nature of the related party's direct or indirect interest, and the actual or apparent conflict of interest of the related party); following its review, the Control and Risks Committee will submit for approval of the Board of the Directors only transactions which are "material" pursuant to Section 2:167 of the Dutch Civil Code; the Board of Directors will examine and eventually approve these "material" transactions only with the favourable vote of the majority of the Non-Executive Directors (who do not have a conflict of interest) and give appropriate disclosure of such approval through a press release.
There have been no such related party transactions as referred to above in 2021.
In accordance with the applicable provisions of the Dutch Civil Code, the following are excluded from the scope of the policy: (i) transactions between subsidiaries or the Company and a subsidiary; (ii) transactions concerning the remuneration of Directors pursuant to Section 135 of the Dutch Civil Code, and (iii) transactions offered to all shareholders on the same terms with due observance of the equal treatment of shareholders.

Committees

The Company has established two internal committees within its Board of Directors: (i) a Control and Risks Committee, which operates as an audit committee pursuant to Dutch law and the DCGC, and (ii) a Remuneration and Appointment Committee for the reasons specified in paragraph 13.
The Board of Directors approved the 'Terms of Reference' for both internal committees. The composition of the committees is determined by the Board of Directors.
The Board of Directors remains collectively responsible for the decisions taken by the committees. Each committee may only exercise such powers as are explicitly attributed to it by the Board of Directors and may never exercise powers beyond those exercisable by the Board of Directors as a whole.
In accordance with best practice provision 2.3.5 of the DCGC, the Non-Executive Directors have been regularly informed by each committee of their deliberations and findings and these were taken into account when drafting this report.

3 CONTROL AND RISKS COMMITTEE

Functions

The Control and Risks Committee carries out the following functions pursuant to Dutch law, the DCGC and the Terms of Reference of the Control and Risks Committee:

- monitoring the financial-accounting process and the efficiency of the internal system, the internal audit system and the risk management system with respect to financial reporting;
- monitoring the statutory audit of the annual accounts, and process of such audit;
- reviewing and monitoring the independence of the external auditor and adopting procedures relating to the selection of the external auditor and other services provided by the external auditor to the Group;
- undertaking preparatory work for the Board of Directors' decision-making regarding the supervision of the integrity and quality of the Company's financial reporting and the effectiveness of the Company's internal risk management and control systems. Among other things, it focuses on monitoring the Board of Directors with regard to (i) relations with, and compliance with recommendations and following up of comments by, the internal and external auditors, (ii) the funding of the Company, (iii) the application of information and communication technology by the Company, including risks relating to cybersecurity, and (iv) the Company's tax policy

Composition

The Control and Risks Committee currently consists of Eugenio Barcellona (chairman), Annalisa Elia Loustau, Catherine Gérardin-Vautrin and Fabio Facchini (who is an expert in accounting and auditing matters, including competence in the preparation and auditing of the financial statements, as required by best practice provision 2.1.4 of the DCGC). All members of the Control

and Risks Committee, except for Eugenio Barcellona, are independent within the meaning of the DCGC.
Upon invitation of the committee, the Chief Financial Officer, Paolo Marchesini, and the external auditor attended certain committee meetings when deemed appropriate due to the matters discussed.
The number of meetings of the Control and Risks Committee and the main items discussed or reviewed during these meetings have been set out in the report of the Non-Executive Directors below.

4 REMUNERATION AND APPOINTMENT COMMITTEE

Functions

The Remuneration and Appointment Committee carries out the following functions pursuant to DCGC and the Terms of Reference of the Remuneration and Appointment Committee:

- making proposals to the Board of Directors about the remuneration policy for the Executive Directors and Non-Executive Directors, to be submitted to the General Meeting;
- making proposals about the remuneration of the Executive Directors, including, among others, the performance targets of the variable elements and the assignment of share options in accordance with the share option plan;
- monitoring the adequacy of the remuneration policyand preparing the remuneration report;
- making recommendations on the composition of the Board of Directors considering the expertise and background of its members;
- making proposals for re-appointments;
- making proposals on the maximum number of directorships each Director can hold;
- upon request by the Board of Directors, analysing and preparing a report on potential conflicts of interest for Directors deriving from having accepted positions on corporate bodies of other listed and/or unlisted companies.

Moreover, the Remuneration and Appointment Committee carries out consultative and advisory functions for the Board of Directors, as regards, in particular, the nomination and remuneration of managers with strategic responsibilities of the Company and the Group, in particular by:

- expressing its prior opinion on proposed new appointments and/or changes to the Group's senior appointments that the Executive Director(s) intend(s) to submit to the Board of Directors;
- making proposals to the Board of Directors for determining the general policy regarding the remuneration of managers with strategic responsibilities;
- regularly assessing the adequacy, overall consistency and practical application of the general policy for the remuneration of managers with strategic responsibilities, obtaining information provided by the Executive Directors and/or by the Company's offices.

When performing its duties, the Remuneration and Appointment Committee takes the Company's Diversity Policy into consideration.
As explained under section 'Compliance with the DCGC', the Board of Directors has resolved that the Remuneration and Appointment Committee will not carry out the following functions:

- drawing up the selection criteria and appointment procedures for Directors;
- periodic assessment of the size and composition of the Board of Directors;
- drawing up a plan for the succession of Directors; and
- periodic assessment of the performance of individual Directors and reporting on this to the Board of Directors.

Composition

The Remuneration and Appointment Committee currently consists of Eugenio Barcellona (chairman), Annalisa Elia Loustau and Catherine Gérardin-Vautrin. All members of the Remuneration and Appointment Committee, except for Eugenio Barcellona, are independent within the meaning of the DCGC.
Non-members of the Committee attended certain Committee's meetings, upon invitation by the latter, to discuss specific items on the agenda.
The number of meetings of the Remuneration and Appointment Committee and the main items discussed or reviewed during these meetings have been set out in the report of the Non-Executive Directors below.

5 INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company has a system of administrative and accounting procedures in place that ensure a high degree of reliability in the system of internal control over financial reporting.
The Company has adopted the processes necessary to align its own financial information control system with international best practice ensuring the reliability, accuracy and timeliness of its financial information.
For the specific purpose of guaranteeing a steady and efficient flow of financial and operational information between the Company and the subsidiaries, the Group has a shared information system with verified and standardised access, supplemented by formalised operational guidelines.
Consolidated reporting is thus covered by a Group 'accounting plan', by specific tools issued by the Company to the subsidiaries to produce accounting information for the purposes of consolidation, updated at least annually, and by a process for closing the financial statements, which sets out deadlines and methods for annual and interim closures of the accounts. For details for relevant activities performed, please refer to paragraphs 'I Control and Risks Committee and Internal Audit Function' of this governance section.
The Company is responsible, through the administrative department that deals with the consolidation process, for implementing and circulating the above documentation to Group companies.
The Company's approach to assess, monitor and continuously update the internal control system for financial information focuses on the areas of greatest risk and/or importance and on risks of a material error (including due to fraud) in the components of the financial statements and the related information documents.

6 INTERNAL AUDIT FUNCTION

The Company has a separate department for the internal audit function and the Board of Directors appoints the Head of Internal Audit. The Head of Internal Audit does not have any operating responsibilities and does not report to any managers working in operational areas, including administration and finance. Instead he reports to the Chairman directly. The Chairman can ensure a more timely and accurate check of the activities carried out by the Head of Internal Audit than the Board of Directors, without compromising the autonomy and the independence of the Board of Directors.
The internal audit function:

- conducts checks to ensure the efficiency and suitability of the internal control and risk management system following the audit plan in compliance with applicable international standards;
- has direct access to all information needed to carry out his duties;
- provides regular updates on his activities to the Control and Risks Committee and the Board of Directors;
- performs investigations on specific events upon request of the Board of Directors or Executive Directors;
- checks any reports of breaches of the Code of Ethics and the Organisational, Management and Control Model, pursuant to Legislative Decree 231 of 8 June 2001, received in the e-mail inbox *organismo231@campari.com* or the *'Campari Safe Line'* whistleblowing service, submitting them for assessment by the Control and Risks Committee;
- checks, based on the audit plan, the reliability of the IT systems used in the financial reporting systems; and
- oversees sustainability issues.

7 SUPERVISORY BODY AND ORGANISATIONAL MODEL PURSUANT TO LEGISLATIVE DECREE 231 OF 8 JUNE 2001

In addition to the Non-Executive Directors charged with the supervision of the Executive Directors, the Company also has a supervisory body (*Organismo di Vigilanza*) adopted according to the 'Organisation, Management and Control Model' (the 'Model') pursuant to the Italian Legislative Decree 231 of 8 June 2001.
Such corporate body is responsible for monitoring that the Company acts in compliance with the Model and for proposing updates required under Italian law. The Model is designed to prevent the offences specified in the Italian Legislative Decree 231 of 8 June 2001, with a focus on offences against the public administration, corporate and financial offences and breaches of health and safety regulations at work.
The members of the supervisory body (*Organismo di Vigilanza*), are Fabio Facchini (chairman), Enrico Colombo and Piera Tula.

8 GENERAL MEETINGS

The main powers of the General Meeting relate to:

- the appointment, suspension and dismissal of Directors;
- the approval of the remuneration policy of the Board of Directors;
- the adoption of the annual financial statements and declaration of dividends on shares;
- the release from liability of the Directors;
- the issuance of shares or rights to shares, restriction or exclusion of pre-emptive rights of shareholders and repurchase or cancellation of shares;
- amendments to the Articles of Association; and
- resolutions of the Board of Directors that would entail a significant change to the identity or character of the Company or its business.

Pursuant to Article 30 and subsequent of the Articles of Association, every year, no later than the end of June, a General Meeting shall be held. The agenda of such annual General Meeting shall include the following subjects:

- discussion of the report of the Board of Directors;
- discussion and adoption of the annual accounts;
- dividend proposal (if applicable);
- appointment of Directors (if applicable);
- appointment of an external auditor (if applicable);
- other subjects presented for discussion or voting by the Board of Directors and announced with due observance of the provisions of the Articles of Association, as for instance: (i) release of Directors from liability; (ii) discussion of the policy on reserves and dividends; (iii) designation of the Board of Directors as the body authorised to issue shares; and/or (iv) authorisation of the Board of Directors to make the Company acquire own shares.

Other General Meetings may be held whenever the Board of Directors deems such to be necessary.

Calling of General Meetings

Notice of General Meetings is given by the Board of Directors with due observance of the statutory notice period of 42 days and stating, *inter alia*:

- the items to be discussed;
- the venue and time of the meeting;
- the requirements for admittance to the meeting as applicable;
- the address of the Company's website,

and any other information as may be required by law.
Further communications which must be made to the General Meeting pursuant to the law or the Articles of Association can be made by including such communications either in the notice, or in a document which is available at the Company's office for inspection, provided a reference thereto is made in the notice itself.
Notice of General Meetings will be given in accordance with the requirements of Dutch law and the rules and regulations applicable to the Company pursuant to the listing of its ordinary shares. The Board of Directors may determine that shareholders and other persons entitled to attend the General Meeting will be given notice of meetings exclusively by announcement on the website of the Company or through other means of electronic public announcement. Shareholders and other persons entitled to attend the General Meeting, who, alone or jointly, meet the requirements set forth in Section 2:114a subsection 2 of the Dutch Civil Code, will have the right to request the Board of Directors to place items on the agenda, provided the reasons for the request must be stated therein and the request must be received by the Chairman or the Chief Executive Officer in writing at least 60 days before the date of the General Meeting.

