DAVIDE CAMPARI-MILANO N.V.
ADDITIONAL FINANCIAL INFORMATION
AT 31 MARCH 2021

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About this report

Note on presentation
This additional financial information report has been prepared using the same recognition and measurement criteria as those used to prepare the 2020 annual report, to which reference is made. This document has not been audited. The additional financial information at 31 March 2021 provides a description of the significant events that occurred during and after the end of the period, the Group's sales performance, broken down by region, the Group's profit before taxation and its consolidated net financial debt.

Forward-looking statements
Campari Group's additional financial information contains forward-looking statements that reflect management's current view of the Group's future development. 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 judgment. Should the underlying assumptions turn out to be incorrect or if the risks or opportunities described materialize, 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 additional financial information.
The actual impact of Covid-19 and its associated operating environment may be materially different from management's expectations.

Campari Group does not assume any obligations or liability in respect of any inaccuracies in the forward-looking statements made in this additional financial information or for any use by any third party of such forward-looking statements.

Information on the figures presented
All references in this additional financial information to 'Euro' and '€' refer to the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union.

For ease of reference, all the figures in this additional financial information are expressed in millions of Euros to one decimal place, whereas the original data is recorded and consolidated by the Group in Euros. 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 Euros 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 additional financial information.

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

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Key highlights

	for the three months ended 31 March			
	2021	2020	change	
			total	organic change
	€ million	€ million	%	%
Net sales [1]	**397.9**	**360.2**	**10.5%**	**17.9%**
Contribution margin	169.0	151.8	11.3%	18.5%
EBITDA	85.5	61.9	38.1%	
EBITDA adjusted	**87.6**	**67.5**	**29.9%**	**45.4%**
EBIT	66.4	42.3	56.8%	
EBIT adjusted	**68.5**	**47.9**	**43.1%**	**63.6%**
Profit before taxation	65.0	30.5	113.3%	
Group profit before taxation	**64.8**	**30.6**	**112.1%**	
Group profit before taxation adjusted	**64.1**	**34.7**	**84.7%**	
ROS % (EBIT/net sales)	16.7%	11.7%		
ROS % (EBIT adjusted/net sales)	**17.2%**	**13.3%**		

[1] Sales after deduction of excise duties.

	31 March 2021	31 December 2020
	€ million	€ million
Net financial debt	1,067.9	1,103.8

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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)(4)]	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[(5)]

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) Appointed as non-executive director by the Company's Extraordinary General meeting on 18 September 2020. On that same date, Fabio Facchini was also appointed as a member of the Control and Risks Committee by the Company's Board of Directors.

(5) 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 applicable Dutch law.

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Campari Group additional financial information at 31 March 2021

Updates on the Covid-19 outbreak

The Covid-19 ('Coronavirus') pandemic that began in early 2020 with an incredible impact on the world still persists. The medium-term prospects are generally improving thanks to the launch of mass vaccination campaigns since the beginning of 2021, although their roll-out is progressing at different speeds across different countries. Meanwhile, the world remains largely affected by new waves and increasingly contagious virus variants of Covid-19, with cases on the rise in many countries. With governments imposing new restrictive measures across the different markets, which can vary significantly across countries based on how the pandemic develops, the timing and intensity of the world recovery remain still uncertain.

In this volatile context, all Campari Group plants and distilleries 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 persistently the recommended policy for office-based employees, Campari Group has put in place stringent measures to ensure a safe return to the workplace, wherever feasible, confirming a strong commitment to and responsible behaviour in complying with the latest regulations and protocols. However, in many parts of the world, restrictive measures are still in place, thus making a return to normality highly challenging.

Looking at the market trends, starting from 2020 new consumption patterns and consumer habits were detected and the Group began to actively leverage on them, demonstrating remarkable agility and learning ability to engage with consumers with new online and digital initiatives. Human desire to socialise remains strong and the strict protocol for physical distancing spawned the development of new occasions for consumption as consumers attempt to make bar-quality drinks at home. In particular, this shift from the on-premise to the off-premise and e-commerce channels, which is taking place on an unprecedented scale, is continuing to positively impact the performance of the spirit industry, including Campari Group businesses. Cocktail making at home could be viewed as a new source of entertainment and remote social gatherings, driving increased consumption opportunities in the off-premise channel. With at-home consumption increasing, more consumers have shown interest to purchase sprits products online 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. On the contrary, the significant reduction in travel resulting from restrictions in movement continues to have adverse impact on the Group's global travel retail sales. Over the last months, Campari Group has continued to build on its brands actively and consistently, leveraging social and digital media, expected to be well poised to benefit from the on-trade re-opening.

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, 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. Within this radically changed global context, Campari Group is continuing to confirm its long-term outlook and objectives in terms of business growth and development.

Although the on-premise and global travel retail channels are still largely challenged by the ongoing crisis, the first quarter 2021 performance has demonstrated the Group's strong business resilience in its off-premise skewed markets where its brands continue to show positive momentum. Whilst the Group continues to deliver on its commitments, it remains also focused on its long-term growth strategic objectives in terms of brand building and strengthening of its distribution capabilities with particular reference to Asia Pacific.

Main brand-building activities

The brand portfolio represents a strategic asset for the Campari Group. One of the main pillars of the Group's mission is to build and develop its brands. The Group has an ongoing commitment to investment 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. The Group is developing its strategies with an increasing focus on new communications tools, especially the digital media channel, which is seen as strategic thanks to its interactive, customisable and measurable properties.

The main marketing initiatives focused on global and regional priority brands, undertaken in the first quarter 2021, are set out below. The brand-activations are mainly focused on digital activations and are now structurally managed in a flexible manner in order to be remodelled if necessary to take into account restrictions changes and new lockdowns aimed at the continuous containment of the pandemic imposed in the various markets.

As a result of the restrictive measures in place to fight the pandemic, only some of Group's visitor centres around the world are open, with reduced opening hours, limited tours and experiences and rigorous compliance with the emergency health measures in force to protect the health of both guests and Camparistas.

New developments

Introducing RARE division, a new dedicated approach to engage trade and high-end consumers in the US and key global markets

Campari Group has launched RARE, a new dedicated division with the ambition to become a top purveyor of luxury offerings in the United States and key global markets. Through this strategic initiative, Campari Group aims at unlocking and accelerating the growth of its existing and future super premium and above portfolio, seeking a new dedicated approach to brand building and route-to-market.
In the United States, RARE will focus on three product tiers:
- 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 within the largest and fastest growing categories in the United States.

Beyond the United States, a deployment of RARE initiative is planned into select European markets and Australia as well as on e-commerce, enriched with the finest expressions from the Group's portfolio of leading brands.

Global priority brands

Aperol

With the aim of reinforcing home consumption of Aperol Spritz, multiple initiatives were launched to educate consumers on the perfect serve, strengthening the link with food and generating digital engagement. From January to March 2021 in Italy the key initiatives were **Aperitivo a Casa**, promoting home consumption and **Together We Can Create**, encouraging users to express themselves by showing how they can make a perfect aperitif with Aperol Spritz and having the chance to win 1,000 magnum bottles of Aperol. In the United States, the **#AperolLovesPizza** campaign, which was started in late 2020, was activated between the Pizza Day in February and Pi Day (day celebrating the Greek letter) in March, with selected press, brand fans, influencers and key trade contacts receiving kits including Aperol Loves Pizza branded items. In March 2021, **Aperol's Birthday** was launched in the United Kingdom with consumers celebrating their birthdays in March and April, having the chance to win a virtual Aperitivo masterclass hosted by Aperol's brand ambassador.
Upon the easing of restrictions in some countries, on-premise activations and events were undertaken while complying with the regulations in place. In Argentina a series of summer sunsets acoustic concerts **Aperol Spritz Live** both physically and digitally were launched at the beginning of 2021, while in Brazil the **Entre no modo Aperol** initiative was developed, aimed at increasing brand visibility in all channels, on and off-trade, enhancing trials, brand loyalty and awareness.
In line with 2020, in the context of the Covid-19 outbreak, several charity organizations were supported by Aperol, including Another Round Another Rally namely in the United States.

Campari

The **Campari Red Passion** campaign, which was launched globally in October 2020, was activated in selected local markets at the beginning of 2021, including the United States, Spain and Argentina, mainly focusing on digital media. In the United States, a media partnership with Vox Media was implemented, including the release of articles on The Cut&New York Magazine, featuring the Red Passion campaign talents and highlighting the passion behind the craft of mixology and film-making. In Argentina locally well-known people from the artistic environment, such as actors and bartenders, were selected to convey the Red Passion concept communicating their own passion for an artistic form, while in Spain local celebrities in the cinema, fashion and art areas showed how they unlock their Red Passion and challenged the audience to get out of their comfort zone, while bringing them closer to the local hero easy-mix, Campari&Tonic.

