CAMPARI GROUP

ANNUAL REPORT

2023

report for the year ended 31 December 2023

TOASTING LIFE TOGETHER

ANNUAL REPORT

2023

report for the year ended 31 December 2023

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DISCLAIMER

This document is only a 'pdf printed version' and is not the original annual financial report included in the 'ESEF compliant single report package' with the audited financial statements pursuant to article 361 of Book 2 of the Dutch Civil Code. The latter, which includes the audited financial statements and the auditor's report thereto is included in the 'ESEF compliant single report package' which can be found on the Company's website https://www.camparigroup.com/en/page/investors/financial-reports under 'annual report at 31 December 2023', 'ESEF compliant single report package'. In case of any discrepancies between this 'pdf printed version' and the 'ESEF compliant single report package', the single report package prevails.

This document was not made available to the public with a signed version, which is retained at the Group corporate office.

Board report comprises the following chapters: 'About this report', 'Campari Group's identity and business overview', 'Management board report for the year ended 31 December 2023', 'Risk management and internal control system', 'Sustainability', 'Governance'.

ABOUT THIS REPORT

NOTE ON PRESENTATION

The annual report for the year ended 31 December 2023 was prepared in accordance with the International Financial Reporting Standards, issued by the International Accounting Standards Board ('IASB'), as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code. The designation IFRS also includes International Accounting Standards ('IAS') as well as all the interpretations of the International Financial Reporting Standards Interpretation Committee ('IFRS IC'), formerly the Standard Interpretations Committee ('SIC').

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

FORWARD-LOOKING STATEMENTS

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

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

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

INFORMATION ON THE FIGURES PRESENTED

All references in this annual report are expressed in € (€).

For ease of reference, all the figures in this annual report are expressed in millions of € to one decimal place, whereas the original data is recorded and consolidated by the Group in €. 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 €. The use of values expressed in millions of € may therefore result in apparent discrepancies in both absolute values and data expressed as a percentage.

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

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

EUROPEAN SINGLE ELECTRONIC FORMAT REQUIREMENTS

The Transparency Directive[1] requires all natural and legal persons with securities listed on a European stock exchange to prepare their annual financial reports in compliance with the European Single Electronic Format ('ESEF'). The entire annual financial report, i.e., including ad minima the audited financial statements and the management board report, shall be prepared in xHTML format. Specifically, issuers preparing IFRS consolidated financial statements shall mark up those using Inline XBRL and prepare a single report ESEF compliant package. Campari Group managed ESEF by leveraging on a dedicated IT software, allowing to comply with the new regulation. In accordance with ESEF Regulation, Campari Group implemented the 2022 ESEF XBRL Taxonomy file as reference taxonomy for the 2023 annual accounts. This annual report is therefore ESEF compliant.

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

CAMPARI GROUP'S IDENTITY AND BUSINESS OVERVIEW

CAMPARI GROUP AT A GLANCE

Campari Group is a major player in the global branded spirits industry and was founded in 1860 in Milan. With a portfolio of more than 50 premium and super-premium brands and with leadership positions in Europe and the Americas, Campari Group is today the sixth-largest player worldwide in the global premium spirits industry (source: Impact's top 100 Premium Spirits Brands Worldwide by Company, March 2022). Its brands are distributed in 190 markets mainly through 26 in-market companies, that account for approximately 93% of Group revenues and are manufactured at 22 production facilities around the world. With its legal domicile in the Netherlands, Campari Group is headquartered in Sesto San Giovanni (Milan), Italy, and employs approximately 4,700 people around the world.

FULL YEAR 2023-KEY HIGHLIGHTS

In 2023, the Group's robust performance was substantiated by the strong momentum of its brands, notably those associated with the aperitif, tequila, and bourbon sectors. Additionally, the Group demonstrated a resilience in taking robust pricing across its portfolio while continuing to maintain positive volume growth, in a normalising consumer environment, only partly offset by suboptimal weather conditions during certain high seasonal moments of the business. Moreover, the Group continued to invest in brand building and commercial infrastructure as well as its operations to fuel its long-term growth strategy.