Furthermore, shareholders solely or jointly representing at least ten percent of the issued share capital may request the Board of Directors, in writing, to call a General Meeting, stating the matters to be dealt with. If the Board of Directors fails to call a meeting, then such shareholders may, on their application, be authorised by the court in preliminary relief proceedings (*voorzieningenrechter van de rechtbank*) to convene a General Meeting. Such application may be rejected if the court is not satisfied that the applicants have previously requested the Board of Directors in writing to convene a General Meeting stating the exact subjects to be discussed,.

Venue

General Meetings may be held in Amsterdam or Haarlemmermeer (including Schiphol Airport).

Chairman

The General Meetings are chaired by the Chairman. However, the Board of Directors may also appoint another person to chair the General Meeting. The chairman of the meeting has all the powers deemed necessary to ensure the proper functioning of the General Meeting.

Rights at General Meeting and Admittance

Each shareholder and each other person entitled to attend the General Meeting is authorised to attend, to speak at, and to the extent applicable, to exercise voting rights in the General Meeting. They may be represented by a proxy holder authorised in writing.
For each General Meeting, a statutory record date will be applied in order to determine in which persons voting rights are vested and which persons are entitled to attend the General Meeting. The record date is the 28th day before the relevant General Meeting. The manner by which persons entitled to attend the General Meeting can register and exercise their rights are set out in the notice convening the meeting.
A person entitled to attend the General Meeting or his proxy may only be admitted to the meeting if he or she has notified the Company of his intention to attend the meeting in writing at the address and by the date specified in the notice of meeting. The proxy is also required to produce written evidence of his mandate.
The Board of Directors is authorised to determine that the voting rights and the right to attend the General Meeting can be exercised by using an electronic means of communication. If so decided, it will be required that each person entitled to attend the General Meeting, or his proxy holder, can be identified through the electronic means of communication, follow the discussions in the meeting and, to the extent applicable, exercise the voting right. The Company is authorised to apply such verification procedures as it reasonably deems necessary to establish the identity of the persons entitled to attend the General Meeting and, where applicable, the identity and authority of representatives. The Board of Directors may also determine that the electronic means of communication used must allow each person entitled to attend the General Meeting or his proxy holder to participate in the discussions. The Board of Directors may determine further conditions to the use of electronic means of communication, provided such conditions are reasonable and necessary for the identification of persons entitled to attend the General Meeting and the reliability and safety of the communication. Such further conditions will be set out in the notice of the meeting. The foregoing does, however, not restrict the authority of the chairman of the meeting to take such action as he or she deems fit in the interest of the meeting being conducted in an orderly fashion. Any non or malfunctioning of the means of electronic communication used is at the risk of the persons entitled to attend the General Meeting using the same.
The company secretary arranges for the keeping of an attendance list in respect of each General Meeting.
The Directors have the right to attend the General Meeting in person and to address the meeting. They have the right to give advice in the meeting. Also, the external auditor of the Company is authorised to attend and address the General Meetings. The chairman of the meeting decides upon the admittance to the meeting of other persons.
The official language of the General Meetings is English.

Voting Rights and Adoption of Resolutions

Each Ordinary Share confers the right to cast one vote. Each Special Voting Share A confers the right to cast one vote, each Special Voting Share B confers the right to cast four votes and each Special Voting Share C confers the right to cast nine votes. Each Special Ordinary Share confers the right to cast twenty votes. Please see the paragraph 'Shareholding Structure' included in this governance section for further information on the Company's capital structure, the types of shares (i.e., ordinary shares and special voting shares), and related rights and obligations.
At the General Meeting, all resolutions will be adopted by an absolute majority of the votes validly cast, except in those cases in which the law or the Articles of Association require a greater majority. Blank and invalid votes will be regarded as not having been cast.

Meetings of Classes of Shares

Meetings of holders of Ordinary Shares, Special Ordinary Shares, Special Voting Shares A, Special Voting Shares B, or Special Voting Shares C ('Class Meetings') are held whenever the Board of Directors calls such meetings.

Except as otherwise provided in the Articles of Association, all resolutions of a Class Meeting will be adopted by an absolute majority of the votes cast on shares of the relevant class, without a quorum being required.

Minutes

Minutes of the proceedings at the General Meeting are kept by the company secretary and then signed by the chairman of the meeting and the secretary as evidence thereof. The minutes of the General Meeting are made available to the shareholders no later than three months after the end of the meeting, after which the shareholders have the opportunity to react to the minutes in the following three months. During 2021, the annual General Meeting was held on 8 April 2021. Minutes of this meeting are available on the Company's website.

9 CODE OF ETHICS

The Group observes the principles of loyalty, honesty, impartiality and aversion to conflicts of interest in carrying out its business and those of confidentiality, transparency and completeness in managing corporate information.
The Company monitors the effectiveness of and the compliance with the code of ethics of the Group ('Code of Ethics').
The Internal Audit function investigates violations of the Code of Ethics by periodical or ad hoc audits. Periodical reporting is delivered to the Chairman, the Executive Directors and the Control and Risks Committee.
In line with best practice provision 2.6.1 of the DCGC, the Group has a whistleblowing system, available to employees, customers and suppliers, i.e. the Group's stakeholders, to report any breaches of the Code of Ethics or irregularities in the application of internal procedures. This dedicated information channel is confidential and maintains the anonymity of the individuals making the report. The procedure for reporting actual or suspected irregularities within the Group has been published on the company's homepage.

10 DIVERSITY POLICY

The Company believes that diversity in the composition of the Board of Directors is an important mean of promoting debate, balanced decision-making and independent actions of the B ard of Directors. The Remuneration and Appointment Committee reviews the Diversity Policy, monitors its effectiveness and makes proposals or suggestions when new members of the Board of Directors are appointed.
The Diversity Policy gives weight to the following diversity factors in the composition of the Board of Directors: age, gender, expertise, professional background, nationality and independence. The Board of Directors and the Remuneration and Appointment Committee consider such factors when evaluating nominees for election to the Board of Directors. These factors were also taken into account when Fabio Facchini was proposed for appointment by the General Meeting in September 2020.
The Company has achieved the following tangible targets: (i) at least 30% of the seats of the Board of Directors are occupied by women and at least 30% by men and (ii) at least 30% of the Non-Executive Directors are women and at least 30% of the Non-Executive Directors are men.

11 INSIDE INFORMATION AND INSIDER DEALING

The Procedure for Processing and Managing Material and Inside Information defines the methods, timescales and responsibilities for assessing the confidentiality of information, the conditions under which it may be disclosed to the public and those relating to any delay in disclosing said information. The Relevant Managers (as defined in the Internal Dealing Procedure) may not conclude, directly or indirectly, on their own account or on behalf of third parties, Transactions (as defined in the Internal Dealing Procedure) within the 30 calendar days pr or the announcement of an interim financial report (including quarterly reports) or a year-end financial report.
The Company also maintains a so called insider list which includes all persons who, in the exercise of their employment, profession or duty, have access to inside information.

12 RELATIONS WITH SHAREHOLDERS AND INVESTORS

The Company values an open and constructive dialogue with its shareholders and potential shareholders.
The Company communicates regularly with investors, shareholders and financial market operators in general, in order to provide complete, accurate and timely information on its operations, while complying with the applicable confidentiality requirements for certain types of information. Conversations with shareholders primarily take place during investor roadshows, investor conferences, company visits as well as in General Meetings but may also be held on a bilateral basis in case of one-to-one meetings.
The initiative to enter into a conversation with a shareholder is generally taken by the Company, specifically by the Investor Relations department, the function responsible for managing relations with shareholders and investors, or with the involvement of the CEO and CFO whenever appropriate.
The Company adheres to all legal obligations relating to confidentiality, disclosure of inside information and equal treatment of shareholders and only discusses publicly known information in one-on-one meetings.
The Company is committed to providing high quality and timely information to all shareholders in accordance with applicable law. Information will be made available on the Company's website: **https://www.camparigroup.com/en/page/investors**.

13 COMPLIANCE WITH THE DCGC

The Company endorses the principles and best practice provisions of the DCGC, except for the following best practice provisions which are explained below:

Best practice provision 2.2.5 of the DCGC (Duties of the selection and appointment committee)

Pursuant to best practice provision 2.2.5 of the DCGC, the Remuneration and Appointment Committee should, among others, (i) draw up the selection criteria and appointment procedures for Directors, (ii) periodically assess the size and composition of the Board of Directors and make a proposal for a composition profile of the Non-Executive Directors and (iii) draw up a plan for the succession of Directors.
After consultation with the Remuneration and Appointment Committee, the Board of Directors concluded that a succession plan for Executive Directors is unable to ensure, in the reality of corporate life, the timely replacement of Executive Directors who stand down from their positions on or before the completion of their mandate, when the composition of the Company's shareholder structure is also taken into consideration.
It was decided that such documents can easily become abstract statements of principles, perhaps produced with the help of expensive consultants, and often containing obvious recommendations for requirements of ability, professionalism and integrity that persons performing these roles should necessarily possess, or unhelpful, complicated procedures for the selection of ideal candidates.
The Board of Directors took this decision at its meeting on 12 March 2013 and, thereafter, when approving subsequent reports, believing it to be preferable, from the point of view of good corporate governance, for the Company not to incur expenses for activities that are of no clear benefit.
In addition, the Remuneration and Appointment Committee will not periodically assess the size and composition of the Board of Directors and its committees.

Best practice provisions 2.2.6 and 2.2.7 of the DCGC (Board evaluation)

Pursuant to best practice provisions 2.2.6 and 2.2.7 of the DCGC, Non-Executive Directors should evaluate their own functioning and the functioning of the Executive Directors.
The Board of Directors held the view that the actual application of such assessments does not provide any significant benefits. It appears somewhat unlikely that those carrying out a self-assessment would give a negative opinion about the functioning of their own board, nor would they push for an opportunity to introduce new professional profiles without implicitly admitting that the current Directors did not have the qualities needed to carry out their duties.
Equally, the Board of Directors does not plan to entrust this assessment to a consultancy company, since this would certainly not satisfy the need for third-party independent judgement but would generate a cost for the Company.
The Board of Directors took this decision at its meeting on 12 March 2013 and, thereafter, when approving subsequent reports, believing it to be preferable, from the point of view of good corporate governance, for the Company not to incur expenses for activities that are of no clear benefit.

Best practice provisions 2.1.7 and 2.1.8 of the DCGC (Independent Directors)

Pursuant to best practice provisions 2.1.7 and 2.1.8 of the DCGC, at most one Non-Executive Director is not required to meet the independence criteria as set out in the DCGC. In addition, for each shareholder, or group of affiliated shareholders, who directly or indirectly holds more than ten percent of the shares in the Company, there is at most one Non-Executive Director who may be affiliated with or representing such shareholder. In total, the majority of the Non-Executive Directors should be independent.
The Non-Executive Directors have determined that four of the seven Non-Executive Directors qualify as i dependent in accordance with the DCGC. It should be noted that:

- Luca Garavoglia and Alessandra Garavoglia do not qualify as independent, as they directly or indirectly hold 100% of the voting rights of the Company's controlling shareholder, Lagfin S.C.A., Société en Commandite par Actions ('Lagfin'), which in turn, as of 31 December 2021, holds 53.9% of the Company's shares and 66.7% of the voting rights. It is believed, however, that the involvement of both Luca Garavoglia and Alessandra Garavoglia proves the commitment of the entire Garavoglia family to participate in the Company with spirit of homogeneity and compactness, in order to ensure continuity of control over the Company;
- Eugenio Barcellona does not qualify as inde-

pendent as he has been a member of the Board of Directors since 2007. It is believed, however, that Eugenio Barcellona's deep knowledge of the Company as well as his overall knowledge of laws and regulations make him a most valuable Non-Executive Director. Eugenio Barcellona has been chairing the Remuneration and Appointment Committee and the Control and Risks Committee considering the mere organizational role that the chairman holds in such committees. In any case his appointment is compliant with article 5.1.4 of the DCGC.