Wild Turkey

At the beginning of 2021, Wild Turkey received two awards from the 2021 Drinks International Annual Brand Report: it was named the **7th Best Selling American Whiskey Brand** and ranked 7th as well in the **Top Trending American Whiskey** category.
In January 2021 the first-ever guided tasting from home with Amazon Alexa and Google Home, the **Wild Turkey Tasting**, was launched, bringing the consumer to the perspectives and authenticity of the Russell family of master distillers from Lawrenceburg, Kentucky. A surprise appearance from Matthew McConaughey, the Wild Turkey's Creative Director and the co-creator of Longbranch, enhanced the experience by sharing tales to capture the personal and vibrant experience that is Wild Turkey.
The **Now you Now** social media initiative launched in late 2020, continued at the beginning of 2021 in the United States leveraging experts in the industry and the brand's biggest advocates, bartenders, to increase quality perception and generate trial.

SKYY

Towards the end of the first quarter 2021 SKYY marketing initiatives in the United States were mainly focused on **social, e-commerce, digital and search channels**. Cocktail making, lifestyle and product focused videos on social media channels geared to leverage the at-home opportunity, building on existing brand awareness to drive consideration and traffic to the brand website, as well as activations to drive consumers to the e-commerce platform Drizly.com, a platform that facilitates delivering alcohol. Starting from February 2021, a collaboration between **SKYY and private marketplace ('PMP')** publications was developed, aimed at supporting and building a connection with the LGBTQ+ community.

Jamaican rums

With regard to the Jamaican rums portfolio, at the beginning of 2021 Appleton Estates received two medals from the prestigious Spirits Business Rum Masters Competition 2021: **Gold Medal** for the Appleton Estate 8 Year Old Reserve and **Masters Medal**, the highest distinction that any spirit can receive in this competition, for the Appleton Estate 21 Year Old Nassau Valley Casks. Moreover, Appleton Estate was named as the 5th **Top 10 Best Selling** and 4th **Top Trending Rums in the world** by the 2021 Drinks International Annual Brand Report.
After the launch in selected markets in 2020, **Kingston 62** was also launched in Canada in February 2021, supported by point-of-sale trade activations aimed at communicating the new brand name, new packaging and outstanding quality of rum.

Regional and local priority brands

Concerning the regional priority brands, in key markets for **Bisquit&Dubouché cognac**, virtual educational training sessions for external partners were organized and held by the global brand ambassador Vincent Chappe. The objective was the preparation of the launch of the new packaging of Bisquit&Dubouché cognac XO and VSOP during the year. With respect to **Espolòn**, the brand received the Impact Hot Brand 2020 award for the fifth 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**, The GlenGrant 15 Year Old was awarded 92 points at the Editors' Choice in the 2021 spring issue of Whiskey Advocate; followed by The GlenGrant 18 Year Old and The GlenGrant 12 Year Old both receiving 90 points. Finally, **Riccadonna** was amongst the first brands to release a Prosecco Rosé variant with the official recognition of the controlled designation of origin (D.O.C.). The Riccadonna Prosecco Rosé D.O.C. Millesimato was launched in France, celebrating the 100 years milestone of Italian excellence, style and sophistication for the brand.
Concerning the local priority brands, in January 2021 the **Aperol Spritz RTE** (ready-to-enjoy) was launched in Australia with an engaging teaser through a multi-channel activation (TV, billboards, digital and email advertising), as well as off and on-premise trade media activations to drive mass awareness and expand moment of consumptions. In February and March 2021 consumers were invited to engage in the ultimate Aperol Spritz RTE picnic experience on Domain in Sydney.

Corporate activities

The 2020 edition of the Barawards, awarded Camparino as the bar revelation of the year while its bartender Mattia Capezzuoli was awarded as best bartender under 30.

Significant events of the period

Acquisitions and commercial agreements

Route-to-market development in South Korea
On 4 January 2021 Campari Group increased its interests in the South Korean joint venture Trans Beverages Company Ltd., with its 40% stake growing to 51% and confirming the call option on the remaining share capital, which can be exercised from 2024. This transaction is in line with the Group's strategy further develop its presence in the Asian Pacific markets.

Termination of the distribution agreement for the portfolio of William Grants&Sons brands in Germany
The agreement for distributing the William Grants&Sons products in Germany was terminated at the beginning of 2021. The portfolio's sales represented around 2% of the Group overall 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 employees of the Group, with the exception of members of the Board of Directors.
These employees will be offered the opportunity to allocate certain amounts to the plan. The amounts will be deducted from their salaries on a monthly basis (by means of a chosen contribution rate corresponding either to 1% or 3% or 5% of the yearly gross salary). These contributions will be used to purchase shares of Davide Campari-Milano N.V. (the 'Purchased Shares') by the plan administrator; after a three-year vesting period, the abovementioned employees will be entitled to receive a free award of matching shares as per a predefined matching ratio.
Moreover, in the context of the ESOP, the AGM approved the resolution to introduce an Extra-Mile Bonus Plan ('EMB') to reward employees for their participation in the Group's performance. The EMB is intended for all permanent employees of the Group who worked at the Group for at least 6 months during 2020 at the Group, with the exception of the Group Leadership Team. Eligible employees will be awarded with a right to receive a number of Campari shares for free, subject to their continued employment during a vesting period of three years. The awarded number of shares will be calculated based on the annual base gross salary as of 31 December 2020, divided by twelve.
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.

Group significant events

Share buyback plan and purchase and sale of own shares
The AGM authorized the Board of Directors for the purchase of own shares, mainly aimed at the replenishment of the portfolio of own shares to serve the current and future stock option plans for the Group's management. The authorization 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 of acquisition of the shares.

As a result of the exercise of stock option plans, between 1 January and 31 March 2021, the Company sold 1,132,137 own shares, for a total cash-in of €3.5 million, corresponding to the average exercise price multiplied by the number of own shares sold to the stock option beneficiaries. In the same period, no shares were acquired by the Company. At 31 March 2021, the Company held 41,061,670 own shares, equivalent to 3.53% of the share capital.

Subsequent events

Main brand-building activities

With respect to global priority brands, the **Aperol Spritz, Together Again** campaign was launched in the United Kingdom. This is aimed at celebrating the joy of reconnection as hospitality venues re-opened on 12 April 2021. For the first time in nearly 100 days, friends and family can share two Aperol Spritz face-to-face, with Aperol refunding the price of one of them to the consumer. Consumers can also choose to support the venues by donating the equivalent of their Aperol Spritz to Campari Group UK’s hospitality industry relief fund, Shaken Not Broken, which supports current and former bar workers affected by lockdown.

In terms of regional priority brands, **Espolòn** was live across social and digital media, also aimed at driving e-commerce sales on Drizly e-commerce platform. The initiative is active from April to 5 May 2021 ‘Cinco de Mayo’, the date Mexican-American culture is celebrated.

Group Financial Review

Sales performance

1. Overall performance

In the first quarter of 2021, Group's net sales totalled €397.9 million, with an overall increase of +10.5% as compared to the same period of 2020. The organic growth component showed a positive change of +17.9%. The exchange rate component was negative at -6.6%, and the perimeter effect was slightly negative at -0.8%.

	for the three months ending 31 March						
	2021	2020	total change	three months change %, of which			
	€ million	€ million	€ million	total	organic	perimeter	exchange rate[1]
Total	**397.9**	360.2	**37.7**	**10.5%**	**17.9%**	-0.8%	-6.6%

[1] Includes the effects associated with hyperinflation in Argentina.

Organic change

The organic performance in the first quarter, representing the smallest in terms of contribution to annual results due to low seasonality, was significantly influenced by a favourable comparison base with the same period of the previous year (-5.3%), which was strongly impacted by the introduction of rigorous lockdown measures across the various countries to fight the outbreak of the Covid-19 pandemic.

The very positive and double-digit organic growth of the first quarter 2021 (+17.9%) was the combined result of positive performances in key brands and markets, which were also sustained by favourable comparison bases, an early Easter effect as well as shipment phasing in selected geographies in connection with recent changes in route-to-market set up.

If compared to the results of the first quarter of 2019, unaffected with respect to Covid-19 and hence considered a reference benchmark, the performances of the first three months of 2021 were highly satisfactory showing an overall organic increase of +12.1% confirming the Group's resilience and the strong brand momentum. The organic percentage change of the first quarter 2021 compared with the first quarter 2019 is calculated as the sum of the overall values of organic performances of the first quarter 2021 and the first quarter 2020 (with respect to the first quarter 2020 and the first quarter 2019 respectively), divided by the overall net sales of the comparison period, i.e. the first quarter 2019.

All regions recorded very positive results with double-digit growth for Americas, North, Central and Eastern Europe and Asia-Pacific, mainly driven by off-premise skewed markets where positive consumption trends continued to be driven by growing at-home consumption. The overall positive result in Southern Europe, Middle East and Africa were instead penalised by soft performances in key on-premise skewed markets (particularly Italy), affected by a new wave of lockdown measures, as well as Global Travel Retail still impacted by severe travel restrictions.