Photo submitted by Lydia Wang. Winner of the 2023 Annual Report Photo Contest

FINANCIAL PERFORMANCE

	for the year ended 31 December			
	2023	2022		Change
	€ million	€ million	Total	Organic
Net sales[1]	2,918.6	2,697.6	8.2%	10.5%
EBITDA	650.4	602.0	8.0%	
EBITDA-adjusted	728.9	660.3	10.4%	15.5%
EBIT	540.2	511.5	5.6%	
EBIT-adjusted	618.7	569.9	8.6%	15.5%
Group net profit	330.5	333.0	-0.7%	
Group net profit-adjusted	390.4	387.8	0.7%	
Basic earnings per share (€)	0.29	0.30		
Diluted earnings per share (€)	0.29	0.29		
Basic earnings per share (€) adjusted[2]	0.35	0.34		
Diluted earnings per share (€) adjusted[2]	0.34	0.34		
Average number of employees	4,764	4,166		
Free cash flow	(180.0)	188.7		
Free cash flow adjusted	66.9	360.5		
Net financial debt	1,853.5	1,555.3[3]		

1 Sales net of excise duties.
2 For information on the definition of alternative performance measures, see the paragraph 'Definitions and reconciliation of the Alternative Performance Measures ('APMs' or non-GAAP measures) to GAAP measures of this annual report.
3 2022 post-reclassifications: for information on reclassifications of comparative figures, refer to note 3 iv-'Reclassification of comparative figures at 31 December 2022' of the Campari Group consolidated financial statements at 31 December 2023.

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Key figures by geographical area for the year 2023

€ million/number	Americas	Semea	Ncee	Apac	Total
Net sales	1,282.6	804.5	601.3	230.2	2,918.6
EBIT-adjusted	261.1	125.5	222.0	10.0	618.7
Employees[1]	2,039	1,805	589	500	4,933

[1] Number of employees as of 31 December 2023.

Key figures by geographical area for the year 2022

€ million/number	Americas	Semea	Ncee	Apac	Total
Net sales	1,229.4	746.3	524.0	197.9	2,697.6
EBIT-adjusted	263.2	101.2	190.9	14.7	569.9
Eemployees[1]	1,885	1,589	534	342	4,350

[1] Number of employees as of 31 December 2022.

SOLID PROGRESS ON THE SUSTAINABILITY AGENDA DURING 2023

Campari Group experienced a significant acceleration in achieving crucial objectives.

- **Environment**
  Aligned with Campari Group's short-to medium-term roadmap focusing on defined sustainability priorities, the new environmental targets outlined in the table below, were established during 2023. Additionally, the tables below also provide a summary of the accomplishments in 2023 compared to the 2019 baseline.

	2019	2023	Target 2025	Target 2030	Target 2050
GHG emissions intensity (kg of CO2/L) from direct operations (Scope 1&2)	0.154	**0.082** (-47% vs. 2019 and -2% vs. 2022)	-55% vs. 2019 (previous target of -20% already achieved)	-70% vs. 2019 (previous target of -30% already achieved)	Net Zero
GHG emissions intensity (kg of CO2/L) from total supply chain (Scope 1, 2&3)	1.277	**1.037** (-19% vs. 2019 and -6% vs. 2022)	-	-30% vs. 2019	Net Zero
Water usage intensity (L/L)	19.6	**9.1** (-54% vs. 2019 and -8% vs. 2022)	-60% vs. 2019	-62% vs. 2019	-

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	2023	Target 2025
Electricity from renewable sources	**93%**	90% renewable electricity
Waste to landfill (tons)	**791**	Zero waste to landfill

	2022	2023
CDP-Climate Change score	B	**A-** (higher than the Food&Beverage processing sector average of B-)

- **Responsible practices**

	2023
Responsible drinking	• Mandatory internal training on Code on Commercial Communication and responsible alcohol consumption. • Digital brands' campaigns on responsible drinking. • QR codes on physical labels worldwide for nutritional information, ingredients and messages on responsible drinking. • Partnership with the International Bartenders Association ('IBA') for the development of responsible serving initiatives for bartenders.

- **People and Community**

	2023	target 2027
Our People	• **36**% female representation at all management levels (+5.5% vs. 2019)	40% by 2027

	2023
Our People	• Gender Fair Pay: new top workplace equity analysis to address pay fairness and equal opportunities; • New more inclusive Parental Leave Policy to be released in 2024; • Voluntary Turnover rate decreased from 9.2% to 7.4%
Health and Safety	• The injury frequency index and severity index declined by 11% and 26%, respectively.
Community involvement	• Community projects: strong commitment to work, education and culture.