Principle 2.3.2 of the DCGC (Establishment of committees)

Pursuant to best practice provision 2.3.2 of the DCGC, if the Board of Directors has more than four Non-Executive Directors, it shall appoint from among its members an audit committee, a remuneration committee and a selection and appointment committee.

The Company has combined the roles of the remuneration committee and the selection and appointment committee in one committee, the Remuneration and Appointment Committee. The Company feels that there would be no benefits for the Company, given its size and its organisational structure, in splitting the Remuneration and Appointment Committee as prescribed under the DCGC.

Principle 2.3.6 of the DCGC (Vice-chairman of the Board of Directors)

Pursuant to Article 18.1 of the Company's Articles of Association the Board of Directors may designate one or more other Directors as vice-chairmen of the Board of Directors. However, so far, the Company feels that there would be no benefits for the Company, given its size and its organisational structure, in such an appointment.

Principle 3.1.2 of DCGC (Remuneration policy)

No performance criteria are applied to share options that the Company typically grant but, since the share options, depending on the plans, vest five or seven years after they are granted and all share options may be exercised in the two years following the vesting of the right, the Company believes that the share options are long-term in character.

14 DISCLOSURES PURSUANT TO DECREE ARTICLE 10 EU-DIRECTIVE ON TAKEOVERS

In accordance with the Dutch Decree Article 10 Takeover Director (*Besluit artikel 10 overnamerichtlijn*, the 'Decree'), the Company makes the following disclosures:

a) for information on the Company's capital structure, the types of shares (i.e., ordinary shares and special voting shares), and related rights and obligations, and the issued share capital, please see the paragraph 'Major shareholders' of this governance section.

b) To summarise, the rights attached to ordinary shares and special ordinary shares comprise pre-emptive rights upon the issue of ordinary shares (with the unde standing that holders of special ordinary shares will be entitled to the issue of special ordinary shares in lieu of ordinary shares), the right to attend General Meetings and to speak and vote at such meetings and to resolve on the distribution of such amount of the Company's profit as remains after allocation to the reserves and the payment of a dividend of 1% of the amount paid on the special voting shares in accordance with the Articles of Association. For information on the rights attached to the special voting shares reference is made to the Articles of Association and the SVS Terms, which can both be found on the Company's website.

c) As of 31 December 2021, the issued share capital of the Company consisted of 1,161,600,000 ordinary shares, representing approximately 63.57 percent of the aggregate issued share capital, and 665,718,342 special voting shares, representing approximately 36.43 percent of the aggregate issued share capital.

d) The Company has imposed no limitations on the transfer of ordinary shares. Article 13 of the Articles of Association and the SVS Terms provide for transfer restrictions for special voting shares.

e) For information on participations in the Company's capital for which a disclosure obligation exists under Sections 5:34, 5:35 and 5:43 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*), please see the paragraph 'Major shareholders' of this governance section. There you will find a list of shareholders who are known to the Company to have holdings of three percent or more at the stated date.

f) No special control rights or other rights accrue to shares in the capital of the Company other than the right of holders of ordinary shares to receive special voting shares if and when the terms and conditions as set out in Article 13.7 of the Articles of Association and the SVS terms are met.

g) A mechanism for verifying compliance with a scheme allowing employees to subscribe for or to acquire shares in the capital of the Company or a subsidiary if the employees do not arrange for such verification directly is not applicable to the Company.

h) No restrictions apply to voting rights attached to shares in the capital of the Company, nor are there any deadlines for exercising voting rights. The Articles of Association allow the Company to cooperate in the issuance of registered depositary receipts for ordinary shares, but only pursuant to a resolution to that effect of the Board of Directors. The Company is not aware of any depository receipts having been issued for shares in its capital.

i) The Company is not aware of the existence of any agreements with shareholders which may result in restrictions on the transfer of shares or limitation of voting rights, except for the circumstance that, pursuant to Lagfin's Articles of Association, Lagfin's main corporate purpose is the holding and maintenance of a controlling stake in the Company.

j) The rules governing the appointment and dismissal of Directors are stated in the Articles of Association of the Company. Directors are appointed by the General Meeting. The Board of Directors nominates a candidate for each vacant seat. A nomination by the Board of Directors will be binding as described above in the section 'Board of Directors'. At a General Meeting, votes in respect of the appointment of a Director can only be cast for candidates named in the agenda of the meeting or explanatory notes thereto. The term of office of Directors may not exceed a maximum period of four years at a time. A Director who ceases office due to the expiry of his office is immediately eligible for reappointment.

k) Each Director may be suspended or removed by the General Meeting at any time. A resolution of the General Meeting to suspend or remove a Director other than pursuant to a proposal by the Board of Directors requires an absolute majority of the votes cast. An Executive Director may also be suspended by the Board of Directors. A suspension by the Board of Directors may at any time be discontinued by the General Meeting. Any suspension may be extended one or more times but may not last longer than three months in the aggregate. If, at the end of that period, no decision has been taken on termination of the suspension or on removal, the suspension will end.

l) Pursuant to Article 40 of the Articles of Association, the General Meeting may pass a resolution to amend the Articles of Association with an absolute majority of the votes cast, but only on a proposal of the Board of Directors. Any such proposal must be stated in the notice of the General Meeting. In the event of a proposal to the General Meeting to amend the Articles of Association, a copy of such proposal containing the verbatim text of the proposed amendment will be deposited at the Company's office, for inspection by shareholders and other persons entitled to attend the General Meeting, until the end of the meeting. Furthermore, a copy of the proposal will be made available free of charge to shareholders and other persons entitled to attend the General Meeting from the day it was deposited until the day of the meeting.

m) The general powers of the Board of Directors are stated in Article 17 of the Articles of Association and on 6 July 2020 each Executive Directors was granted a power of attorney to represent and act on behalf of the Company. According to Article 6.1 of the Articles of Association, the Board of Directors will be the competent corporate body to issue shares for a period of five years with effect from 27 November 2020. The Board of Directors is also authorised to limit or exclude pre-emptive rights of shareholders when issuing ordinary shares or granting rights to subscribe for ordinary shares, for the same term. After the five year term, shares may be issued pursuant to a resolution of the General Meeting unless the Board of Directors is designated to do so by the General Meeting. Such designation can be made each time for a maximum period of five years and can be extended each time for a maximum period of five years. A designation must determine the number of shares of each class concerned which may be issued pursuant to a resolution of the Board of Directors. A resolution of the General Meeting to designate the Board of Directors as the body of the Company authorised to issue Shares can only be withdrawn at the proposal of the Board of Directors. The body of the Company resolving to issue Shares must determine the issue price and the other conditions of issuance in the resolution to issue.

n) After the five year term, pre-emptive rights may be restricted or excluded by a resolution of the General Meeting. However, with respect to an issue of Ordinary Shares pursuant to a resolution of the Board of Directors, the pre-emptive rights can be restricted or excluded pursuant to a resolution of the Board of Directors if and insofar as the Board of Directors is designated to do so by the General Meeting.

o) Pursuant to Article 9 of Articles of Association, the Company is entitled to acquire fully paid-up shares in its capital with due observance of the relevant statutory provisions. Acquisition of the Company's own shares for valuable consideration is permitted only if the General Meeting has authorised the Board of Directors to do so. Such authorisation will be valid for a period not exceeding eighteen months. The General Meeting must determine in the authorisation the number of shares which may be acquired, the manner in which they may be acquired and the limits within which the price must be set. The Board of Directors may, without authorisation by the General Meeting, acquire its own shares for the purpose of transferring such shares to employees of the Company or of a group company (*groepsmaatschappij*) under a scheme applicable to such employees, provided such shares are listed on a stock exchange.

p) The Company is not a party to any significant agreements which will take effect, will be altered or will be terminated upon a change of control of the Company as a result of a public offer within the meaning of Section 5:70 of the Dutch Financial Supervision Act, provided that certain of the loan agreements entered into by the Company contain clauses that, as is customary for financing agreements of similar type, may require early repayment or termination in the event of a change of control of the Company.

q) The Company did not enter into any agreement with a Director or employee of the Company providing for a payment upon the termination of employment as a result of a public offer within the meaning of Article 5:70 of the Dutch Financial Supervision Act.

15 REPORT OF THE NON-EXECUTIVE DIRECTORS

Below is provided the report of the Non-Executive Directors of the Company for the financial year 2021, as referred to in best practice provision 5.1.5 of the DCGC.

Supervision by the Non-Executive Directors

The Non-Executive Directors are in charge of supervising the policies implemented by the Executive Directors and the general affairs of the Company and its affiliated enterprise, including the deployment of the strategy of the Company regarding long-term value creation.
The Non-Executive Directors contribute in creating long-term value by:

- regular discussions on strategic matters with the Executive Directors during meetings of the Board of Directors, including, potential acquisitions and disposals, extraordinary transactions, financing operations, yearly budgets and long-term business plans and the annual, half yearly and quarterly financial reports;
- monitoring progress on the Global Sustainability Strategy and approving the Non-Financial Declaration contained in the Annual Report and the Sustainability report;
- in their quality as members of the Control and Risks Committee, they regularly examine the ESG matters including sustainability, diversity and climate implications addressing relevant actions in the Sustainability report accordingly.

The Campari Group's Global Sustainability Strategy includes medium and long term environmental targets, the Global Strategy on Responsible Consumption, the Global framework on Diversity, Equity and Inclusion and long term commitments;

- approving the contents of the Remuneration policy taking into account the criteria detailed in the Remuneration Report.

With specific reference to the 2021 long-term value creation, the Non-Executive Directors have examined and monitored each and all stages of (i) a complex Group's reorganization aimed at merging Di.Ci.E. Holding B.V. into the Company to ensure a higher level of efficiency in the Group structure and (ii) new mechanisms of mid and long term remuneration for the Group's employees based on granting Company's shares such as employee share ownership plan ('ESOP'), extra mile bonus ('EMB') and medium term incentive ('MTI'). Details are available in the Remuneration Report.

Committees

The Board of Directors has allocated certain specific responsibilities to the Control and Risks Committee and the Remuneration and Appointment Committee. In doing so, the Non-Executive Directors have also focused on the effectiveness of the Company's internal risk management and control systems, the integrity and quality of the financial reporting and the risks associated. Further details on how these Committees have carried out their duties are set forth in the sections 'Control and Risks Committee' and 'Remuneration and Appointment Committee'. The Non-Executive Directors have been regularly informed by each committee of the results and recommendations of these meetings in accordance with best practice provision 2.3.5 of the DCGC, and the conclusions of those committees were taken into account when drafting this report of the Non-Executive Directors.

- **Control and Risks Committee**

During 2021, the Control and Risks Committee:

- assessed and expressed opinions on corporate risks brought to its attention by the Internal Audit function;
- met the external auditor to verify the financial audit activities carried out ensuring a regular flow of information among the Internal Audit function, the Control and Risks Committee and external auditor;
- as to sustainability matters, assessed Campari Group's sustainability strategy examining the non-financial report as well as the report concerning the quality, health, safety, and environmental aspects of all Group's production plants;
- examined the auditing activities carried out by the internal audit functions of J.Wray&Nephew Ltd. and Campari America LLC;
- analysed aspects relating to compliance with privacy legislation and issues relating to data security (including issues due to malware attack) and met the Data Protection Officer;
- examined the progress made in implementing the Internal Audit recommendations;
- examined the reports of breaches of Campari Code of Ethics;
- examined the Self Risk Assessment results;
- examined the 2021 Physical Count Program;
- examined the Campari SAP/ERP user management and the relevant segregation of duties risks;
- examined the S4 Hana migration with the external auditor;
- examined the European Single Electronic Format ('ESEF') project;
- approved the tax consolidation regime for the 2022-2024 period;
- approved the services other than statutory audit provided by the external auditor.