With regard to brand performances, the global priority portfolio registered an overall double-digit growth. Whilst the global aperitifs suffered from both a soft performance in their on-premise skewed areas and a very unfavourable comparison base in the key United States market, the rest of the portfolio registered strong growth thanks to their high exposure to the off-premise skewed North American markets. Regional and local priority brands recorded double-digit growth, helped also by the favourable comparison base with respect to the same period of previous the year (-7.9% and -7.2% respectively).

	for the three months ending 31 March								
	2021		2020		total change	three months change %, of which			
	€ million	%	€ million	%	€ million	total	organic	perimeter	exchange rate[1]
Americas	197.3	49.6%	182.2	50.6%	15.1	8.3%	20.5%	-	-12.3%
Southern Europe, Middle East and Africa	94.6	23.8%	84.5	23.4%	10.2	12.1%	6.1%	6.3%	-0.3%
North, Central and Eastern Europe	68.8	17.3%	68.7	19.1%	0.1	0.1%	16.3%	-12.1%	-4.1%
Asia-Pacific	37.2	9.3%	24.8	6.9%	12.4	50.0%	42.9%	0.8%	6.3%
Total	**397.9**	**100.0%**	**360.2**	**100.0%**	**37.7**	**10.5%**	**17.9%**	**-0.8%**	**-6.6%**

[1] Includes the effects associated with hyperinflation in Argentina.

three months ending 31 March 2021	Percentage of Group sales	three months change %, of which			
		total	organic	perimeter	exchange rate
global priority brands	56.9%	8.6%	16.2%	-	-7.6%
regional priority brands	18.1%	19.8%	26.4%	1.5%	-8.1%
local priority brands	13.2%	24.0%	25.5%	-	-1.4%
rest of the portfolio	11.7%	-4.6%	7.9%	-7.5%	-5.0%
total	**100.0%**	**10.5%**	**17.9%**	**-0.8%**	**-6.6%**

The main trends by geographical region and by priority brand are shown below.

❖ **Geographical regions**

- The **Americas** region recorded a growth of +20.5%, driven by the key markets of the United States (+15.0%), Jamaica (+33.9%), Canada (+28.2%) and South American markets, offsetting the weakness in Mexico.
- The **Southern Europe, Middle East and Africa** region reported an organic increase in sales of +6.1%, driven by the very strong performances of France (+65.7%), Nigeria (+47.4%) and South Africa, which offset the negative performance of the Global Travel Retail channel (-38.7%) and Spain (-33.0%). The core on-premise skewed market, Italy, was stable at -0.7%.
- The **Northern, Central and Eastern Europe** region showed positive organic growth of +16.3%, driven by the growth across all countries, particularly the off-premise skewed German market (+8.1%), as well as the United Kingdom (+36.2%) and Russia (+25.6%).
- The **Asia-Pacific** region recorded a very positive performance of +42.9%, driven by Australia, the region's core market, which increased by +22.6%, combined with good growth from China, New Zealand and Japan.

❖ **Brands**

- The Group's **global priority brands** registered an organic sales increase of +16.2%, with strong momentum of Wild Turkey (+30.9%) and the Jamaican rums (+44.6%), with SKYY and Grand Marnier also growing. Campari increased by +6.5%, while Aperol was flattish in a low seasonality quarter, with both challenged by on-premise restrictions as well as a tough comparison base in the United States.
- The **regional priority brands** recorded an organic increase of +26.4% largely driven by the very strong performances of core brands Espolòn, The GlenGrant, Forty Creek and sparkling wines, offsetting the weak results of Italian bitters and liqueur.
- The **local priority brands** increased by +25.5% as a result of the very positive performances of Campari Soda, Aperol Spritz ready-to-enjoy and Wild Turkey ready-to-drink, as well as other brands led by X-Rated Fusion Liqueur, offsetting the negative performance of the on-premise skewed Crodino brand.

Perimeter variation

The perimeter variation of -0.8% in the first quarter 2021, as compared with sales in the same period of 2020, is analysed in the table below.

breakdown of the perimeter effect	€ million	% on first three months 2020
acquisitions (Baron Philippe de Rothschild France Distribution S.A.S.[1] and Champagne Lallier)	5.4	1.5%
total acquisitions	**5.4**	**1.5%**
new agency brands	0.2	0.1%
discontinued agency brands	(8.3)	-2.3%
total agency brands	**(8.1)**	**-2.3%**
total perimeter effect	**-2.8**	**-0.8%**

[1] Baron Philippe de Rothschild France Distribution S.A.S. ('RFD'), now named Campari France Distribution S.A.S. ('CFD').

- **Business acquisitions**

In the first quarter 2021, the perimeter variation due to business acquisitions was positive at +1.5%. 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 Campari Group's products contributed to the organic sales change, given that they were previously distributed by CFD, hence shown 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 in the Group's perimeter of Trans Beverage Ltd. starting from January 2021, the sales trend of the first quarter 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.

- **Agency brands distributed**

The perimeter variation due to termination of the distribution of agency brands in the first quarter 2021 amounted to -2.3% and was mainly related to the termination of the agreement to distribute the portfolio of William Grants&Sons brands in Germany from January 2021. Furthermore, new agency brands distributed accounted for +0.1% and were related to new agency brands distributed in South Korea starting from January 2021.

Exchange rate effects

The exchange rate effect in the first quarter 2021 was negative at -6.6%, mainly due to the devaluation of the key US Dollar, as well as almost all the Group's currencies against the Euro, with the exception of the Australian Dollar (less relevant for the Group). The exchange rate effect includes the impact of applying the IFRS guidance on managing hyperinflation in Argentina.

The table below shows, for the Group's most important currencies, the average exchange rates for the first quarter 2021 with percentage change against the Euro as compared with the same period in 2020, as well as the spot rates at 31 March 2021 with the percentage change against the Euro as compared with 31 December 2020.

	average exchange rates			spot exchange rates		
	for the three months ending 31 March 2021	for the three months ending 31 March 2020	revaluation/(devaluation) vs. 2020	at 31 March 2021	at 31 December 2020	revaluation/(devaluation) vs. 31 December 2020
	1 Euro	: 1 Euro	%	1 Euro	: 1 Euro	%
US Dollar	1.205	1.102	-8.6%	1.173	1.227	4.7%
Canadian Dollar	1.527	1.481	-3.0%	1.478	1.563	5.8%
Jamaican Dollar	177.347	151.280	-14.7%	170.826	174.805	2.3%
Mexican peso	24.514	22.040	-10.1%	24.051	24.416	1.5%
Brazilian Real	6.593	4.912	-25.5%	6.741	6.374	-5.5%
Argentine Peso(1)	107.815	70.539	-34.6%	107.815	103.249	-4.2%
Russia Ruble	89.715	73.692	-17.9%	88.318	91.467	3.6%
Great Britain Pound	0.874	0.862	-1.5%	0.852	0.899	5.5%
Switzerland Franc	1.090	1.067	-2.2%	1.107	1.080	-2.4%
Australian Dollar	1.560	1.678	7.5%	1.541	1.590	3.1%
Yuan Renminbi	7.809	7.692	-1.5%	7.681	8.023	4.4%

(1) The average exchange rate of the Argentine Peso was equal to the spot exchange rate at the reporting date.

2. Sales by region

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

- **Americas**

The region, broken down into its core markets below, recorded an overall organic increase of +20.5%. The region is predominantly off-premise skewed, particularly North America.

		For the three months ending 31 March										
	% of Group total	2021		2020		total change	three months change %, of which				organic change % compared with three months ending 31 March 2019
		€ million	%	€ million	%	€ million	total	organic	perimeter	exchange rate(1)	
US	32.2%	128.1	64.9%	121.8	66.9%	6.3	5.2%	15.0%	-	-9.8%	16.9%
Jamaica	6.3%	25.2	12.8%	22.1	12.1%	3.1	14.2%	33.9%	-	-19.7%	23.3%
Canada	4.1%	16.1	8.2%	12.9	7.1%	3.2	24.9%	28.2%	0.5%	-3.9%	40.9%
Brazil	1.8%	7.0	3.5%	5.8	3.2%	1.2	19.8%	60.8%	-	-41.0%	32.7%
Mexico	1.4%	5.6	2.8%	6.6	3.6%	-1.0	-14.8%	-5.2%	-	-9.6%	-18.6%
Other countries of the region	3.8%	15.2	7.7%	13.0	7.1%	2.3	17.5%	36.9%	-	-19.4%	38.0%
Americas	**49.6%**	**197.3**	**100.0%**	**182.2**	**100.0%**	**15.1**	**8.3%**	**20.5%**	**-**	**-12.3%**	**20.0%**

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

The **United States**, the Group's largest market, accounting for 32.2% of total Group sales, closed the first quarter 2021 with a very positive organic performance of +15.0%. This performance was driven by the continued outperformance of Espolòn (+71.8%), Wild Turkey (+31.9%) and the Jamaican rums as well as shipment recovery in Grand Marnier (+27.0%) and SKYY Vodka. The aperitifs (Aperol and Campari) declined due to a tough comparison base with the same period of the previous year (+79.7% and +20.8% respectively) in connection with advanced shipments ahead of price increases introduced in the second quarter of 2020, further challenged by the on-premise restrictions.