CAMPARI GROUP AND THE GLOBAL ENVIRONMENT

After a challenging 2022 characterized by geopolitical tensions, unprecedented cost inflation and tightening of global monetary policies, the macroeconomic scenario in 2023 remained quite volatile. The global alcoholic beverage sector underwent dynamic shifts influenced by changing consumer preferences, regulatory reforms, and emerging market trends. Despite more resilience in the first part of the year, global economy continued to face the challenges of inflation and contained growth prospects in 2023. Gross Domestic Product has grown over expectations in 2023, but it is expected to moderate in 2024 due to expected tighter financial conditions, weaker trade growth and decreased business and consumer confidence. Moreover, in the near-term, the ongoing and persistent geopolitical uncertainty, primarily stemming from the conflicts in Russia-Ukraine conflict and more recently the conflict in the Middle East, remains a risk factor in the global economic landscape. Regarding the growth outlook and according to research, global growth is forecasted to moderate going forward. On one side the economic momentum should strengthen as real income and consumer spending will increase due to expected decreasing inflation, on the other side the downside effect of high level interest rates might persists.

2023 saw a continued rise in demand for premium and craft spirits, driven by a growing appreciation for unique flavours, artisanal production methods, and experiential consumption. Moreover, health-conscious lifestyles spurred the demand for low-alcohol and non-alcoholic alternatives, leading to innovation in this segment with a focus on taste, quality, and wellness attributes. The alcohol market is forecast to grow amidst a challenging political and economic landscape. IWSR[2] forecasted market volume growth of 1% per annum for the upcoming years up to 2027, whilst value is forecast to grow by 2% on a year-on-year basis. The growth progression of various geographical regions encompasses several distinct aspects. Consolidated markets are poised to undergo single-digit growth, while emerging markets are expected to maintain sustained growth, particularly in terms of volume, over the next five years. Trends in the spirits sector have accelerated sharply during the pandemic and are now gradually normalising, as consumers behaviours are gradually returning to pre-pandemic consumption levels, also reflecting the inflation driven increase in cost-of-living and the related impact on disposable incomes. Nonetheless, premiumisation and at-home occasions are still very evident throughout the sector.

Despite the highly challenging and volatile macroeconomic environment, Campari Group achieved a robust performance in 2023, driven by strong brand momentum in aperitifs, tequila, and bourbon, as well as industry outperformance driven by the Unites States, core European and Asia-Pacific markets, against the backdrop of stabilizing market conditions. Consistent with the previous year, the Group maintained proactive pricing strategies across its portfolio, mitigating the margin impact of ongoing, albeit gradually alleviating, cost inflation, while also enhancing its business infrastructure. Leveraging its own brands, the Group continued to foster sustained value creation and bolster its brand portfolio, while actively pursuing its route-to-market strategy through the successful implementation of significant business development initiatives.

2 International Wines and Spirits Record (IWSR) is the leading source of data on the global beverage alcohol market of wine, spirits, beer, cider and mixed drinks by volume and value in approximately 200 countries and provides insight into short- and long-term trends, including five-year volume and value forecasts.

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OUR WORLD

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

CORPORATE TAGLINE

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

BEHAVIOURS

BE HUMBLE AND HUNGRY

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

BUILD MORE VALUE TOGETHER

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

EMBRACE THE CHALLENGE AND DRIVE THE CHANGE

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

KEEP IT SIMPLE AND DO MORE WITH LESS

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

RESPECT OTHERS AND THE PLANET

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

MISSION

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

VALUES

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

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

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

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

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OUR BUSINESS IN A NUTSHELL

Campari Group traces its roots back to 1860, when Gaspare Campari developed in Milan the world-famous, bright, red and bittersweet aperitif that bears his name. As of the present day, the Group has expanded its product portfolio to encompass a diverse array of spirits and other beverages. This strategic diversification has been achieved through both organic growth and external acquisitions, thereby transforming the company into a multinational entity boasting a robust and expansive portfolio that enjoys international appeal.

Campari Group's goal is to create and share long-term value with stakeholders.

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

Furthermore, Campari Group recognises that climate change is one of the greatest challenges for the future of the planet and is actively engaged on its path related to the defined sustainability priorities to which all major global functions contribute. The sustainability priorities include a short-to medium-term roadmap in the areas of people, responsible practice, and community involvement, continuously promoting and supporting global and local projects related to all sustainability dimensions.