The Non-Executive Directors have also examined the half year report prepared by the Control and Risks Committee then approved by the Board of Directors.
During 2021, nine meetings of the Control and Risks Committee took place with the attendance details provided in the Table below.

• **Remuneration and Appointment Committee**

The main activities carried out by the Remuneration and Appointment Committee during the 2021 were as follows:

- evaluation and approval of the proposal regarding the share option report as well as the remuneration report;
- examination of the corporate governance report pursuant to applicable law;
- determination of the variable remuneration for the Executive Directors as per the applicable STI 2020 targets;
- determination of the STI 2021 targets and base amounts for the Executive Directors;
- evaluation and approval of a STI flex mechanism for the FY 2021;
- preparation and approval of the LMI Scheme (see below);
- approval of certain contractual changes to the Executive Directors' employment agreements;
- evaluation of the medium-term incentive plan 2022/2025;
- approval of the proposal to grant share options in favour of specific beneficiaries (reserved to employees not being Directors);
- evaluation of the ESOP (reserved to employees not being Directors).

During 2021, nine meetings of the Remuneration and Appointment Committee took place with the attendance details provide in the Table below.
The Non-Executive Directors also examined the yearly report prepared by the Remuneration and Appointment Committee then approved by the Board of Directors. The Non-Executive Directors were able to review and evaluate the performance of the Remuneration and Appointment Committee. There is no need to amend the size or composition of the Remuneration and Appointment Committee.
The chairman of the Remuneration and Appointment Committee reports once a year to the Board of Directors on activities carried out, when the annual financial statements are approved. It considers that this frequency is preferable to providing an update at the first appropriate meeting, except in cases of particular importance and/or urgency.

Internal Audit Function

The Company has a separate department for the internal audit function and the Board of Directors appoints the Head of Internal Audit.
The main activities carried out by the Internal Audit function during 2021 were as follows:

audit on results on Cinzano & Riccadonna's harvesting;	audit on Campari Australia Pty Ltd;
audit on sustainability of Alghero and Caltanissetta plants;	audit on sustainability in Forty Creek Distillery;
audit on results on A&P global;	audit on sustainability in Campari do Brasil Ltd;
audit on commercial agents and sales commissions;	audit on payroll area i n J. Wray & Nephew Ltd;
audit on credit management area of Campari Mexico S.A. de C.V.;	audit on inbound logistic area in J. Wray & Nephew Ltd;
audit on Tangible Fixed Assets management process;	audit on commercial and marketing contract management area in J. Wray & Nephew Ltd;
audit on logistics processes at Novi Ligure plant;	audit on sustainability in Campari Argentina Ltd.

Independence of the Non-Executive Directors

Each Non-Executive Director owes a duty to the Company to properly perform the duties assigned to each Director and to act in the Company's corporate interest. Under Dutch law, the Company's corporate interest extends to the interests of all its stakeholders, including its shareholders, creditors and employees.
Pursuant to best practice provisions 2.1.7 and 2.1.8 of the DCGC, at most one Non-Executive Director does not have to meet the independence criteria as set out in the DCGC. In addition, for each shareholder, or group of affiliated shareholders, who directly or indirectly hold more than ten percent of the shares in the Company, there is at most one Non-Executive Director who may be affiliated with or representing such shareholder. In total, the majority of the Non-Executive Directors should be independent. The Non-Executive Directors have determined that four of the seven Non-Executive Directors qualify as independent in accordance with the DCGC. Please see the paragraph 'Compliance with the DCGC' of this governance section for further information.

Composition of the Board of Directors and the committees on 31 December 2021

Board of Directors							
Member and principal position	Nationality	Date of first appointment	In office since	In office until the end of the annual General Meeting in	Gender	Independent according to DCGC	% attendance at meetings
Luca Garavoglia (Chairman and Non-Executive Director)	Italian	19 September 1994	16 April 2019	2022	M	NO	100
Robert Kunze-Concewitz (Executive Director)	Austrian	23 July 2007	16 April 2019	2022	M	NO	100
Paolo Marchesini (Executive Director)	Italian	10 May 2004	16 April 2019	2022	M	NO	100
Fabio Di Fede (Executive Director)	Italian	16 April 2019	16 April 2019	2022	M	NO	100
Eugenio Barcellona (Non-Executive Director)	Italian	24 April 2007	16 April 2019	2022	M	NO	100
Annalisa Elia Loustau (Non-Executive Director)	Italian	29 April 2016	16 APRIL 2019	2022	F	YES	100
Fabio Facchini (Non-Executive Director)	Italian	8 September 2020	16 APRIL 2019	2022	M	YES	100
Alessandra Garavoglia (Non-Executive Director)	Italian	16 April 2019	8 September 2020	2022	F	NO	100
Catherine Gérardin-Vautrin (Non-Executive Director)	French	29 April 2016	16 April 2019	2022	F	YES	100
Michel Klersy (Non-Executive Director)	French	16 April 2019	16 April 2019	2022	M	YES	100
Number of meetings held							Board of Directors: 5

Board of Directors	Control and Risks Committee		Remuneration and Appointment Committee	
Member and principal position	Member	Attendance % at meetings	Member	Attendance % at meetings
Luca Garavoglia (Chairman and Non-Executive Director)	-	-	-	-
Robert Kunze-Concewitz (Executive Director)	-	-	-	-
Paolo Marchesini (Executive Director)	-	-	-	-
Fabio Di Fede (Executive Director)	-	-	-	-
Eugenio Barcellona (Non-Executive Director)	X	100	X	100
Annalisa Elia Loustau (Non-Executive Director)	X	100	X	100
Fabio Facchini (Non-Executive Director)	X	89	-	-
Alessandra Garavoglia (Non-Executive Director)	-	-	-	-
Catherine Gérardin-Vautrin (Non-Executive Director)	X	100	X	100
Michel Klersy (Non-Executive Director)	-	-	-	-
Number of meetings held	Control and Risks Committee: 9		Remuneration and Appointment Committee: 9	

REMUNERATION REPORT

1 INTRODUCTION

The Company's remuneration structure aspires to support Campari's stated mission, vision and strategy while motivating, retaining and attracting world-class talent. It aims to reinforce and support the Group key strategic drivers in both the short and long term, the achievement of which will support sustainable, long-term value creation for all stakeholders.

As described below the Executive Directors' remuneration consists of a fixed component and a variable component such as: (*i*) the base salary (fixed component); (*ii*) the short-term incentive (variable component); and (*iii*) the long-term incentive (variable component), while the Non-Executive Directors' remuneration consists of a single fixed annual component in cash.

The base salary compensates for the individual's experience, skills, duties, responsibilities and the contribution of the individual within the Company. The short-term incentive aims to ensure that the Executive Directors are well incentivised to achieve the annual Group performance targets, while the Company's long-term incentive component -providing for five years vesting-form a substantial part of total remuneration and maintains meaningful levels of share ownership, encouraging the Executive Directors to act as stewards and ambassadors of the Company.

The 2021 results on the key financial indicators as well as the achievement against individual targets were, in all cases, above the performance targets as set for by the Board of Directors. As a direct consequence, the Company short-term incentive pay out for 2021 was above the base amount as well.

The remuneration report provided below summarises the guidelines and the principles followed by the Company in order to define and implement the remuneration policy applicable to the Executive Directors and the Non-Executive Directors of the Company. In addition, the remuneration report provides the remuneration paid to these individuals for the year ended 31 December 2021.

2 REMUNERATION POLICY

The General Meeting adopted the remuneration policy for the Executive Directors and the Non-Executive Directors on 18 September 2020 (the 'Remuneration Policy'). The objective of the Remuneration Policy for the Executive Directors is to attract, reward and retain the necessary leadership talent in order to support the execution of the Company's strategic objectives, whilst for the Non-Executive Directors the Remuneration Policy aims at rewarding them appropriately for their work based on market competitive fee levels. In line with Articles 2:135(1) and 2:135a(2) of the Dutch Civil Code, the Remuneration Policy will be submitted to the General Meeting in case of any amendments and at least every four years.

The form and amount of compensation received by the Board of Directors for the year ended 31 December 2021 was determined in accordance with the Remuneration Policy. The authority to establish remuneration is vested in the Board of Directors, with due observance of the Remuneration Policy, whereby the Executive Directors may not participate in the deliberations and decision-making with respect to the remuneration of the Executive Directors. The Remuneration and Appointment Committee of the Board of Directors oversees the Remuneration Policy and prepares decisions for the Board of Directors with respect to the Remuneration Policy and the application thereof in individual situations.

3 COMPOSITION OF BOARD OF DIRECTORS

On 16 April 2019, the General Meeting appointed the Directors for the three year period 2019-2021, except for Mr Fabio Facchini who was appointed as Non-Executive Director by the General Meeting on 18 September 2020 for the period ending at the closure of the annual General Meeting held in 2022. No other changes occurred in the composition of the Board of Directors in 2021.

2021 highlights of the Group	During 2021 the Group: (*i*) achieved double-digit sales organic growth driven by continued strong and healthy brand momentum with overall increased consumption and penetration versus to pre-pandemic levels (total change +22.6%); (*ii*) achieved a double digit EBIT organic growth (total change +73.0%) showing significant margin expansion driven by favourable sales mix and operating leverage thanks to strong sales growth; (*iii*) very strong performance overall despite the challenges of logistic constraints and the initial effect of cost inflation towards the year end; (*iv*) achieved strong cash flow generation leading to a significant de-leverage with net debt to EBITDA ratio down to current 1.6 times at year end[66]; and achieved a number of key corporate goals as reported in the 'Significant events of the year' section in the management board report.
Shareholder vote	This remuneration report is prepared in line with the new requirements stemming from the implementation of the Shareholder Rights Directive II in Dutch law. This report will be submitted to the annual General Meeting in 2022 for an advisory vote.

4 REMUNERATION FOR BOARD OF DIRECTORS

REMUNERATION PRINCIPLES

Executive Directors

In line with the fundamental objective of achieving the most effective reconciliation of 'profitability' and 'sustainability' in the long term, the Company adopts an Executive Directors' remuneration policy aimed at supporting managerial growth strategies oriented towards the long term: this is considered of fundamental importance in the Company's reference market (the global premium spirits market), where the strength of the brands, built through long-term brand building strategies consistently and patiently deployed over time, is the primary source of the achievement of a long-term competitive advantage.

The Remuneration Policy aims not only at the adequate remuneration of the Executive Directors, but also at their adequate retention, as it is considered, in principle, an important value that is consistent with the fundamental objective of maximum sustainable profitability in the long term, i.e. the promotion of successful management cycles.

Although the Company reviews remuneration policies of comparable size and economic performance as a useful tool to understand its competitive position on the job offer market and attract high level human capital, the Company pursues its remuneration policies independently and such policies are not benchmarked against a group of peers.

The basic components of the remuneration applicable to the Executive Directors consist of (*i*) base salary, (*ii*) short-term incentive, and (*iii*) long-term incentive.

Over the last 5 years the average relative proportion of the Executive Directors' remuneration components is as follows:

- Fixed remuneration: ~38%;
- Short-term incentive: ~37%;
- Long term-incentive: ~25%.

Base salary

The base salary compensates for the individual's experience, skills, duties, responsibilities and the contribution of the individual within the Company. The base salary of each Executive Director is a fixed compensation.