Brand momentum in the off-premise channel remains strong despite the tough comparison base with previous year performance boosted by pantry loading at the beginning of the pandemic. The off-premise sell-out for the Group's portfolio was up by +14.0% in value in the first quarter of 2021, growing approximately 1.3 times faster than the overall market. Sell-out in the off premise channel showed strong double-digit growth for core brands, with the newly acquired Mexican brands Ancho Reyes and Montelobos outperforming[1]. E-commerce channel continued to deliver solid growth, up by triple digits.[2]

[1] Source: US Nielsen data Total US outlet combined ('xAOC') +Total Liquor YTD-12W/E/E 27 March 2021.

[2] Internal data and estimates.

Jamaica recorded an increase in sales of +33.9%, also driven by a favourable comparison base (-7.3% in the first quarter 2020). The growth was driven by the continued good momentum of the Jamaican rums, particularly Wray&Nephew Overproof, as well as the positive growth of Campari.

Canada, an off-premise skewed market, registered a very positive growth of +28.2%. The performance was driven by Forty Creek, Appleton Estate and Grand Marnier.

Brazil registered a good growth of +60.8%, against a favourable comparison base (-13.2% in the first quarter 2020), driven by local brand Dreher, benefitting from change in local distribution set up, as well as Campari and Aperol.

Mexico recorded an organic decline of -5.2%, largely due to restrictions impacting tourism and the on-premise channel. The positive growth of SKYY ready-to-drink and the newly acquired Montelobos was offset by the negative performance of the Jamaican rums.

The **other countries** recorded an overall growth in sales of +36.9%, driven by the positive double-digit results registered in **Peru**, **Chile** and **Argentina**. The latter driven by a favourable comparison base (-9.1% in the first quarter 2020) in the context of an unstable economy. As a prudent measure to strip out the effects of the local rate of high inflation, the organic change in this market includes the component attributable to volumes sold only.

- **Southern Europe, Middle East and Africa**

The region, which is broken down by core market in the table below, reported an organic increase of +6.1%. The region is predominantly on-premise skewed.

		For the three months ending 31 March									
	% of Group total	2021		2020		total change	three months change %, of which				organic change % compared with three months ending 31 March 2019
		€ million	%	€ million	%	€ million	total	organic	perimeter	exchange rate	
Italy	14.5%	57.6	60.8%	57.9	68.5%	-0.3	-0.5%	-0.7%	0.1%	-	-24.9%
France	4.8%	19.0	20.1%	8.7	10.3%	10.3	118.2%	65.7%	52.5%	-	34.5%
GTR[1]	0.7%	2.7	2.9%	4.6	5.5%	-1.9	-40.5%	-38.7%	-	-1.8%	-48.6%
Other countries of the region	3.8%	15.3	16.2%	13.2	15.7%	2.1	15.5%	11.7%	4.8%	-1.0%	11.5%
Southern Europe, Middle East and Africa	**23.8%**	**94.6**	**100.0%**	**84.5**	**100.0%**	**10.2**	**12.1%**	**6.1%**	**6.3%**	**-0.3%**	**-17.9%**

(1) Global Travel Retail.

The performance in the on-premise skewed **Italian** market was slightly negative (-0.7%) in the first quarter 2021. This result is considered highly satisfactory in light of the negative effect of the ongoing restrictions in the on-premise venues, following the third wave of the pandemic, as well as delays in implementing the vaccination plan. This on-premise weakness was almost entirely offset by a significant growth in the off-premise channel, which also benefited from an easy comparison base (-24.4% in first quarter 2020) and early Easter timing.
In terms of brands, the positive first quarter performance was driven by the growth of both Campari Soda and Aperol Spritz ready-to-enjoy, which benefitted from the cocktail-to-go trend and an increased at-home consumption of aperitifs. This result offset the weak performance of Crodino, Campari and the bitters due to their on-premise skew, whilst Aperol was flattish in the quarter.

France was very positive at +65.7%, driven by continued positive brand momentum as well as a favourable comparison base (-41.6% in the first quarter 2020). The performance was driven by Aperol, Riccadonna, Trois Rivieres rums and Grand Marnier.
Global Travel Retail recorded an organic decline of -38.7%, due to persistent and severe travel restrictions aimed at containing the pandemic, which are still heavily impacting the entire channel.

The **other countries in the region** reported an overall growth of +11.7%, mainly driven by positive sales results in **South Africa**, supported by progressive restocking and a very favourable comparison base with respect to first quarter 2020, impacted by severe destocking in connection with changes in the distribution set-up. **Nigeria** is still in a volatile scenario with ongoing socio-economic instability. **Spain** declined due to continued weakness in the on-premise channel impacted by restrictions.

- **Northern, Central and Eastern Europe**

The region recorded overall positive organic growth (+16.3%) spread across its core central and northern European countries. The region is predominantly off-premise skewed and continued to benefit, also in the first quarter of 2021, from a significant repatriation of volumes from the on to the off-premise channel driven by sustained at-home consumption, which was also helped by an early Easter effect.

	% of Group total	2021 € million	2021 %	2020 € million	2020 %	total change € million	three months change %, of which: total	organic	perimeter	exchange rate	organic change % compared with three months ending 31 March 2019
		For the three months ending 31 March									
Germany	6.1%	24.1	35.0%	30.0	43.6%	-5.9	-19.6%	8.1%	-27.7%	-	7.5%
United Kingdom	2.8%	11.1	16.1%	8.3	12.0%	2.8	34.2%	36.2%	-	-2.0%	89.0%
Russia	2.3%	9.3	13.5%	9.0	13.1%	0.3	3.1%	25.6%	-	-22.4%	61.9%
Other countries of the region	6.1%	24.3	35.4%	21.5	31.3%	2.8	13.2%	16.2%	-0.1%	-2.9%	16.2%
North, Central and Eastern Europe	**17.3%**	**68.8**	**100.0%**	**68.7**	**100.0%**	**0.1**	**0.1%**	**16.3%**	**-12.1%**	**-4.1%**	**23.7%**

Sales in **Germany** were up by +8.1%, driven by the double-digit performance of Aperol, Campari and Ouzo 12, partially offset by the negative sales results of Cinzano sparkling wines and Frangelico. The overall positive performance of the market was sustained by the high exposure to the off-premise channel, further favoured by an easy comparison base and early Easter effect. Sell-out trends in the off-premise continued to be positive, up by double digit[3].

Sales in the **United Kingdom** increased by +36.2%, driven by the double-digit growth of Magnum Tonic, Wray&Nephew Overproof, Aperol and Campari, thanks to the resilience in the off-premise channel. E-commerce continued to grow strongly, up by triple digits[4] in the first quarter 2021.

Russia recorded a very positive growth of +25.6% in sales, driven by the double-digit growth of Aperol and the sparkling wine Mondoro.

Performance in the **other countries in the region** was up overall by +16.2%. The positive sales growth in the quarter was driven by the double-digit trends of **Switzerland**, **Belgium** (both driven by Aperol and Campari) and **Austria** (Aperol).

- **Asia-Pacific**

This region, whose market break down is shown in the table below, recorded organic growth of +42.9%. The region is predominantly off-premise skewed.

	% of Group total	2021 €	2021 %	2020 € million	2020 %	total change € million	three months change %, of which: total	organic	perimeter	exchange	organic change % compared with three months ending 31 March 2019
		For the three months ending 31 March									
Australia	6.6%	26.4	71.0%	20.0	80.8%	6.4	31.8%	22.6%	-	9.2%	43.6%
Other countries of the region	2.7%	10.8	29.0%	4.8	19.2%	6.0	126.6%	128.6%	4.2%	-6.2%	52.0%
Asia-Pacific	**9.3%**	**37.2**	**100.0%**	**24.8**	**100.0%**	**12.4**	**50.0%**	**42.9%**	**0.8%**	**6.3%**	**46.0%**

In **Australia**, the region's largest market, organic growth in the period was very extremely satisfactory at +22.6%, despite the unfavourable comparison base, driven by the double-digit growth of Wild Turkey ready-to-drink, Espolòn, Aperol as well as a positive trend from Wild Turkey bourbon in a predominantly off-premise market.

Sales in the **other countries in the region** grew by +128.6%, with very positive performance in **China**, **New Zealand**, **Japan** and **South Korea**, which benefitted from shipment recovery following the route-to-market changes. China showed a strong growth for SKYY Vodka, Cinzano sparkling wines, X-Rated Fusion Liqueur and Campari, benefitting from shipment phasing in connection with the move to a new local distributor. Japan performance was driven by Wild Turkey bourbon, helped also by a favourable comparison base.

[3] Germany NielsenIQ-Grocery+Drug (LEH+DM) March YTD value.
[4] Internal data and estimates.