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A HISTORY OF ENTREPRENEURSHIP

Campari Group's expansion was also achieved through intense acquisition activity over the years, which, together with organic growth, is one of the two pillars of its growth strategy. The first acquisition was made in 1995, marking the start of a strategy that today still combines half organic growth with half external growth. Since then, with more than 30 acquisitions since 1995 for a total value of approximately €4.0 billion (excluding the Courvoisier transaction), more than 50 premium brands have joined the Group bringing with them a unique history and identity.

While the Group remains an active player in industry consolidation, in recent years it has also started to gradually streamline its business through disposals of non-core assets, in line with its strategy of focusing on its core high-margin spirits business: since 2013 it has completed over 10 disposals for a total amount of approximately €500 million.

Further to the acquisitions and continuous investments in brand building and portfolio enhancement, the Group has gone through a significant transformational process aiming to reinforce resilience and the ability to adapt in an increasingly challenging global economic environment. The Group maintains its focus on medium- to long-term opportunities and continues to enhance internal capabilities also by the expansion of its production capacities and IT infrastructure.

Furthermore, in line with its premiumisation strategy geared towards fostering long-term future growth, the Group has undertaken significant investments in ageing liquids in recent years. These investments are rooted in favourable projections regarding the future demand for its matured product portfolio.

ORGANISATION ROLES AND RESPONSIBILITIES

Headquartered in Milan, Italy, today Campari Group is organised along centrally based corporate functions and regional business units. The central functions play the role of defining, guiding, coordinating and supervising the implementation of corporate strategies and ensure that the entire organisation complies with the Group guidelines and policies. They include global strategic marketing, global commercial capabilities and consumer engagement, global supply chain as well as group finance, tax, global business services, legal and business development, public affairs and sustainability, internal audit, human resources, IT and corporate communications.

The Group's business includes sales of spirits on the markets that are affected by economic factors influenced by homogeneous elements, although markets have different sizes and maturity profiles. These elements are primarily attributable to geographical areas' features and the related breakdown by countries and secondarily attributable to the development of brand clusters (global, regional and local) and the related breakdown by brands. For Campari Group until full year 2023 the four operating areas managed in terms of resource allocation, particularly investment in brand-building and distribution capabilities, are Americas ('AMERICAS'), Southern Europe, Middle East and Africa ('SEMEA'), Northern, Central and Eastern Europe ('NCEE') (SEMEA and NCEE planned to be reconfigured to one combined Europe, Middle-East and Africa ('EMEA') region from 1 January 2024) and Asia-Pacific ('APAC'). The in-market companies, organised alongside these regional business units, have the task of implementing the Group's strategy and the key policies and guidelines defined centrally to support the international development of its global brands; moreover, their objective is to promote an excellent execution of brand-building strategies for local and regional brands in their portfolios, commercial strategies with the company's customers as well as capabilities building.

CAMPARI GROUP: A GREAT PLACE TO WORK

Historically, the Group has always strived to maintain a solid communication exchange with its employees. Therefore, and after the roll-out of the 4th edition of the Global Camparista survey in partnership with the Great Place to Work® institute that took place in 2022, all Camparistas worked together on action plans for improvement during the year 2023.

STRONGLY POSITIONED FOR FUTURE GROWTH: OUR AMBITION ROADMAP

1. Growth Strategy

Campari Group's growth strategy aims to combine organic growth through strong brand building with shareholder value enhancing acquisitions. The Group's strategic thinking is driven by the desire to reach or enhance critical mass in key geographic markets.

ORGANIC GROWTH

Campari Group is continuously leveraging on the expansion of the international footprint of its own enriched brand portfolio, aiming to drive faster growth of Global Priorities, incubate Regional Priorities with best-in-class marketing, innovation and brand building and generate steady growth in key local Priorities through periodical renewals. It aims to continuously leverage rigorous cost discipline to reinvest savings in strategic brand building and develop the Group's presence in high-potential markets.