Each year, the Remuneration and Appointment Committee reviews the base salaries and decides whether circumstances justify adjustments. In considering base salary increases, the Remuneration and Appointment Committee uses as reference the nature and responsibility of the role and the progressive increase of the Executive Directors duties along with the Company growth, individual and business performance, as well as the prospective ability of Executive Directors to create value and contribute to the long-term objectives of the Company. Over the last 5 years, the compound annual growth rate of the Executive Directors' base salary is about 0.4%[67]. Thus, such minor increase in the base salary component was inferior to the proportional increase of the Group's business performance.

All Executive Directors are beneficiaries of a D&O (directors' and officers' liability) insurance policy at market conditions for this type of coverage. The insurance policy covers losses resulting from claims made against the Directors for wrongful acts committed in their respective functions and for which they have been recognised accountable.

Executive Directors are also entitled to other benefits such as car benefit; ticket restaurant; supplementary pension funds, and medical, life and accident insurance.

VARIABLE COMPONENTS

Short-term incentive

The short-term incentive (**STI**) aims to ensure that the Executive Directors are well incentivised to achieve the Group performance targets in the shorter-term.

At the beginning of each year, the Remuneration and Appointment Committee proposes to the Board of Directors target ranges for the Executive Directors, based on the Group's budget. At the end of the year, the Remuneration and Appointment Committee reviews the Group performance against the target ranges, based on the Company's financial statements, as audited by the external auditor.

Executive Directors are eligible for the short-term incentive only if at least 90% of the targets are achieved.
The minimum short-term incentive payout, in such case, is equal to 70% of base targets, with the maximum incentive payout capped at 180% of base target (if 120% or more of the targets are achieved). If 100% of the targets are achieved, the STI payout is equal to the bonus base amount set by the Board of Directors on the basis of a proposal from the Remuneration and Appointment Committee.

The Remuneration and Appointment Committee each year selects and proposes to the Board of Directors the financial performance measures and determines their relative weights. To support the Company's strategic objective growth in an organic and sustainable way and to focus on profitable growth segments, such performance measures are typically: profit (target A, usually weighing 40%); marginality (target B, usually weighing 40%); and operating working capital (target C, usually weighing 20%).

Target A	identifies Campari Group's consolidated Ebit target. The achievement of the target is verified comparing the actual Ebit (at constant perimeter and exchange rates and normalized to exclude non-recurring items) with the Ebit target.
Target B	identifies Campari Group's margin target (i.e., the ratio of the consolidated Ebit to the consolidated net sales) adjusted to account for advertising and promotion investment. In fact, in case advertising and promotion investment weigh less than expected (under a certain threshold), then the effective marginality will be adjusted downwards with the consequence of a minor target payout.
Target C	identifies the weight in percentage of the net operating working capital on Campari Group's consolidated net sales.

(66) For more information on 2021 economics performance of the Group please refer to the management board report included in this annual report.
(67) The average increase is defined with reference to Executive Directors who have been in office for at least the last 5 years.

Targets are structured in a way that they cannot be achieved through short-term management choices that in the long term are likely to compromise brand strength (such as cutting and or reducing advertising investment) or to compromise cash generation capacity (such as non-physiological growth in operating working capital). Accordingly, the short-term incentive contributes to the Company's strategy, the long-term interests of the Company and its sustainability.

The short-term incentive of the Executive Directors is based on financial performance measures only and, therefore, without directly taking into account specific qualitative performance objectives that are non-financial and/or related to corporate social responsibility. This choice is based on the consideration that socially responsible conduct, which the Company is inspired by with the utmost commitment and rigour, should in any case be reflected, in the long term, in the financial results of the Company and the Group.

If the short-term incentive targets are met, the short-term incentive is paid the year following the relevant performance period, once the predetermined performance objectives are verified.

Long-term incentive

The long-term incentive aims to provide incentives for the Executive Directors to achieve growth results in the medium and long term and align their interests with the pursuit of the priority objective of sustainable creation of value for shareholders.
The long-term incentive is granted to the Executive Directors through the participation to the share option plans approved by the General Meeting for a large number of beneficiaries, usually every two years, under the same conditions. As a five year vesting scheme applies, there is a clear link with the long-term interests of the Company[68].

The assignment of share options is governed by the 'Regulation for the assignment of share options' approved by the Remuneration and Appointment Committee, based on a mandate from the Board of Directors dated 13 May 2014, as subsequently modified and amended. Such regulation (which is available on the website www.camparigroup.com) sets out the general terms and principles underlying the assignment of share options.

The Remuneration and Appointment Committee each year selects and proposes to the Board of Directors the financial performance measures and determines their relative weights. To support the Company's strategic objective growth in an organic and sustainable way and to focus on profitable growth segments, such performance measures are typically: profit (target A, usually weighing 40%); marginality (target B, usually weighing 40%); and operating working capital (target C, usually weighing 20%).

For each specific share option plan the General Meeting determines:

A	the maximum number of options that may be assigned to the Executive Directors and to the other categories of beneficiaries;
B	the vesting period;
C	the start and end date of the period during which the options may be exercised; and
D	the time frame during which the competent bodies may actually assign the options.

(68) As of the date hereof the Shareholders' Meeting has approved three share option plans, still on going, in favour of the Executive Directors; the share option plan 2016, 2018, and 2020 provide for a 5-year vesting period. Please note that in 2014 Shareholders' Meeting has also approved a share option plan according to which beneficiaries could bring forward the exercise of the stock options: (i) during the sixth year, with a 20% reduction in the options granted; and (ii) during the seventh year, with a 10% reduction in the options granted in 2014. The options under such 2014 plan granted to the Executive Directors were all exercised by them after the end of the 7-years vesting period. For further information please refer to Section Share-based remuneration.

On the proposal of the Remuneration and Appointment Committee, the Board of Directors determines the number of options to be assigned to each Executive Director, in compliance with the limits established by the General Meeting. In any case the maximum number of options that can be awarded to each Executive Director may not exceed an amount such that the total share value (considered as the product between the number of options awarded and the strike price) exceeds the double of the aggregate amount of (*i*) the base salary and (*ii*) the last short-term incentive received, multiplied by the number of years for vesting of the plan.

The right to exercise share options vests five years after they are granted.

All share options may be exercised in the two years following the vesting of the right, without prejudice to the right of the Company to introduce blocking periods in which exercise is not permitted, should particular circumstances so require.

By their nature, share options acquire a value only in the event of an increase in the price of the Company's shares and are therefore directly related to the creation of value for shareholders. Given their nature, it is difficult to make reliable assessments of their economic impact in relation to base salary and short-term incentive. However, experience with past share option exercises indicates that in the past 5 years the annual base salary had a ratio of about 1 to 0.65 compared to the annual long term incentives.

No performance criteria are applied to share options that the Company typically grant but, since the share options, depending on the plans, vest five or seven y ars after they are granted and all share options may be exercised in the two years following the vesting of the right, the Company believes that the share options are long-term in character.

Last mile incentive[69]

The Remuneration Policy provides that Chief Executive Officers who have provided the Company with extraordinary value during a long-standing managerial period of at least 10 years are eligible for an additional last mile incentive should certain additional financial and operational objectives over the last years of their term be achieved.

The performance period is set from three to five years and the purpose of the last mile incentive is to boost the Chief Executive Officers' ambition in their potential last years of their long-term mandate. The Company believes that it may also enhance the Chief Executive Officers' long-term focus since the beginning of their mandate and attract, motivate and retain Chief Executive Officers with a long-term vision.
During Robert Kunze-Concewitz's current tenure the Company has achieved quantitative and qualitative results which are objectively extraordinary in nature. For this reason, after having verified the CEO's eligibility requirements for the last mile incentive, the Remuneration and Appointment Committee and the Board of Directors approved the terms and conditions of a last mile incentive for Robert Kunze-Concewitz starting in 2021 and encompassing targets for the next three, four and five year period, with the possibility for the next three-year, four-year and five-year period, to be updated every year given the uncertainty of the CEO's end of term ('LMI Scheme').

The current base amount of the LMI Scheme is equal to €30 million, €35 million, and €39 million (each amount 'Base Amount') in case of 100% target achievement referring respectively to the current period of three years (fiscal year 2023), four years (fiscal year 2024) and five years (fiscal year 2025), for a maximum payout of the last mile incentive equal to the Base Amount related to the year 2025 (i.e. €39 million)

The current LMI Scheme encompasses three different targets each of which shall have a relative weight of one-third with respect to the Base Amount ('Target Base Amount'): (*i*) a profitability target (quantitative target) related with the strategic plan approved by the Board of Directors on 17 December 2020; (*ii*) an organic growth target (quantitative target) related to an organic sales growth at least equal to the organic growth of selected listed peers over the reference period; and (*iii*) a third target (qualitative target) related to managerial and industry objectives such as the retention of certain employees that the Company would not want to lose, and a significant strengthening of the Group in selected geographical areas. In case ofan overperformance of the target, such target payout can increase up to 180% of the Target Base Amount notwithstanding that the Base Amount related to the year 2025 is the maximum payout of the last mile incentive. Targets do not entail performance gate and the payout is measured according to *ad hoc* rules for each ta get approved by the Board of Directors upon proposal of the Remuneration and Appointment Committee.

At the end of the relationship between the Company and the CEO, the Remuneration and Appointment Committee shall verify which targets on each of the performance measures have been achieved. The actual last mile incentive amount is subsequently determined by the Board of Directors on the proposal of the Remuneration and Appointment Committee. The maximum value of the last mile incentive is equal to the current Base Amount and the payment can be either in cash or in ordinary shares as soon as reasonably practical after the end of the relevant term; if delivered in ordinary shares, the number of ordinary shares will be equal to the amount payable under the LMI Scheme divided by the market value of the ordinary shares on the date in which the Board of Directors approves the payable amount under the LMI Scheme.

The Board of Directors, on proposal of the Remuneration and Appointment Committee, may grant the last mile incentive also to other Executive Directors who have served the Company with extraordinary long-term performance, subject to the same terms and conditions described above.

(69) Pursuant to the Remuneration Policy, a last mile incentive scheme with retention purpose to be potentially awarded to the current CEO has been approved by the Parent Company's corporate bodies and therefore implemented.

Scenario analysis

On an annual basis, the Non-Executive Directors, upon proposal of the Remuneration and Appointment Committee, examine the relationship between the performance criteria chosen and the possible outcomes for the Executive Directors' variable remuneration (scenario analysis).
As at the date of this Report, the Non-Executive Directors believe the Remuneration Policy has proven effective in terms of establishing a correlation between the Group's strategic goals and the selected performance criteria. The main key performance criteria related to the payout curve of the variable remuneration (such as: (*i*) the consolidated operating profit target; (*ii*) the ratio between the consolidated operating income and consolidated net sales, adjusted for advertising expenses; or (*iii*) the operating net working capital as a percentage of consolidated net sales), have supported both the Group's business strategy and value creation for shareholders and other stakeholders.

Non-Executive Directors

The remuneration of the Non-Executive Directors consists of a fixed annual component in cash, equal to €50,000.

Non-Executive Directors who are also a member of a Committee receive an additional remuneration. The chair and each other member of the Remuneration Committee receive an additional amount of €12,500 and the chair and each other member of the Audit Committee receive an additional amount of €25,000.

The Non-Executive Directors do not receive any performance-related compensation or shares. Non-Executive Directors who hold shares in the Company have a long-term investment perspective and adhere to the Company's internal dealing policy.

All Non-Executive Directors are beneficiaries of the same D&O (directors' and officers' liability) insurance policy of the Executive Directors.