3. Sales by main brands

The following table summarises total the growth (split into its three components of organic, perimeter and exchange rate effects) in the Group's main brands in the first quarter 2021, broken down into the categories identified by the Group based on the priority (global, regional, local and other) assigned to them. In the table below the performance of the portfolio and the key brands compared to the first quarter 2019, unaffected with respect to Covid-19 and hence considered a reference benchmark, is also provided.

three months ending 31 March 2021	Percentage of Group sales	three months change %, of which				organic change % compared with three months ending 31 March 2019
		total	organic	perimeter	exchange rate	
Aperol	14.2%	-2.8%	0.1%	-	-2.9%	-0.1%
Campari	9.7%	-0.6%	6.5%	-	-7.0%	6.8%
Wild Turkey portfolio[1][2]	9.2%	22.1%	30.9%	-	-8.7%	14.7%
SKYY[1]	7.4%	1.5%	10.4%	-	-8.8%	5.4%
Grand Marnier	9.2%	19.9%	29.7%	-	-9.8%	16.4%
Jamaican rums portfolio[3]	7.2%	29.8%	44.6%	-	-14.8%	49.8%
global priority brands	**56.9%**	**8.6%**	**16.2%**	**-**	**-7.6%**	**11.8%**
Espolòn	5.5%	50.8%	63.9%	-	-13.1%	82.3%
Bulldog	0.7%	20.4%	23.9%	-	-3.4%	2.0%
The GlenGrant	0.9%	30.9%	32.5%	-	-1.6%	-11.2%
Forty Creek	1.4%	27.4%	32.1%	-	-4.7%	41.4%
Italian bitter and liquors[4]	3.1%	-9.1%	-4.8%	-	-4.4%	-18.3%
Cinzano	2.6%	-1.2%	6.9%	-	-8.1%	-1.2%
other[5]	3.9%	27.8%	30.3%	7.3%	-9.9%	37.5%
regional priority brands	**18.1%**	**19.8%**	**26.4%**	**1.5%**	**-8.1%**	**19.7%**
Campari Soda	4.1%	43.8%	43.8%	-	-	15.2%
Crodino	1.9%	-26.0%	-26.0%	-	-0.1%	-37.5%
Wild Turkey portfolio ready-to-drink[6]	2.7%	42.0%	32.1%	-	9.9%	48.8%
Dreher and Sagatiba	0.8%	12.2%	49.5%	-	-37.3%	35.9%
other[7]	3.7%	40.6%	43.6%	-	-3.0%	68.5%
local priority brands	**13.2%**	**24.0%**	**25.5%**	**-**	**-1.4%**	**18.6%**
rest of the portfolio	**11.7%**	**-4.6%**	**7.9%**	-7.5%	**-5.0%**	**-0.6%**
total	**100.0%**	**10.5%**	**17.9%**	**-0.8%**	**-6.6%**	**12.1%**

(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) Includes American Honey ready-to-drink.
(7) Includes Cabo Wabo, Ouzo, X-Rated Fusion Liqueur and Aperol Spritz ready-to-enjoy. Aperol Spritz ready-to-enjoy is a stand-alone brand not included in the Aperol brand performance.
In light of the positive trends recorded over the past periods, starting from the first quarter of 2021 Aperol Spritz ready-to-enjoy and X-Rated Fusion Liqueur were moved from the rest of the portfolio category and reported as local priority brands.

The Group's **global priority brands** (56.9% of sales) grew by +16.2% at organic level, with an overall increase of +8.6%, an exchange rate effect of -7.6% and a neutral perimeter effect. The comments below relate to the organic performance of individual brands in the first quarter 2021. If compared to the results of the first quarter of 2019, unaffected with respect to Covid-19, the global priorities organic performance in the first quarter 2021 would have grown by +11.8%.

Aperol recorded a stable performance at +0.1% in a low seasonality quarter, driven by the very positive growth of Germany, France, Austria, Russia, Switzerland, the United Kingdom and Australia compensating the weak shipment performance of the United States, penalized by a tough comparison base in the first quarter of 2020 in connection with advanced shipments ahead of price increases passed through in the second quarter of 2020 as well as the lockdown restrictions affecting the on-premise channel. Excluding the United States, Aperol's growth would have been +14.0%. The trend of the Italian core market remained stable despite the persistence of an unfavourable context still characterized by substantially closed on-premise venues, helped by at-home consumption. Off-premise sell-out trends continued to be strong across key markets.
Compared with the first quarter of 2019, Aperol was broadly flat, being the highly on-premise skewed Italy and Global Travel Retail largely hit due to the Pandemic. Excluding Italy and Global Travel Retail, Aperol's growth compared with the first quarter of 2019 would have been +25.5%.
Campari was up by +6.5%, mainly driven by core off-premise skewed German market, as well as Switzerland, the United Kingdom, France, the South American markets and Jamaica. These results were able to offset the negative shipment performance recorded in the United States, penalized by both a tough comparison base in connection with advanced shipments ahead of price increases passed through in the second quarter of 2020 and the lack of consumption in the on-premise due to the lockdown restrictions. The core Italian market also declined due to renewed lockdown into key on-premise outlets in the first quarter 2021 upon the third wave of the pandemic. Excluding the United States, Campari growth would have been +19.8%.

Compared with the first quarter of 2019, Campari grew by +6.8%, thanks to sustained home consumption, compensating declines in on-premise and Global Travel Retail. Excluding the highly on-premise skewed Italy and Global Travel Retail, Campari's growth is equal to +22.2% versus the first quarter 2019.
The **Wild Turkey** portfolio, which includes American Honey, showed an increase of +30.9%, on a favourable comparison base (-12.7% in the first quarter 2020). The performance was driven by a double-digit growth in the core United States market, thanks to solid category momentum, as well as Canada, Australia and Japan, the latter favoured by route-to-market change in February 2021.
SKYY closed the first quarter 2021 with a growth of +10.4%, thanks to shipment recovery in the core United States market driven by brand relaunch, with core outpacing flavours, combined with a double-digit growth in international markets, particularly Germany, Argentina and South Africa, with the latter benefiting from the progressive restocking and easy comparison base.
Grand Marnier recorded a strong growth of +29.7%, thanks to shipment recovery against a favourable comparison base (-10.8% in the first quarter 2020). The performance was driven by the core United States, thanks to positive cocktail home consumption trends as well as Canada and France.
The **Jamaican rums portfolio** (Appleton Estate, Wray&Nephew Overproof and Kingston 62) recorded an organic growth of +44.6%. Both Appleton Estate and Wray&Nephew Overproof achieved a double-digit growth (+24.7% and +68.8% respectively) driven by strong growth in core markets of Jamaica and the United States, as well as Canada, offsetting the weakness in Mexico. The rest of the portfolio registered a decline due to a portfolio reshuffle, namely the launch of Kingston 62.

The **regional priority brands** (18.1% of sales) registered a double-digit organic growth trend of +26.4%, with an overall increase of +19.8%, a perimeter effect of +1.5% and an exchange rate effect of -8.1%. The comments below relate to the organic performance of individual brands. Compared to the results of the first quarter of 2019, unaffected with respect to Covid-19 and hence considered as reference benchmark, the global priorities organic performance in the first three months of 2021 would have been up +19.7%.

Espolòn (5.5% of total sales) recorded a continued extremely strong double-digit performance (+63.9%), mainly driven by the core United States market thanks to solid premium tequila category momentum, as well as other seeding markets such as Australia and Canada.
Bulldog sales registered a double-digit increase (+23.9%), sustained by a favourable comparison base (-17.5% in the first quarter 2020) and driven by very positive performances in Belgium, Germany and Argentina, offsetting the weakness in core market Spain, which suffered from the on-premise skew as well as persistent strong category competition, as well as in the Global Travel Retail due to persistent and severe travel restrictions aimed at containing the pandemic.
The GlenGrant recorded a positive performance of +32.5%, on a favourable comparison base (-33.1% in the first quarter 2020), and was mainly driven by the core French market, as well as Italy and Germany. The enhanced focus on the long-term repositioning of the brand, gradually shifting from high-volume and unaged variants into premium long-aged and high-margin propositions, remains confirmed.
Forty Creek recorded a positive performance of +32.1%, thanks to the results achieved in the off-premise skewed Canadian market.
Italian bitters and liqueurs (Cynar, Averna, Braulio and Frangelico) were negative overall (-4.8%) largely due to declines in the core Italian and German markets given their on-premise skew and Global Travel Retail.
Cinzano sales grew by +6.9% organically. The positive performance of the vermouth segment, mainly attributable to Argentina, Spain and the United States, completely offset the weakness of the sparkling wines segment, impacted by the core Italian and German markets.
In the **other brands**, Bisquit&Dubouché recorded a very positive performance on the back of a favourable comparison base with the same period of previous year. Mondoro and Riccadonna recorded a positive performance. The former was driven by its core Russian market, whilst the latter by the French market, positively impacted by both the change in route-to-market and the continuous spread of the Aperol Spritz drink in this market. With respect to recent acquisitions, the positive organic performance of Montelobos, driven by the core United States and Canadian markets, was offset by the weakness of Ancho Reyes due to its skew to the United States on-premise channel, impacted by restrictions.

The **local priority brands**[5] (13.2% of the Group's portfolio) showed an organic sales increase of +25.5%, with an overall variation of +24.0%, an exchange rate effect of -1.4% and a neutral perimeter effect. The comments below relate to the organic performance of individual brands.