EXTERNAL GROWTH

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

KEY STRATEGIC PRIORITIES

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

- **boost organisation agility to drive sustainable superior performance**: the prevailing macroeconomic challenges, specifically marked by elevated inflation rates and the consequential heightened tensions and volatility in commodity and energy prices, coupled with emerging shifts in consumption trends and the escalating challenges posed by climate change, define the present business environment. As Campari Group persists in investing in ambitious sustainable strategic initiatives and expanding its business scale, agility becomes imperative for promptly addressing risks and capitalising on opportunities arising both externally and internally. The objective is to achieve a significantly elevated level of sustainable performance through a proactive and swift approach to identifying sustainability priorities, fostering innovation, promoting learning and leadership, shaping work methodologies, and making decisions. This entails harnessing digital technologies and leveraging data analytics;
- **expand the Group's global leadership in Italian icons, with its aperitif and amari brands, in both alcoholic and non-alcoholic segments**: the experience of the pandemic showed that consumer habits, the path towards the market and the assortment of brands may adapt in changing environments. Therefore, the Group feels the need to continuously evolve its strategy to be more agile, successful and sustainability-oriented. Recruiting new young customers and exploiting with courage emotional moments defined by social dynamics to discover the opportunities, geographical areas and categories of new consumers, is a 'must-have' to be fulfilled through the Group's fantastic premium brands in the aperitif, amari and non-alcoholic segments;
- **accelerate the growth of spirits and RARE portfolio**: in recent years and mainly during the pandemic, the trend to drink 'less-but-better' and enjoy everyday treats via home-made premium cocktails was discovered: premiumisation is the leading trend, fuelled by home mixology, which will continue in some key categories and markets, and customers are expected to return to well-known brands. In this context, it is crucial to achieve relevant market positions and to maximise the return on sustainable investment and profitability of the Group's world-class spirits brands, winning the moment of truth for consumers and buyers to build the Group's brand preferences, by creating an unforgettable experience with extraordinary liquids;

- **build brand preference and drive conversion in the omnichannel area**: the path of the consumer and the buyer has evolved thanks to the disruptive role played by e-commerce and digital media and this has been identified as the omnichannel journey that can start from any channel and mature in the others. Consumers and buyers discover the Group's brands and create a relationship with them. In this context, it is essential to define a clear role for each channel, clear objectives and targets, a clear strategy to provide coherent experiences across channels: brands are a key element in building the equity of those moments;

- **accelerate business development in the Asia-Pacific region to boost the Group's market position**: accelerating business development in Asia-Pacific region is essential to strengthen the Group's position in the market using a combination of winning in existing battlegrounds and identification of key brands/markets/initiatives, in a context characterised by millions of new potential consumers every year;

- **promote and facilitate sustainable development**: the Group's internationalisation process has required an ever-increasing commitment regarding the management of its social and environmental impacts, to ensure a homogeneous approach in all contexts with the aim of pursuing sustainable development. For this reason, a structured path dedicated to sustainability has been defined with specific short, medium and long-term commitments aimed at creating more value in each business area and externally towards the Group's main stakeholders.

These ambitions, sustained by the Group's key strengths and enablers, ensure a consistent resource allocation and integration in the Group's business planning cycle and working attitude.

2. Key Strengths and Enablers

To achieve its medium-term ambitions, Campari Group leverages the following key strengths and enablers:

- digital transformation;
- empowered brand portfolio, brand building, innovation and marketing capabilities;
- strengthened route-to-market;
- strengthened global supply chain;
- strong cash flow generation and financial debt profile to fuel external growth and investments in business infrastructure;
- strong commitment to sustainability roadmap.

DIGITAL TRANSFORMATION

The Group has responded with remarkable agility to the challenges, combining the strength of a large group with resilience and entrepreneurial spirit. A key enabler of Campari Group's agility is its digital transformation.
The Group has undertaken meaningful investments in its digital transformation process in the recent years. This transformation aims to boost agility, ability and speed in strategic business decision-making and to drive superior performance throughout the organisation. Campari Group is continuously evolving into a data-driven organisation and laying the foundations for the next stage of its future growth. The journey aims at simplifying, harmonising, and innovating the Group's processes, as well as improving overall efficiency through automation and superior user experience.
The Global Business Services ('GBS') organisation, which provides services to all Group legal entities with a standard accounting model and system, represents a key accelerator of the overall group digital transformation: the standardising, automating and digitalising of transactional and business processes at global level, through the creation of intelligent and technology-based operations, plays a crucial role in Campari Group's evolution towards an agile and cost effective business infrastructure. Moreover, the digital transformation and the development of advanced analytics techniques are key enablers of data-driven decisions in the finance function for effective business partnership thanks to improved data analysis and reduced complexity.
The Group also continues to leverage the outsourcing of selected standard IT and back-office functions to third-party providers, thus enabling the continuous refocusing of the Group's central functions to value-added activities, while ensuring high quality and efficient levels of everyday support services for business.