2021 REMUNERATION

The actual remuneration of the Board of Directors over the financial year ended 31 December 2021 has been determined by the Board of Directors and is reflected in the tables below.

EXECUTIVE DIRECTORS

Remuneration of Executive Directors during the year shown by each pay component (in €)[70].

		fixed remuneration			variable remuneration			of which	
Director, Position, Year		wages	fees	others benefits[1]	short-term incentive[2]	long-term incentive[3]	total remuneration	fixed	variable
Robert Kunze-Concewitz *Chief Executive Officer and Executive Director*	2021	319,975	770,000	32,936	1,824,339	808,882	3,756,132	1,122,911	2,633,221
	2020	322,305	770,000	32,670	369,600	871,045	2,365,620	1,124,975	1,240,645
Paolo Marchesini *Chief Financial Officer and Executive Director*	2021	124,419	590,000	18,075	1,444,268	729,280	2,906,042	732,494	2,173,548
	2020	124,709	590,000	19,984	277,200	722,808	1,734,701	734,693	1,000,008
Fabio Di Fede *General Counsel and Business Development Officer and Executive Director*	2021	467,994	50,000	46,646	1,140,212	719,627	2,424,479	564,640	1,859,839
	2020	483,943	50,000	47,575	200,200	549,782	1,331,500	581,518	749,982

(1)'Other benefits' includes: car benefit; ticket restaurant; supplementary pension funds, and medical, life and accident insurance.
(2)In line with market practice the indicated short-term incentive amount is based on the targets achieved with reference to the last financial year ended; the STI 2021 will be paid in 2022.
(3)The long-term incentive item included a component related to share options measured with the fair value of the outstanding relevant share option plans accruing in fiscal year 2021 under IFRS.

(70) All remuneration was borne by the Company.

Please note that a non-cash amount of €10 million has been set aside under other operating income (expenses) as non-recurring last mile long-term incentive ('LMI') schemes with retention purposes, to be potentially recognised to Robert Kunze-Concewitz, as described above.

Given the uncertainty of the CEO's end of term, such amount has been accrued for accounting purposes and, therefore, not paid in favour of Robert Kunze-Concewitz (see IAS 37).

Despite having a long term retention rationale, the LMI is very different in nature from the regular long term component of Executive Directors' remuneration (i.e. stock options): it can be (*i*) paid only once during the Executive Director's career, (*ii*) it is linked to various quantitative and qualitative performance criteria, and (*iii*) the payout is triggered (if all conditions are met) only after the termination of the relationship between the relevant Executive Director and the Group.

To determine the Executive Directors' short-term (annual) performance remuneration in respect of the 2021 year (paid in 2022), the Remuneration and Appointment Committee selected and proposed to the Board of Directors the following metrics as performed by the Executive Directors in 2021 for payment in 2022.

		bandwidth payout level						
target	weight	minimum payout	on-target payout	maximum payout	payout gate	actual performance[1]	payout	weighted payout
Target A	40%	70%	100%	180%	90%	116.0%	163.8%	65.5%
Target B	40%	70%	100%	180%	90%	107.2%	128.6%	51.5%
Target C	20%	70%	100%	180%	90%	118.8%	175.2%	35.0%
Total payout level	**100%**						**152.0% of on-target level**	

(1) Targets are based on the Group's business plan which contains confidential information, therefore actual targets are not public.

Based on the criteria approved by the Board of Directors, the three targets have a weight of: 40% Profit (EBIT), 40% Marginality (EBIT margin), and 20% Operating working capital.

Since the base amounts of the STI 2021 were set to the following extent: (*i*) €1,200,000 for the Chief Executive Officer Robert Kunze-Concewitz; (*ii*) €950,000 for the Chief Financial Officer Paolo Marchesini; and (*iii*) €750,000 for the Group General Counsel and Business Development Officer Fabio Di Fede, the STI bonuses accrued by the Executive Directors amounted, respectively, to €1,824,339 in favour of Robert Kunze-Concewitz, €1,444,268 in favour of Paolo Marchesini, and €1,140,212 in favour of Fabio Di Fede.

NON-EXECUTIVE DIRECTORS

Remuneration of Non-Executive Directors during the year shown (in €)

Director, Position	fixed remuneration 2021	committee remuneration 2021	total remuneration 2021[1]	total remuneration 2020
Luca Garavoglia *(Chairman and Non-Executive Director)*	50,000	N/A	50,000	50,000
Alessandra Garavoglia *Non-Executive Director*	50,000	N/A	50,000	50,000
Catherine Gerardin-Vautrin *Non-Executive Director and Member of the Control and Risks Committee and the Remuneration and Appointment Committee*	50,000	37,500	87,500	87,500
Eugenio Barcellona *Non-Executive Director and Member of the Control and Risks Committee and the Remuneration and Appointment Committee*	50,000	37,500	87,500	87,500
Michel Klersy *Non-Executive Director*	50,000	N/A	50,000	50,000
Fabio Facchini[2] *Non-Executive Director and Member of the Control and Risks Committee*	50,000	35,000[3]	85,000	21,870
Annalisa Elia Loustau *Non-Executive Director and Member of the Control and Risks Committee and the Remuneration and Appointment Committee*	50,000	37,500	87,500	87,500

(1) All remuneration was borne by the Company.
(2) Fabio Facchini was appointed as Non-Executive Director on 18 September 2020.
(3) Please note that the amount of €25,000 is due to Fabio Facchini as member of the Control and Risks Committee, and the amount of €10,000 is due as member of the Supervisory Body (Organismo di Vigilanza) pursuant to the Italian Legislative Decree 231 of 8 June 2001.

SHARE-BASED REMUNERATION

The Company has a number of share option plans in place. The purpose of these plans is to offer beneficiaries holding key positions in the Group the opportunity of owning shares in the Company, thereby aligning their interests with those of other shareholders and fostering loyalty, in the context of the strategic goals to be achieved.

On 8 April 2021, the General Meeting approved a share option plan for a total maximum number of options equal to the ratio between €6.4 million and the exercise price (i.e. the value equal to the arithmetic mean of the official stock exchange price d ring the month pr or to assignment) for beneficiaries other than the Directors (no options have been assigned to the Directors). The options are exercisable in the two-year period following the end of the fifth year after the date of assignment.

Similar share option plans were adopted by the General Meeting on 27 March 2020, 16 April 2019, 23 April 2018, 28 April 2017, 29 April 2016 and 30 April 2014 over the respective financial years. The options under the 2021, 2019, and 2017 share option plans are —differently from the share options plans in 2020, 2018, 2016 and 2014-not assigned to any Directors but granted to other beneficiaries.

The total maximum number of options available under the 2020 share option plan is equal to the ratio between €81 million and the exercise price. Of this total number of options, in particular, a maximum number of options resulting from the ratio between €21.3 million and the exercise price is allocated for the Directors (or other beneficiaries for whom an individual disclosure is required). With respect to the 2018 share option plan, the total maximum number of options available, is equal to the ratio between €73.8 million and the exercise price. Of this total number of options, in particular, a maximum number of options resulting from the ratio between €10.8 million and the exercise price is allocated for Directors (or other beneficiaries for whom an individual disclosure is required). With respect to the 2016 share option plan, the total maximum number of options available is equal to the ratio between €65.35 million and the strike price. Of this total number of options, in particular, a maximum number of options resulting from the ratio between €12.35 million and the strike price was allocated to the Directors (or other beneficiaries for whom an individual disclosure is required). Lastly, the total maximum number of options available under the 2014 share option plan is equal to the ratio between €80.85 million and the strike price. Of this total number of options, in particular, a maximum number of options resulting from the ratio between €10.85 million and the strike price is allocated for the Directors (or other beneficiaries for whom an individual disclosure is required).
The options under each of the share option plans are exercisable in the two-year period following the end of the fifth year after the date of such assignment, except for the options under the 2014 share option plan which may be exercised at the end of the seventh year following the assignment date.
Finally, each of the share option plans does not prescribe any holding period by which Executive Directors are bound.

THE FOLLOWING TABLE GIVES AN OVERVIEW OF THE OUTSTANDING SHARE OPTIONS PROVIDED TO EXECUTIVE DIRECTORS

Director, Position	main conditions of share option plans						information regarding 2021					
							opening balance	during the year			closing balance	
	plan	performance period[1]	award date	vesting start date	end exercise period	exercise price	Share options on 1 January 2021	share options awarded	share options vested	share options subject to performance condition	share options awarded and unvested	unexercised share options
Robert Kunze-Concewitz *Chief Executive Officer and Executive Director*	Plan 2014	N.A.	07/01/2014	07/02/2019	07/01/2023	€ 3.14	1,146,496	-	-	N.A.	-	-
	Plan 2014	N.A.	07/01/2014	07/02/2019	07/01/2023	€ 3.14	143,312	-	-	N.A.	-	-
	Plan 2014	N.A.	07/01/2014	07/02/2019	07/01/2023	€ 3.14	143,312	-	-	N.A.	-	-
	Plan 2016	N.A.	05/11/2016	05/12/2021	05/11/2023	€ 4.28	1,166,860	-	1,166,860	N.A.	-	-
	Plan 2018	N.A.	05/09/2018	05/10/2023	05/09/2025	€ 6.25	960,000	-	-	N.A.	960,000	-
	Plan 2020	N.A.	04/08/2020	04/08/2025	04/07/2027	€ 6.41	1,092,043	-	-	N.A.	1,092,043	-
Paolo Marchesini *Chief Financial Officer and Executive Director*	Plan 2014	N.A.	07/01/2014	07/02/2019	07/01/2023	€ 3.14	764,331	-	-	N.A.	-	-
	Plan 2014	N.A.	07/01/2014	07/02/2019	07/01/2023	€ 3.14	95,541	-	-	N.A.	-	-
	Plan 2014	N.A.	07/01/2014	07/02/2019	07/01/2023	€ 3.14	95,541	-	-	N.A.	-	-
	Plan 2016	N.A.	05/11/2016	05/12/2021	05/11/2023	€ 4.28	816,802	-	816,802	N.A.	-	-
	Plan 2018	N.A.	05/09/2018	05/10/2023	05/09/2025	€ 6.25	720,000	-	-	N.A.	720,000	-
	Plan 2020	N.A.	04/08/2020	04/08/2025	04/07/2027	€ 6.41	1,092,043	-	-	N.A.	1,092,043	-
Fabio Di Fede[2] *General Counsel and Business Development Officer and Executive Director*	Plan 2017	N.A.	08/04/2017	08/04/2022	08/03/2024	€ 6.19	161,551	-	-	N.A.	161,551	-
	Plan 2018	N.A.	05/09/2018	05/10/2023	05/09/2025	€ 6.25	720,000	-	-	N.A.	720,000	-
	Plan 2020	N.A.	04/08/2020	04/08/2025	04/07/2027	€ 6.41	1,092,043	-	-	N.A.	1,092,043	-

(1)The share options vest over time and no performance criteria apply.
(2)On 8 April 2017, certain share options were assigned to Fabio Di Fede who, at the time, was an employee of a Company's subsidiary. Fabio Di Fede was appointed director of the Company by the General Meeting on 16 April 2019.

5 ANY USE OF THE RIGHT TO RECLAIM

The short-term cash incentive and long-term incentive of the Executive Directors are subject to the malus and claw back provisions laid down in Article 2:135 (6) and (8) of the Dutch Civil Code. These provisions were not invoked in 2021.

6 DEROGATIONS AND DEVIATIONS FROM THE REMUNERATION POLICY AND FROM THE PROCEDURE FOR ITS IMPLEMENTATION

For the Board of Directors' 2021 remuneration, the Company did not deviate from the procedure for the implementation of the Remuneration Policy nor were any derogations applied.