The organic performance of the local priority brands was driven by a very positive performance in sales of the single-serve aperitifs, **Campari Soda** and **Aperol Spritz ready-to-enjoy,** in the core Italian market driven by the

[5] In light of the positive trends recorded over the past periods, starting from the first quarter of 2021 Aperol Spritz ready-to-enjoy and X-Rated Fusion Liqueur were moved from the rest of the portfolio category and reported as local priority brands.

cocktail-to-go trend and an increased at-home consumption. This result offset the negative trend of **Crodino**, impacted by its exposure to the on-premise skewed Italian market with venues closed during the first quarter 2021. **Wild Turkey ready-to-drink** recorded a very positive performance, driven by its key Australian market; **Ouzo 12** and **Cabo Wabo** registered a good performance thanks to their key markets, Germany and the United States respectively. The Brazilian brand (**Dreher** and **Sagatiba**) showed an overall positive performance in the core Brazilian market, benefitting from a change in the local distribution set-up. The very positive performance of **X-Rated Fusion Liqueur** in its core market of China contributed as well to the overall growth of local priority.

The **rest of the portfolio** (11.7% of sales) recorded a positive organic performance of +7.9%, mainly driven by **Magnum tonic** in the core United Kingdom market and Jamaica, as well as **SKYY ready-to-drink** in Mexico, which offset the weakness of agency brands.

Statement of profit or loss

Key highlights

The profit or loss figures for the first quarter 2021 showed positive organic performance for all profitability indicators. Specifically, in organic terms net sales, gross margin, contribution margin and the result from recurring activities (EBIT adjusted) showed a growth of +17.9%, +17.5%, +18.5% and +63.6% respectively. In particular, the result from recurring activities (EBIT adjusted) grew strongly in absolute terms and well ahead of net sales, thus driving overall margin accretion. These results, achieved in a low seasonality quarter, reflect favourable comparison base with respect to the first quarter 2020, which was heavily affected by the strong restrictions imposed by governments to fight the Covid-19 outbreak.

The perimeter variations relate mainly to the acquisition of Campari France Distribution S.A.S. finalised on 28 February 2020, the acquisition of Champagne Lallier S.a.r.l. completed on 10 June 2020 and entered the consolidation perimeter from 30 June 2020, and the termination of some distribution agreements from January 2021.

With regard to the total changes in profitability indicators, the unfavourable exchange rate effect was driven by the strong devaluation of almost all the Group's currencies against the Euro, in particular the key US Dollar currency, with the exception of the Australian Dollar (less relevant for the Group). The table below shows the profit or loss[(1)] for the first quarter 2021 and a breakdown of the total change by organic growth, external growth and exchange rate effects.

	for the three months ended 31 March											
	2021		2020		total change		of which organic		of which external		of which due to exchange rates and hyperinflation	
	€ million	%	€ million	%	€ million	%	€ million	%	€ million	%	€ million	%
Net sales[(2)]	**397.9**	**100.0**	**360.2**	**100.0**	**37.7**	**10.5%**	**64.3**	**17.9%**	**(2.8)**	**-0.8%**	**(23.8)**	**-6.6%**
Cost of sales	(166.3)	(41.8)	(151.2)	(42.0)	(15.1)	10.0%	(27.7)	18.3%	2.4	-1.6%	10.3	-6.8%
Gross profit	**231.6**	**58.2**	**209.0**	**58.0**	**22.7**	**10.8%**	**36.6**	**17.5%**	**(0.4)**	**-0.2%**	**(13.5)**	**-6.5%**
Advertising and promotional costs	(62.6)	(15.7)	(57.1)	(15.9)	(5.5)	9.6%	(8.4)	14.7%	(0.1)	0.1%	3.0	-5.3%
Contribution margin	**169.0**	**42.5**	**151.8**	**42.2**	**17.2**	**11.3%**	**28.2**	**18.5%**	**(0.5)**	**-0.3%**	**(10.5)**	**-6.9%**
Selling, general and administrative expenses	(100.5)	(25.3)	(104.0)	(28.9)	3.4	-3.3%	2.3	-2.2%	(3.1)	3.0%	4.3	-4.1%
Result from recurring activities (EBIT adjusted)	**68.5**	**17.2**	**47.9**	**13.3**	**20.6**	**43.1%**	**30.4**	**63.6%**	**(3.6)**	**-7.6%**	**(6.2)**	**-13.0%**
Other operating income (expenses)	(2.1)	(0.5)	(5.6)	(1.5)	3.4	-61.5%						
Operating result (EBIT)	**66.4**	**16.7**	**42.3**	**11.7**	**24.0**	**56.8%**						
Financial income (expenses)	(3.4)	(0.8)	(12.8)	(3.6)	9.4	-73.6%						
Adjustments to financial income (expenses)	-	-	1.4	0.4	(1.4)	-100.2%						
Put option, earn out income (expenses) and hyperinflation effect	(0.3)	(0.1)	(0.5)	(0.1)	0.3	-52.1%						
Profit (loss) related to associates and joint ventures	2.3	0.6	0.1	-	2.2	2358.0%						
Profit before taxation	**65.0**	**16.3**	**30.5**	**8.5**	**34.5**	**113.3%**						
Non-controlling interests	0.2	-	(0.1)	-	0.3	-295.7%						
Group profit before taxation	**64.8**	**16.3**	**30.6**	**8.5**	**34.3**	**112.1%**						
Group profit before taxation adjusted	**64.1**	**16.1**	**34.7**	**9.6**	**29.4**	**84.7%**						
Total depreciation and amortisation	(19.1)	(4.8)	(19.6)	(5.4)	0.5	-2.3%	(0.2)	0.9%	(0.4)	2.1%	1.0	-5.3%
EBITDA Adjusted	**87.6**	**22.0**	**67.5**	**18.7**	**20.2**	**29.9%**	**30.6**	**45.4%**	**(3.2)**	**-4.8%**	**(7.3)**	**-10.8%**
EBITDA	**85.5**	**21.5**	**61.9**	**17.2**	**23.6**	**38.1%**						

(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 change in profitability in the first quarter 2021 shown by the operating profitability indicators, expressed as a percentage (basis points) of total net sales and organic sales, is as follows[(1)].

margin accretion (dilution) in basis point[(2)]	Total	Organic
Cost of sales	20	(20)
Gross margin	**20**	**(20)**
Advertising and promotional costs	10	40
Contribution margin	**30**	**20**
Selling, general and administrative expenses	360	490
Result from recurring activities (EBIT adjusted)	**390**	**520**

(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 management report.
(2) There may be rounding effects given that the corresponding basis points have been rounded to the nearest ten.

Compared to the results of the first quarter of 2019, unaffected with respect to Covid-19 and hence considered as reference benchmark, the key profit or loss figures for the first quarter 2021 would be the following.

first quarter 2021 compared with first quarter 2019	% organic change	organic margin accretion (dilution) in basis point[(1)]
Net sales	**12.1%**	-
Cost of sales	19.6%	(260)
Gross margin	**7.2%**	**(260)**
Advertising and promotional costs	9.3%	40
Contribution margin	**6.4%**	**(220)**
Selling, general and administrative expenses	6.2%	130
Result from recurring activities (EBIT adjusted)	**6.7%**	**(90)**

(1) 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 the first quarter 2021 are analysed below.

See the previous paragraph 'sales performance' for a detailed analysis of sales for the period.

Gross profit for the period was €231.6 million, an increase of +10.8% compared with the same period of 2020. The organic component of +17.5% was partially offset by negative perimeter and exchange rate variations of -0.2% and -6.5% respectively. As a percentage of sales, profitability stood at 58.2%, broadly in line with the first quarter of 2020 (58.0%). In terms of basis points, total profitability increased as a percentage of sales of 20 basis points overall. This was the combined effect of an organic dilution of 20 basis points which was more than offset by perimeter and exchange rate components, which contributed to an accretive effect of 30 and 10 basis points, respectively. The organic dilution was due to an unfavourable sales mix, mainly affected by the strong outperformance of lower-margin Espolòn, characterized by the persistence of the high price of agave.
Compared with the first quarter 2019, gross profit grew +7.2% organically, with 260 basis points margin dilution, due to the unfavourable sales mix, driven by the outperformance of Espolòn and low margin local priority brands, combined with the underperformance of certain aperitifs (Crodino in the Italian market).

Advertising and promotional costs were €62.6 million, up +9.6% overall with respect to the first quarter of 2020. The organic increase was +14.7%, driven by a favourable comparison base (-5.0%), and was partly offset by perimeter and exchange rate variations of -5.2% overall. As a percentage of sales, advertising and promotional costs were broadly flattish, moving from 15.9% in the first quarter of 2020 to 15.7% in the first quarter of 2021 and showing an overall accretion effect on sales of 10 basis points. In organic terms, they grew behind the organic sales growth of +17.9% in the first quarter 2021, thus generating an organic accretion of 40 basis points. Advertising and promotional costs remained focused on core brands through brand building initiatives aimed at engaging consumers and industry professionals by way of social media, on-line activities, as well as driving at-home consumption along e-commerce platforms and further leveraging on modern trade.
Compared with the first quarter 2019, the advertising and promotional costs grew +9.3% organically, with 40 basis points margin accretion.