EMPOWERED BRAND PORTFOLIO, BRAND BUILDING, INNOVATION AND MARKETING CAPABILITIES

The brand portfolio represents a strategic asset for Campari Group. Intangible assets are a key component of the market value of spirit products, reflecting the brands' strengths built over many years.
More than 50 premium brands are part of the Group's diversified brand portfolio, covering a wide range of categories, including aperitifs, vodka, liqueurs, bitters, whisky (including American whisky, Canadian whisky and Scotch whisky), tequila, rum, gin and cognac. Moreover, Campari Group also has a presence in the champagne category and is growing in the non-alcoholic aperitif segment.
The Group categorises its brands into three main clusters (global, regional and local priorities) based on the geographic scale, business priority and growth potential of the brands. The six *Global Priorities* (Aperol, Campari, SKYY, Wild Turkey, Grand Marnier and Jamaican rums) consist of high-margin brands, currently enjoying strong market positioning in their core markets with further penetration opportunities and have the potential to expand their footprints internationally. Moreover, the Group manages a pool of *Regional Priorities* brands, which currently still have limited scale but potential to expand within their regions. In addition, the portfolio of *Local Priorities* brands operates primarily in domestic markets but can nevertheless offer the strongest potential upside in terms of sales growth and mix improvement. The rest of the portfolio category includes agency brands and other non-strategic own brands, which the Group has progressively streamlined and divested in recent years to focus on its owned core brands.
In line with its premiumisation strategy, Campari Group successfully launched RARE, a dedicated division with the ambition to become a leading purveyor of luxury offerings in key global markets, which aims to unlock and accelerate

the growth of the Group's existing and future portfolio of super-premium products and above, seeking a new dedicated approach to brand-building and route-to-market. On 14 December 2023, Campari Group announced it had committed to acquiring Courvoisier cognac from Beam Suntory, a premium top-four historical cognac house boasting world-renowned brand credentials. This represents a unique opportunity for the Group to enter the top league of the super-premium cognac category and to further strengthen its portfolio of global brand priorities, particularly in aged spirits, as well as supporting future long-term premiumisation ambitions in key strategic segments and geographic areas such as the United States and Asia. Cognac is now primed to become the fourth major leg of Campari Group along with aperitifs, bourbon and tequila.

When properly developed, the Group believes that the brand life can exist indefinitely: brand-building investments fuel and protect the value of the brands in the very long-term. The Group has an ongoing commitment to investments in marketing designed to strengthen the recognition and reputation of iconic and distinctive brands in the key markets, as well as launching and developing them in new high-potential geographical regions. Campari Group strives to grow and maintain its market share by positioning its brands clearly and consistently across all their markets and distribution channels. Brand image is a critical factor in a consumer's choice of spirits products: they are willing to pay higher prices for brands they like and trust, and the strength of these brands allows companies to command higher prices, improve the mix, generate higher returns in the medium- to long-term and build a premium positioning. The Group's main marketing focus is to devise a clear, distinctive and enduring strategy to build, increase the visibility of and develop each of the Group's products, concentrating on the key global, regional and local products, to make them premium, dynamic and contemporary across diverse international markets, usage occasions and consumer audiences to further benefit from premiumisation for profitable growth.
The central marketing strategy is developed by the Group's global strategic marketing team, and internationally by local markets. Local markets are also responsible for marketing local brands in their respective markets. The centralised approach, which is also responsible for product innovation, is characterised by giving a global Group identity and strategic guideline, which is then customised and applied for each brand appropriately in the local markets in terms of target audience, consumer preferences and advertising regulations. To apply the aforementioned strategies, the Group is leveraging on either traditional media or new technologies such as digital and online channels. The latter are considered strategic thanks to their interactive, customisable and measurable properties, fitting both the on-premise distribution channel as well as the off-premise channel.
Moreover, in recent years the Group accelerated its marketing digital transformation, including online sales, to quickly respond to changed circumstances and consumer requirements. Campari Group has taken significant advantage of the changing consumer shopping behaviour to expand its business online and further build momentum for its premium portfolio. On top of that, the brand houses, which promote visibility of the Group's unique brands, remain a key pillar of the brand-building activities.
In addition, innovation remains an important factor for growth in the spirits industry and is critical in driving price and volume. Innovation has become more and more important for brand building, attracting new consumers, driving sales growth and sales mix improvement in the spirits sector as consumers are increasingly attracted by new products and, based on experience, are likely to pay a higher price for distinctiveness in terms of premium positioning, quality and consumption usage.