7 COMPARATIVE INFORMATION ON THE CHANGE OF REMUNERATION AND COMPANY PERFORMANCE

The following table shows a comparison of the total remuneration of Executive Directors and Non-Executive Directors over the last five years.

Executive Directors

	2017	2018	2019	2020	2021	CAGR 2017/2021
	Company performance[1]					
Net sales (€/million)	1,753.4	1,711.7	1,842.5	1,772.0	2,172.7	5.5%
EBIT-adjusted (€/million)	380.5	378.8	408.0	321.9	435.2	3.4%
EPS adjusted basic (€)[2]	0.20	0.22	0.23	0.18	0.27	8.0%
Average indicators (€)						**5.6%**
	executive Director's remuneration					
Robert Kunze-Concewitz *Chief Executive Officer and Executive Director*	2,502,304	2,855,731	2,755,179	2,365,620	3,756,132	10.7%
Paolo Marchesini *Chief Financial Officer and Executive Director*	1,738,590	1,999,670	1,938,000	1,734,701	2,906,042	13.7%
Fabio Di Fede *General Counsel and Business Development Officer and Executive Director*	N.A.	N.A.	100%	1,331,500	2,424,479	36.8%(3)

(1) Please note that: (*i*) fiscal years are the basis for the compensation of the subsequent year; (*ii*) net sales shown for 31 December 2017 have been restated following application of the new accounting standard IFRS 15-'Revenue from contracts with customers'; (*iii*) Net sales as of 31 December 2016 have not been restated according to accounting standard IFRS 15-'Revenue from contracts with customers.
(2) 'EPS adjusted basic' means: Basic earnings per share adjusted.
(3) CAGR was calculated limited to fiscal years 2019, 2020, and 2021.

(71) The Company's employees average remuneration is calculated taking into account all the remuneration components, such as: base salary, and where applicable: (*i*) short-term incentive, (*ii*) mid-term incentive; and (*iii*) long-term incentive (measured on the basis of the fair value of the incentive plan defined at the grant date, allocated pro-rata over the vesting period, multiplied by the number of options granted, as represented in the Company financial statements). The values reported in the remuneration report at 31 December 2021 from 2017 to 2020 have been recalculated on the basis of the methodology described to be consistent with the 2021 values.
(72) The Chief Executive Officer's remuneration is calculated taking into account all the remuneration components, such as: base salary, and where applicable: (*i*) short-term incentive, (*ii*) mid-term incentive; and (*iii*) long-term incentive. Components sub (*ii*) and (*iii*) are measured on the basis of the fair value of the outstanding incentives (cash incentives or share options incentive) accrued under IFRS (the amount set aside in the 2021 financial statement is linked to the relevant mid/long term incentive plans). Starting from the remuneration report at 31 December 2021 pay ratios have been recalculated as the CEO's total remuneration accrued divided by the average remuneration of employees in each year from 2017 to 2021. This approach is deemed in line with the best market practice.

Non-Executive Directors

(€)	2017	2018	2019	2020	2021
Luca Garavoglia *Non-Executive Director and Chairman*	1,045,000	1,045,000	1,045,000	893,750	50,000
Alessandra Garavoglia *Non-Executive Director*	N.A.	N/A	37,500	50,000	50,000
Catherine Gerardin-Vautrin *Non-Executive Director and Member of the Control and Risks Committee and the Remuneration and Appointment Committee*	25,000	25,000	71,875	87,500	87,500
Eugenio Barcellona *Non-Executive Director and Member of the Control and Risks Committee and the Remuneration and Appointment Committee*	62,500	62,500	81,250	87,500	87,500
Michel Klersy *Non-Executive Director*	N.A.	N/A	37,500	50,000	50,000
Fabio Facchini[(1)] *Non-Executive Director and Member of the Control and Risks Committee*	N.A.	N.A.	N.A.	21,870	85,000
Annalisa Elia Loustau *Non-Executive Director and Member of the Control and Risks Committee and the Remuneration and Appointment Committee*	25,000	25,000	72,757	87,500	87,500

(1) Fabio Facchini was appointed as Non-Executive Director on 18 September 2020.

8 INTERNAL PAY RATIO

In line with Article 2:135b(3) of the Dutch Civil Code and Best Practice Provision 3.4.1 DCGC, the internal pay ratio is an important input for determining the Remuneration Policy for the Board of Directors. In the absence of prescribed methodologies in the Dutch Civil Code and the DCGC, for the financial year 2021 we chose to calculate the internal pay ratio as the total Chief Executive Officer compensation (i.e. including base salary and variable remuneration) divided by the average employee compensation of all employees of the Company. For 2021, the internal pay ratio is in line with the Company's acceptable bandwidths.

Average remuneration on a full-time equivalent basis of employees[(71)]

	2017	2018	2019	2020	2021
Average remuneration of employees on a FTE basis(€)	95,786	105,096	109,377	118,019	116,795

Internal pay ratio Chief Executive Officer[(72)]

(times)	2017	2018	2019	2020	2021
Robert Kunze Concewitz Chief Executive Officer and Executive Director	26.1	27.2	25.2	20.0	32.16[(1)]

(1) Pro forma pay ratio including the accrual for the last mile long-term incentive scheme with retention purposes was 117.8.

INFORMATION ON SHAREHOLDER VOTE

No further changes to the remuneration report have been made following the positive voting outcome on last year's report. Furthermore the negative advisory votes cast on the remuneration report last year were made by certain shareholders without justification, thus not allowing the Company to address possible suggestions. The Company still intends to consider the advisory vote going forward if and when feasible and appropriate.

STATEMENT AND RESPONSIBILITIES IN RESPECT TO THE ANNUAL REPORT

STATEMENT BY THE BOARD OF DIRECTORS

Based on the assessment performed, the Board of Directors believes that, as of 31 December 2021, the Group's and the Company's internal control over financial reporting is considered effective and that:

- the Control and Risks Committee and Internal Audit Function paragraphs provide sufficient insights into any failings in the effectiveness of the internal risk management and control systems;
- the internal risk management and control systems are designed to provide reasonable assurance that the financial reporting does not contain any material inaccuracies (please refer to paragraph 'Risk management and Internal Control System' of the governance section);
- based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis (please refer to note 3-'Accounting information and policies' of both consolidated and Company only financial statements at 31 December 2021); and
- the management board report states those material risks and uncertainties that are relevant to the expectation of the Company's continuity for the period of twelve months after the preparation of the report (please refer to paragraph 'Full year 2021 conclusion and outlook' of the management board report).

23 February 2022

Luca Garavoglia
Chairman

Robert Kunze-Concewitz
Executive Director and Chief Executive Officer

RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT

The Board of Directors is responsible for preparing the annual report in accordance with Dutch law and International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the European Union (EU-IFRS).
In accordance with Section 5:25c, paragraph 2 of the Dutch Financial Supervision Act, the Board of Directors states that, to the best of its knowledge:

- the financial statements as included in this report, provide a true and fair view of the assets, liabilities, financial position and profit or loss for the year of the Company and its subsidiaries;
- the management board report provides a true and a fair view of the position at the balance sheet date and developments during the year of the Company and its subsidiaries, together with a description of the principal risks and uncertainties that the Company and the Group face.

23 February 2022

Board of Directors:

Luca Garavoglia
Chairman

Robert Kunze-Concewitz
Executive Director and Chief Executive Officer

Paolo Marchesini
Executive Director and Chief Financial Officer

Fabio Di Fede
Executive Director and Group General Counsel and Business Development Officer

Alessandra Garavoglia
Non-Executive Director

Eugenio Barcellona
Non-Executive Director

Annalisa Elia Loustau
Non-Executive Director

Catherine Gérardin-Vautrin
Non-Executive Director

Michel Klersy
Non-Executive Director

Fabio Facchini
Non-Executive Director

OTHER INFORMATION

INDEPENDENT AUDITOR'S REPORT

Other information

Independent auditor’s report

To: the shareholders of Davide Campari-Milano N.V.

Report on the audit of the financial statements 2021 included in the annual report

Our opinion

We have audited the financial statements for the year ended December 31, 2021 of Davide Campari-Milano N.V. based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Davide Campari-Milano N.V. as at December 31, 2021 and of its result and its cash flows for 2021 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

- The consolidated statement of financial position as at December 31, 2021
- The following statements for 2021: the consolidated profit or loss, the consolidated statements of other comprehensive income, cash flows and changes in shareholder’s equity
- The notes comprising a summary of the significant accounting policies and other explanatory information

The company financial statements comprise:

- The statement of financial position at December 31, 2021
- The following statements for 2021: the statements of profit or loss, other comprehensive income, cash flows and changes in shareholder’s equity
- The notes comprising a summary of the significant accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of Davide Campari-Milano N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the “Wet toezicht accountantsorganisaties” (Wta, Audit firms supervision act), the “Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten” (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the “Verordening gedrags- en beroepsregels accountants” (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our understanding of the business

Davide Campari-Milano N.V. and its subsidiaries are a major group in the global branded spirits industry, with a portfolio of over 50 premium and super premium brands, marketed and distributed in over 190 markets around the world, with leading positions in Europe and the Americas. The group is structured in group entities and we tailored our group audit approach accordingly. We paid specific attention in our audit to a number of areas driven by the operations of the group and our risk assessment.

We start by determining materiality and identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Materiality

Materiality	€19 million (2020: €12 million)
Benchmark applied	Approximately 5% of Pre-tax income
Explanation	We have considered which was the most important financial statements measure to the users of the financial statements. In this respect, we concluded that for a profitable listed group the starting point is an earning -based measure, specifically the pre-tax income.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the control and risks committee that misstatements in excess of €0.8 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Davide Campari-Milano N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

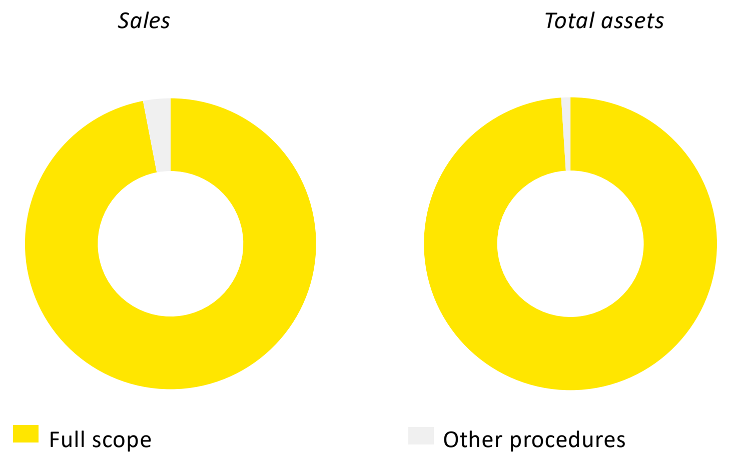
Our group audit mainly focused on significant group entities. Group entities are considered significant components either because of their individual financial significance or because they are likely to include significant risks of material misstatement due to their specific nature or circumstances. All such significant group entities (comprising 29 entities) were included in the scope of our group audit
and 6 components have been subject to risk-based analytics.

In establishing the overall approach to the audit, we determined the type of work that is needed to be done by us, as group auditors, or by component auditors from Ernst & Young Global member firms and operating under our instructions. The following matters are audited directly by the group audit team:

- The group audit team audited the group consolidation, financial statements and disclosures and the audit of the following key audit matters:
  - Valuation of goodwill and brands with indefinite useful life
  - Revenue Recognition, including adjustments for discounts and deferred incentives
- The group audit team shared detailed instructions to all components' auditors for the entities in scope, including key risk areas and the group audit team reviewed their deliverables.