The **contribution margin** was €169.0 million, an overall increase of +11.3% compared with the first quarter of 2020. As a percentage of sales, it came-in at 42.5%, showing an overall accretion of 30 basis points compared to the same period of 2020. The organic growth component of +18.5%, higher than organic sales growth (+17.9%), generated an improvement in profitability of 20 basis points. The perimeter effect was slightly negative at -0.3% with a positive impact on profitability of 20 basis points and was mainly attributable to the discontinuation of agency brands distribution. The exchange rate effect of -6.9% had a dilutive impact on margins of 10 basis points.

Selling, general and administrative expenses, a predominantly fixed cost type of expense, amounted to €100.5 million, down by -3.3% in comparison to the same period of the previous year. As a percentage of sales, they were 25.3% compared to 28.9% in the first quarter 2020, with an overall accretive effect on margins of 360 basis

points. At an organic level, selling, general and administrative expenses decreased by -2.2% compared with the first quarter 2020, which was not yet impacted by cost mitigation actions (+8.7% increase in the first quarter 2020), implemented as of the second quarter in connection with the Covid-19 outbreak. As a consequence, when compared to the significant increase in sales growth, at margin level, general and administrative expenses generated an organic margin accretion of 490 basis points.
Compared with the first quarter 2019, the selling, general and administrative expenses grew +6.2% organically, mainly driven by the strengthening of distribution capabilities, with 130 basis points margin accretion driven by strong sales growth.

The **result from recurring activities (EBIT adjusted)** was €68.5 million, an overall increase of +43.1% compared with the same period in 2020. The return on sales adjusted (ROS) was 17.2% (13.3% in the first quarter of 2020). The organic growth component was +63.6%, which was higher than organic sales growth (+17.9%), generating an improvement in profitability of 520 basis points. The impact of perimeter variations on EBIT adjusted was -7.6%, with a dilution effect of 80 basis points, mainly due to the discontinuation of the distribution of agency brands. Moreover, the exchange rate effect was -13.0% (corresponding to -€6.2 million), generated by the strong devaluation of almost all the Group's key currencies against the Euro, in particular the US Dollar and the emerging markets currencies. The exchange rate generated a margin dilution of 50 bps, due to an unfavourable country mix as well as the hyperinflation effect in Argentina.
Compared with the first quarter 2019, the EBIT adjusted grew +6.7% organically, with a margin dilution of 90 basis points, largely driven by unfavourable sales mix.

Other operating income (expenses) showed a net expense of €2.1 million. This mainly referred to costs associated with the restructuring projects started in previous years.

The **operating result (EBIT)** for the first quarter of 2021 was €66.4 million, reflecting an increase of +56.8% on the same period in 2020. The ROS, which measures the operating result as a percentage of net sales, amounted to 16.7% (11.7% in the first quarter of 2020).

Depreciation and amortisation totalled €19.1 million, down -2.3% on 2020, of which +0.9% was at organic level and +2.1% related to perimeter variation due to recent acquisitions, which were offset by exchange rate variations of -5.3%.

EBITDA adjusted was €87.6 million, an increase of +29.9%, of which 45.4% was at organic level, partially offset by the exchange rate and the perimeter effect of -10.8% and -4.8% respectively.

EBITDA was €85.5 million, an increase of +38.1% compared with the first quarter of 2020 (€61.9 million).

Net financial expenses totalled €3.4 million compared with €12.8 million in the first quarter 2020. The decrease of €9.4 million is mainly due to a positive variance from exchange gain/(loss) of €6.3 million (€3.2 million gain for the first quarter 2021 compared with €3.1 million loss for the first quarter 2020). Excluding the exchange gain/(loss), the net financial expenses were €6.6 million for the first quarter 2021 (€9.7 million for the first quarter 2020), with a decrease of €3.1 million, despite the higher average level of net debt of the first quarter 2021 (€1,085.9 million) with respect to the same period of 2020 (€832.3 million), thanks to a lower average cost of net debt. Excluding the component relating to exchange gain(loss) the average cost of net debt in the first quarter 2021 was 2.4%, showing an improvement compared with the 4.7% reported in the same period of 2020. This decrease is mainly attributable to the lower average coupon on long-term debt, thanks to the liability management carried out in 2020 to benefit from the favourable market momentum, as well as lower negative carry effect.

In the first quarter of 2021 no **adjustments to financial income (expenses)** were recorded, while the same period of 2020 showed income of €1.4 million mainly related to a liability management transaction for a term loan subscribed in July 2019, to which minor amendments were made.

The item **income (expenses) relating to put options, earn out and hyperinflation effects** was negative and totalled €0.3 million. It includes net expenses totalling €0.2 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 includes expenses arising from the application of the hyperinflation management measures to the Argentina accounts, totalling a net expense of €0.1 million.

The **profit (loss) related to associates and joint ventures** was a net gain of €2.3 million, mainly generated by the reassessment of the Group's interests in the South Korean joint-venture, Trans Beverage Ltd., of which Group acquired a controlling stake on 4 January 2021 and consequently included the company in its consolidation perimeter. This gain was partially offset by a loss of €0.6 resulting from the recognition of the results achieved by joint venture and associate companies, in the period of competence for the Group.

Profit before taxation (Group and non-controlling interests) was €65.0 million, an increase of +113.3% compared with the same period of 2020. Profit before taxation as a percentage of sales was 16.3% (8.5% in the first quarter 2020).

Profit (loss) before taxation relating to non-controlling interests for the period in question was marginal and corresponds to a gain of €0.2 million (a loss of €0.1 million in the first quarter 2020).

The **Group's profit before taxation** was €64.8 million, an increase of +112.1% compared with the same period of 2020. Profit before taxation as a percentage of sales was 16.3% (8.5% in the first quarter of 2020). However, after excluding adjustments to the operating and financial components, as well as the remeasurement adjustments of put option and earn out, and gain (loss) from fair value measurement of previously held joint ventures before their consolidation, the Group's profit before taxation adjusted amounted to €64.1 million, an increase of +84.7% on the figure reported in the first quarter 2020 adjusted consistently.

Net financial debt

At 31 March 2021, consolidated net financial debt was €1,067.9 million with a decrease of €35.8 million compared with €1,103.8 million reported at 31 December 2020.

The first quarter of 2021 showed a positive cash flow generation thanks to a satisfactory business performance despite the effects of the pandemic in a persisting challenging macroeconomic environment.
Changes in the debt structure in the two periods under comparison are shown in the table below.

	At 31 March	At 31 December		*of which*		
	2021	2020	total change	*organic*	*perimeter*[2]	*due to exchange rates*
	€ million	€ million	€ million	*€ million*	*€ million*	*€ million*
cash and cash equivalents	580.5	548.1	32.4	*17.2*	*(0.4)*	*15.6*
loans due to banks	(252.5)	(244.3)	(8.2)	*(7.9)*	-	*(0.3)*
lease payables	(14.0)	(13.9)	(0.1)	*0.2*	-	*(0.3)*
other financial assets and liabilities	(16.8)	(13.3)	(3.5)	*(3.0)*	*(0.6)*	-
short-term net financial debt	**297.2**	**276.6**	**20.5**	***6.5***	***(1.0)***	***15.0***
bonds	(894.9)	(894.7)	(0.2)	*(0.2)*	-	-
loans due to banks[1]	(296.5)	(320.0)	23.5	*23.5*	-	-
lease payables	(75.7)	(69.5)	(6.2)	*(4.5)*	-	*(1.7)*
other financial assets and liabilities	8.0	7.1	0.9	*0.9*	-	-
medium-/long-term net financial debt	**(1,259.1)**	**(1,277.1)**	**17.9**	***19.6***	**-**	***(1.7)***
net financial debt before put option and earn-outs payments	**(962.0)**	**(1,000.5)**	**38.5**	***26.1***	***(1.0)***	***13.4***
liabilities for put option and earn-out payments	(105.9)	(103.3)	(2.7)	*(2.6)*	-	*(0.1)*
net financial debt	**(1,067.9)**	**(1,103.8)**	**35.8**	***23.5***	***(1.0)***	***13.3***

[1] Including the relevant derivatives.
[2] The change includes an overall marginal impact of €1.0 million, related to the consolidation of the Korean Group's commercial company Trans Beverages Company Ltd., evaluated at equity method up to 31 December 2020.

At 31 March 2021, the Group's commitment to pursue its long-term growth strategy continued to be sustained by a net financial debt with predominant medium/long-term exposure balanced by a positive short-term net financial position. This structure was also achieved thanks to the liability management that occurred in 2020 confirming Campari Group’s extremely sound and flexible financial profile.

The short-term net financial position, mainly composed by cash and cash equivalents (€580.5 million), net of payables to banks (€252.5 million), was positive at €297.2 million showing an increase of €20.5 million compared with the previous year. This change included a positive variation in cash and cash equivalents of €32.4 million, partially offset by an increase in loans due to banks, the latter as a combined effect of the recognition of loan instalments to be settled in the next twelve months and previously classified under the long-term component based on existing agreements, and a reduction of long-term debt facilities. The short-term lease payables were related to figurative lease components and comprised €14.0 million payables. Other financial assets and liabilities mainly related to payables for interest normally accrued on existing bonds (€9.7 million) net of financial receivables connected with the sale of non-core business completed in previous years.