GLOBAL BRAND PORTFOLIO AND MAIN MARKETING INITIATIVES IN 2023

GLOBAL PRIORITIES

APEROL

Brand identity: Aperol is about joy of life. Bright orange in colour, it is low in alcohol content and has a unique bittersweet taste deriving from a secret recipe that has remained unchanged since its creation. Aperol Spritz is the quintessential social signature drink that perfectly expresses the brands 'Contagious joy of life'.
Aperol was founded in 1919 in Padova, an invention of brothers Silvio and Luigi Barbieri. Aperol became part of Campari Group's brand portfolio in 2003 through the acquisition of Barbero 1891 S.p.A., achieving new records of popularity and diffusion at international level. Thanks to its easy taste and versatile consumption occasions as well as the continuous marketing support behind it, Aperol has grown by over ten times since its acquisition, while developing positively both in Italy and in international markets. The brands' core markets are Italy, Germany, the United States, France and the United Kingdom.

Main brand-building and sustainability activities during the year 2023: Starting from the beginning of the year, the platform 'Aperol Together with Venice' was activated in Venice (Italy) to strengthen the bond with the brand's roots in its birthplace (Veneto region) with a series of long-term initiatives with economic, social and environmental impacts, through which Aperol commits to celebrate its strong bond with Venice and its citizens. In line with the deseasonalisation strategy of the aperitif business, during the winter season at the beginning of the year, the 'Aperol Alps Tour' took place in main resorts in France, engaging consumers through dedicated premium events in mountain bars, while at the end of the period, après ski initiatives were launched in the United States to promote Aperol signature cocktails during the après ski consumption occasions. Moreover, a three-year partnership with the US Open, starting from August 2023, is promoting Aperol Spritz as the perfect daytime cocktail for social drinking occasions. Furthermore, there were multiple activations in the music sector, including several in the United States with the Coachella Arts&Music Festival, the Outside Lands, Sea.Hear.Now, Life is Beautiful and Sound on Sound, as well as Aperol Rock in Mille in Rome (Italy), the Primavera Sound Festival in Spain and Argentina and the Aperol Spritz Aperidisco at the Battersea power station in London (United Kingdom). Multiple on-trade activations were launched in the core France market to recruit new consumers and build consumer loyalty, while in Spain a sponsorship was activated with Palo Market

Fest. In October, two major awards were achieved for the ground-breaking Aperol Travel Journey Omnichannel Campaign at the TFWA World Exhibition in Cannes. With regard to the Group's sustainability commitment, initiatives were carried out in the spirit of giving back to its homeplace, Italy. Within the Aperol Rockin'1000 concert in Rome (Italy), the brand contributed to support the Italian Civil Protection department after the devastating flood emergency in the Emilia Romagna Region; while in Italy the 'Un aperitivo insieme vale di piu' (An aperitivo is worth more once shared) activity was launched, with the goal to protect the Italian cultural landscape and a donation to a non-profit foundation FAI-Fondo Ambiente Italiano was made with the aim of protecting and enhancing the Italian historical, artistic and landscape heritage.

CAMPARI

Brand identity: Campari is the iconic, unforgettable Italian red spirit with its ethos of Red Passion. Vibrant red in colour, Campari has a unique and multi layered taste and is extremely versatile, offering boundless and unexpected possibilities. As a source Campari is the Group's signature brand. With a history beginning in 1860, it is a historic, sophisticated, high-class and quality brand, but at the same time always evolving and avant-garde, representing a symbol of Italian excellence. Today the brand is sold in over 190 countries and, with its unmistakable red colour, the base for many famous classic cocktails around the world, including the Negroni and Americano. In recent years, consumers have been increasingly embracing bitters and showing growing interest in classic cocktails. Campari, being a key ingredient and easy to mix, is leveraging this positive trend for further expansion. The brand has a well-diversified geographic exposure. Key international markets for the Campari brand include Italy, the United States, Brazil, Jamaica and Germany.