Because of the continuing (international) travel restrictions and social distancing due to the COVID-19 pandemic, we needed to restrict or have been unable to visit management and/or component auditors to discuss, among others, the business activities and the identified significant risks or to review and evaluate relevant parts of the component auditor's audit documentation and to discuss significant matters arising from that evaluation on site. In these circumstances we predominantly used communication technology and written information exchange e.g. intensified communication with component teams, requiring more granular reporting, performing audit procedures centrally, et cetera in order to obtain sufficient and appropriate audit evidence.

In total these procedures represent 99,7% of the group's total assets and 99,4% of sales.



By performing the procedures mentioned above at components of the group, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Teaming, use of specialists

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of a listed client in the consumer products industry.
We included specialists in the areas of actuarial services, climate and sustainability, IT audit, forensics, treasury and risk, valuation and business modelling and income tax.

Our focus on climate risks and the energy transition

Climate objectives will be high on the public agenda in the next decades. Issues such as CO_2 reduction impact financial reporting, as these issues entail risks for the business operation, the valuation of assets (stranded assets) and provisions or the sustainability of the business model and access to financial markets of companies with a larger CO_2 footprint.

As part of our audit of the financial statements, we evaluated the extent to which climate-related risks and the possible effects of the energy transition are taken into account in estimates and significant assumptions as well as in the design of relevant internal control measures by Davide Campari-Milano N.V. As disclosed in the consolidated financial statements under note 3 III Use of estimates and climate related matters, which may affect the fair value measurement of assets and liabilities in the financial statements, has been considered. These risks in respect of climate-related matters are included as key assumptions where they materially impact the measure of the recoverable amount. Furthermore, we read the management board report and considered whether there is any material inconsistency between the non-financial disclosure and the
financial statements.

Our audit procedures to address the assessed climate-related risks and the possible effects of the energy transition did not result in a key audit matter. However, we describe the audit procedures responsive to the assessed risk related to the impairment of goodwill and brands with indefinite useful life in the description of our audit approach for the key audit matter

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement,
whether caused by fraud or error.

Our audit response related to fraud risks

We identify and assess the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the Davide Campari-Milano N.V. and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the control and risks committee exercises oversight, as well as the outcomes. We refer to section Non-Financial Disclosure of the management report for management's fraud risk assessment in which the control and risks committee reflects on this fraud risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of conduct, whistle blower procedures and incident registration.
We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption in close co-operation with our forensic and legal specialists. We evaluated whether these factors indicate that a risk of material misstatement due fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

As in all of our audits, we addressed the risks related to management override of controls and when identifying and assessing fraud risks we presumed that there are risks of fraud in revenue recognition.

We identified the following fraud risks and performed the following specific procedures:

Presumed risks of fraud in revenue recognition:	
Fraud risk	When identifying and assessing fraud risks we presume that there are risks of fraud in revenue recognition, including management override of controls. The Group recognizes revenues when the customer gains the control of goods according to the contract terms applicable to specific distribution channel. The revenue recognized is based on the price provided in the agreement, net of discounts or estimated deferred incentives granted in line with industry practice. The estimate of discounts and deferred incentives due to customers in relation to sales for the year are recognized according to customer agreements and historical experience. Considering the high volume of sales transactions, through different distribution channels, the significance of the estimate of discounts and deferred incentives, and the complexity due to the number of variable agreement terms for different customers, we assessed this matter as a fraud risk and key audit matter.
Our audit approach	We describe the audit procedures responsive to the presumed risk of fraud in revenue recognition in the description of our audit approach for the key audit matter Revenue Recognition, including adjustments for discounts and deferred incentives

We considered available information and made enquiries of relevant executives, directors (including internal audit, legal, compliance, human resources and regional directors) and risk and the control and risks committee.

Our audit response related to risks of non-compliance with laws and regulations

We assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the management board, reading minutes, inspection of internal audit and compliance reports and performing substantive tests of details of classes of transactions, account balances or disclosures to the financial statements.

We also inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit response related to going concern

As disclosed in section Going concern in 3 III to the financial statements, Management made a specific assessment of the company's ability to continue as a going concern and to continue its operations for at least the next 12 months.

We discussed and evaluated the specific assessment with management exercising professional judgment and maintaining professional skepticism. We considered whether management's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Based on our procedures performed, we did not identify serious doubts on the entity's ability to continue as a going concern for the next 12 months.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to control and risks committee. The key audit matters are not a comprehensive reflection of all matters discussed.
In comparison with previous year, our key audit matters did not change.

Valuation of goodwill and brands with indefinite useful life Note 4i, Note 4 vi and Note 7 v in the annual report	
Risk	Valuation of goodwill and brands with indefinite useful life are impacted by the same risk and procedures so we have combined them in one. At December 31, 2021, the recorded amount of goodwill and brands with indefinite useful life was €1,416.3 million and €1,354.1 million, respectively. Financial statements disclosures related to the valuation of goodwill and brands with indefinite useful life are reported in the note 7 v "Intangible assets" which describes the composition of the value as at December 31, 2021 as well as the CGU (Cash Generating Unit) allocation process and the methodology applied to assess the recoverable amount of assets, and in particular the valuation methodology and assumptions used, and the sensitivity analysis performed on the recoverable amount upon the modification of the main assumptions. The processes and the methodologies for the evaluation and calculation of the recoverable amount of goodwill and brands is based on assumptions that imply management judgment, with particular reference to the expected cash flows, included in the 2022 budget and the strategic plan for 2023-2025. These are prepared by the operating companies and approved by the board of directors of Davide Campari-Milano N.V. For the period beyond the five-year plans management has determined an appropriate long-term growth and discount rate to be applied to the cash flow forecasts. Additionally the five-year cash flow plan was extrapolated on a ten-year basis. The use of a ten-year forecast period was justified by the extension of the life cycle of the brands in the reference market, as well as the length of the maturing process of certain brands in some CGUs. Considering the significance of the amount in the financial statements, the level of judgement in the assessment of the methodologies and assumptions adopted to determine the recoverable amount of goodwill and brands with indefinite useful life, we assessed this matter as a Key audit matter.
Our audit approach	Our audit procedures related to the key audit matter included, amongst others: i. The analysis of the processes and key controls implemented by the company in connection to the valuation of goodwill and brands with indefinite useful life, as identified in the impairment test procedures approved by the board of directors ii. The assessment of the CGU allocation process, the analysis of the adequacy of the allocation to each CGU of assets and liabilities iii. The analysis of the independent expert report that supported the Group in the impairment test iv. The assessment of the quality of the forecasts as compared to the historical accuracy of the previous forecasts v. The assessment of the criteria used in the determination of the long-term growth and the discount rates

Valuation of goodwill and brands with indefinite useful life Note 4i, Note 4 vi and Note 7 v in the annual report	
	Our procedures were performed with the support of our experts in valuation techniques, that assessed the methodologies applied, the mathematical accuracy of the calculation models, and we reperformed a sensitivity analysis on the key assumptions in order to identify the changes in assumptions that could have a significant impact on the determination of the recoverable amount. Lastly, we assessed the adequacy of the disclosure provided in the explanatory notes to the consolidated financial statements.
Key observations	The assumptions relating to the impairment model are within acceptable ranges and we agree with management's conclusions. Furthermore, we concluded that the disclosures in the consolidated financial statements are appropriate and adequate.

Revenue Recognition, including adjustments for discounts and deferred incentives Note 4 xvii and Note 6 ii in the annual report	
Risk	The Group recognizes revenues when the customer gains the control of goods according to the contract terms applicable to specific distribution channel. The revenue recognized is based on the price provided in the agreement, net of discounts or estimated deferred incentives granted in line with industry practice. The estimate of discounts and deferred incentives due to customers in relation to sales for the year are recognized according to customer agreements and historical experience. Considering the high volume of sales transactions, through different distribution channels, the significance of the estimate of discounts and deferred incentives, and the complexity due to the number of variable agreement terms for different customers, we assessed this matter as a key audit matter. Financial statements disclosures related to revenue recognition, estimate of discounts and deferred incentives are reported in note 4 xvii "Significant accounting principles" in the paragraph related to Revenues from sales and services.
Our audit approach	The procedures designed to address the matter in our audit included, among others: i. Analysis of processes and key controls implemented by the Group in connection with the estimate of discounts and deferred incentives ii. Test of key controls specifically related to the validation on contractual terms and information related to sales iii. Substantive testing on a sample of sales transactions, estimate of discounts and deferred incentives iv. Look-back analysis of prior year discount and deferred incentives estimate against actual results and analysis of variances v. Substantive testing on a sample of sales transactions recognized at year-end considering the different distribution channels

Revenue Recognition, including adjustments for discounts and deferred incentives Note 4 xvii and Note 6 ii in the annual report	
	Lastly, we assessed the adequacy, included in note 4 xvii and note 6 ii, of the disclosures in the explanatory notes to the consolidated financial statements.
Key observations	Based on the audit procedures performed, we did not identify any material misstatements in the revenue reported and conclude that the disclosures in the financial statements are adequate.

Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 for the management board report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code as required by Sections 2:135b and 2:145 sub-section 2 of the Dutch Civil Code for the remuneration report

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 and Section 2:135b sub-Section 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code. Management and the control and risks committee are responsible for ensuring that the remuneration report is drawn up and published in accordance with Sections 2:135b and 2:145 sub-section 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Engagement

We were engaged by the control and risks committee as auditor of Davide Campari-Milano N.V. on July 27, 2020 as of the audit for the year 2020 and have operated as statutory auditor ever since that date.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

European Single Electronic Reporting Format (ESEF)

Davide Campari-Milano N.V. has prepared the annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report, prepared in the XHTML format, including the partially marked-up consolidated financial statements, as included in the reporting package by Davide Campari-Milano N.V., complies in all material respects with the RTS on ESEF.

Management is responsible for preparing the annual report, including the financial statements, in accordance with the RTS on ESEF, whereby management combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

Our procedures, taking into account Alert 43 of the NBA (the Netherlands Institute of Chartered Accountants), included amongst others:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package
- Obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files, has been prepared in accordance with the technical specifications as included in the RTS on ESEF
- Examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF

Description of responsibilities regarding the financial statements

Responsibilities of management and control and risks committee for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The control and risks committee is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The Information in support of our opinion section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.
Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication

We communicate with the control and risks committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

In this respect we also submit an additional report to the control and risks committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the control and risks committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the control and risks committee we determine the key audit matters: those matters that were of most significance in the audit of the financial statements.
We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Rotterdam, February 23, 2022

Ernst & Young Accountants LLP

signed by P.W.J. (Pieter) Laan

DAVIDE CAMPARI-MILANO N.V.

Official seat: Amsterdam, The Netherlands - Dutch Companies' Register n. 78502934
Corporate address: Via F. Sacchetti, 20 - 20099 Sesto San Giovanni (Milan), Italy
Share capital: €11,616,000.00 fully paid in
Fiscal Code and Milan Companies' Register n. 06672120158 - VAT n. IT06672120158

Investor Relations
investor.relations@campari.com

TOASTING LIFE TOGETHER

DAVIDE CAMPARI-MILANO N.V.

Official seat: Amsterdam, The Netherlands - Dutch Companies' Register n. 78502934
Corporate address: Via F. Sacchetti, 20 - 20099 Sesto San Giovanni (Milan), Italy
Share capital: €11,616,000.00 fully paid in
Fiscal Code and Milan Companies' Register n. 06672120158 - VAT n. IT06672120158

Investor Relations
investor.relations@campari.com

TOASTING LIFE TOGETHER