The medium/long-term financial debt comprised bonds for an amount of €894.9 million while loans due to banks totalled €296.5 million, showing a decrease of €23.5 million compared with 31 December 2020, driven by the reclassification to the short-term position of loan instalments expiring in the next twelve months. Figurative payables relating to long-term leases amounted to €75.7 million, showing an increase of €6.2 million mainly connected to organic growth and related to the increased right-of-use of third-party buildings in France.
Other financial assets and liabilities, for a net positive amount of €8.0 million, were mainly related to receivables connected with the sale of non-core business (€3.0 million) and restricted deposits supporting future payments associated with past business acquisitions (€3.5 million).

Separately, the Group’s net financial debt included a liability of €105.9 million, consisting of future commitments to purchase outstanding minority shareholdings in controlled companies and in particular in Société des Produits Marnier Lapostolle S.A. (for a cash outflow of €51.1 million), Montelobos, Ancho Reyes, J. Wray&Nephew Ltd. and Champagne Lallier S.a.r.l. (for an estimated combined cash outflow of €52.8 million) and other committed liabilities connected to recent business acquisitions.

The Group’s debt management objectives are 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/adjusted EBITDA ratio on an ongoing basis. For the purposes of the ratio calculation, the net debt is the value of the Group’s net financial debt at 31 March 2021, whereas the adjusted EBITDA refers to the rolling EBITDA over the last twelve months. At 31 March 2021, this multiple was 2.5 times, compared with 2.8 times at 31 December 2020 and 1.9 times at

31 March 2020, based on consistent calculation criteria. The decrease of the ratio compared to 31 December 2020 is the combined effect of the reduced net financial position, which benefited from a positive cash generation from business results, and the improved twelve-months rolling EBITDA adjusted, which incorporated the results of the first quarter of 2021, largely improved compared with the results of the first quarter of 2020.

First quarter 2021 conclusion and outlook

The beginning of 2021 was still characterized by an unstable environment, which severely impacted people's lives across all countries, with governments committed to contain new waves of the Covid-19 pandemic through renewed lockdowns and restrictive measures across. Whilst the global economy continues to remain under strong pressure, mass vaccination campaigns have been started and are currently being rolled-out in phases that differ from country to country.

In terms of Campari Group's business performance, an overall satisfactory start to the year confirmed the continuing underlying brand momentum, driven by sustained trends in home consumption, in a low seasonality quarter.
The first quarter 2021 results were also favoured by the positive effect from an anticipation of Easter as well as a favourable basis for comparison over the same period of 2020, impacted by the first wave of a pandemic.

Looking at the remainder of 2021, the Group remains confident about the positive brand momentum going forward, to be fuelled by sustained marketing investments, expected to accelerate towards the peak aperitif season, the gradual reopening of the on-premise channel across the various markets as well as e-commerce momentum.

At the same time, volatility and general uncertainty remain, in a context constrained by the ongoing pandemic which has worsened due to new variants, causing further restrictions which affect the on-premise channel as well as the global travel retail. The variable timing of the vaccine roll-out in the European Union is also expected to have an impact on the consumptions recovery pace.
Furthermore, the Group's performance in next quarters is expected to reflect different bases of comparison throughout the rest of the year.
Regarding the estimated perimeter and exchange rate effects on the Group's EBIT adjusted in the full year, compared with previous guidance provided on full year 2020 results[6], the Group expects unchanged negative perimeter impact, whilst the negative exchange rate effect is expected to marginally worsen.

As a global player, the Group will remain focused in strengthening its iconic brands, on the back of consistent brand building investments, to ensure they are strongly positioned and ready to benefit from a gradual reopening of the on-premise channel and accelerate their growth. The Group remains firmly convinced that the human desire to interact face-to-face, as well as the out-of-home social experience and conviviality will remain essential to consumers lifestyles also in the future.

6 Guidance provided upon FY 2020 results on 18 February 2021: perimeter and exchange rates are expected to negatively impact the Group's EBIT adjusted in 2021 by approximately -€9 million (mainly termination of agency brands) and -€13 million due to weak US Dollar (based on an estimated average rate of €/US Dollar of 1.21 in full year 2021) as well as emerging markets currencies, respectively.

Definitions and reconciliation of the Alternative Performance Measures (APMs or non-GAAP measures) to GAAP measures

This additional financial information 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 ‘Additional financial information’ 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 additional financial information 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 OPERATING PERFORMANCE

Organic change: Campari Group discloses 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 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 hyperinflation 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 previous year are wholly excluded from the figures for that year and, therefore, from organic change;
- the results from business disposals or the termination of distribution agreements during the current year are excluded from the figures for the previous year from their corresponding date of disposal or termination.

The percentage organic change 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 costs.

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 arising from the settlement of tax disputes;
- impairment losses on fixed assets;
- impairment losses on goodwill and brands;
- restructuring and reorganization 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 and Group profit or loss before taxation. 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 against those of other groups in the sector, as they exclude the impact of certain items that are not relevant for assessing 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 costs, 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 amortization of intangible, tangible fixed assets and leased assets.

EBITDA-adjusted: EBITDA as defined above, excluding the other operating income (expenses).

Adjustments to financial income (expenses): certain transactions or events identified by the Group as components adjusting the Group profit or loss before taxation related to events covering a single period or financial year, such as:
- 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 actualization.

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 ventures. The item includes as well fair value measurement of previously held joint venture before its consolidation.

Group profit or loss before taxation-adjusted: the Group profit or loss for the period before taxation and non-controlling interests, before other operating income (expenses) and adjustments to financial income (expenses), as well as before the remeasurement adjustments of put option and earn out, and gain (loss) from fair value measurement of previously held joint venture before its consolidation.

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

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

Net financial debt calculated as the algebraic sum of specific items contained in the financial statements:
- 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.

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 adjusted EBITDA recorded in the previous year is incorporated for the remaining months.

- **Appendix of alternative performance indicators**

In first quarter 2021, EBITDA, the result from recurring activities (EBIT), and Group's profit or loss before taxation were adjusted to take into account the items shown in the table below. The Debt/ EBITDA-adjusted ratio is also explained below.

for the three months ending 31 March 2021	**EBITDA**		**EBIT**		**Group profit before taxation**	
	€ million	% on sales	€ million	% on sales	€ million	% on sales
alternative performance measure reported	**85.5**	**21.5%**	**66.4**	**16.7%**	**64.8**	**16.3%**
restructuring and reorganisation costs	(1.6)	-0.4%	(1.6)	-0.4%	(1.6)	-0.4%
fees from acquisition/disposals of business or companies	(0.1)	-	(0.1)	-	(0.1)	-
gains (losses) from disposals of tangible and intangible fixed assets	0.1	-	0.1	-	0.1	-
other adjustments of operating income (expenses) (including donations)	(0.5)	-0.1%	(0.5)	-0.1%	(0.5)	-0.1%
gain (loss) from fair value measurement of previously held joint ventures before consolidation	-	-	-	-	2.8	0.7%
total adjustments	**(2.1)**	**-0.5%**	**(2.1)**	**-0.5%**	**0.7**	**0.2%**
alternative performance measure adjusted	**87.6**	**22.0%**	**68.5**	**17.2%**	**64.1**	**16.1%**

	for the three months ending 31 March 2021 € million
EBITDA adjusted at 31 March 2021 (+)	87.6
EBITDA adjusted at 31 December 2020 (+)	399.9
EBITDA adjusted at 31 March 2020 (-)	67.5
rolling twelve months EBITDA adjusted	**420.0**
net financial debt at 31 March 2021	**1,067.9**
net debt/adjusted EBITDA	**ratio 2.5**

for the three months ending 31 March 2020	**EBITDA**		**EBIT**		**Group profit before taxes**	
	€ million	% on sales	€ million	% on sales	€ million	% on sales
alternative performance indicator reported	**61.9**	**17.2%**	**42.3**	**11.7%**	**30.6**	**8.5%**
restructuring and reorganisation costs	(2.4)	-0.7%	(2.4)	-0.7%	(2.4)	-0.7%
other adjustments of operating income (expenses)	(3.1)	-0.9%	(3.1)	-0.9%	(3.1)	-0.9%
adjustments to financial income (expenses)	-	-	-	-	1.4	0.4%
total adjustments	**(5.6)**	**-1.5%**	**(5.6)**	**-1.5%**	**(4.2)**	**-1.2%**
alternative performance indicator adjusted	**67.5**	**18.7%**	**47.9**	**13.3%**	**34.7**	**9.6%**

	for the three months ending 31 March 2020 € million
EBITDA adjusted at 31 March 2020 (+)	67.5
EBITDA adjusted at 31 December 2019 (+)	479.8
EBITDA adjusted at 31 March 2019 (-)	89.6
rolling twelve months EBITDA adjusted	**457.7**
net financial debt at 31 March 2020	**887.1**
net debt/adjusted EBITDA	**ratio 1.9**

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