Main brand-building and sustainability activities during the year 2023: Campari's longstanding dedication and commitment to the world of cinema and iconic filmmakers was also developed during the period: Campari was the main official partner of the world-renowned Festival de Cannes (France), the Screen Actors Guild Awards (Los Angeles, United States), the Viennale (Austria) and, for the sixth consecutive year, the Venice International Film Festival (Italy). The brand was the official spirit partner at the New York Film Festival and for the first time the presenting sponsor of both opening and closing night, while the brand was also activated at the Locarno Film Festival (Switzerland) and at the Berlinale film festival (Germany). In May 2023, for the worldwide launch of the redesigned bottle, the brand celebrated the timeless bond with Milan through a unique and unforgettable event, where the Milanese skyline was lit up with an unprecedented display of a thousand drones flying, bringing to life the most iconic symbols of the city of Milan. Negroni Week took place globally in September for the 11th time to raise funds for a charitable cause while reinforcing the bond between Campari and the Negroni. At the end of 2023, an out-of-home campaign was launched in the core German market focusing on Campari Spritz and leveraging Campari's heritage and connection to Milan. In September, Wuliangye and Campari jointly released a brand-new cocktail in China, the 'Wugroni', made with a special blend of Wuliangye Baijiu, co-created by both companies. With the theme of 'Toast to a Timeless Bond', this project marked the beginning of a timeless bond between Campari and Wuliangye. In terms of sustainability activities, after closure in 2009 following 60 years of activity, in 2023 the Cinema Orchidea in Milan (Italy) reopened thanks to contributions from the brand, becoming once again an important audiovisual hub and a cultural landmark.

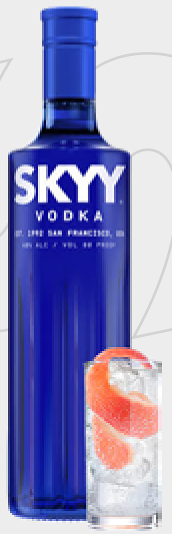
WILD TURKEY PORTFOLIO

Brand identity: Wild Turkey is an American icon. It has been the authentic Kentucky Straight Bourbon Whisky since 1855, with the original distillation and maturing process that has never been changed since it was first introduced. The brand was acquired by Campari Group in 2009 and under the guidance of Master Distiller Jimmy Russell, who has worked in the distillery for over 60 years, the Wild Turkey Bourbon offering has seen extraordinary growth.
The Group's key focus area to further develop the Wild Turkey portfolio is to premiumise the offering through the introduction of more premium extensions and limited editions. The United States is the biggest market for the Wild Turkey portfolio, followed by Australia, South Korea, Japan and Canada.

Main brand-building and sustainability activities during the year 2023: The new Trust Your Spirit global campaign was launched in May, spotlighting bold stories. The campaign was amplified across digital, TV, social, audio and out-of-home platforms, driving awareness and conversion across audiences. Master's Keep Voyage was launched in June: a 10-year-old bourbon aged in Jamaican rum casks, while November marked the launch of Wild Turkey Generations, an ultra-premium, limited release reflecting the first-ever collaboration from three generations of the legendary Russell family.

SKYY

Brand identity: SKYY Vodka was born in San Francisco in 1992 and is steeped with the innovative and progressive spirit of California. Conceived by a first generation American inventor looking to create the world's smoothest vodka, SKYY revolutionized vodka quality with its proprietary quadruple-distillation and triple-filtration process. Breaking the mold again, SKYY has recently added more character to its liquid, now made with water enhanced by minerals, including Pacific minerals sourced from the San Francisco Bay Area, and filtered through California Limestone for fresher tasting cocktails. With its iconic, cobalt-blue bottle, which reflects the name of the product, SKYY was the first vodka to introduce packaging as a 'style image'. SKYY was acquired by the Group in 2001. The United States has been the biggest market for SKYY. At the same time, SKYY has expanded into many international markets which now represent key growth drivers for the brand. Key markets outside of the United States include Argentina, Germany, China and South Africa.



Main brand-building and sustainability activities during the year 2023: In terms of international markets, a partnership was launched at the beginning of the year in Sydney, Australia, with SKYY Vodka as the 'Official White Spirits Partner' of the KPMG Australia Sail Grand Prix ('SailGP'), as well as the Australia SailGP Team, while in Canada a content partnership with Food Network was launched during the third quarter to drive awareness and consideration among the Food Network viewers. Meanwhile, in Argentina, the brand demonstrated its ongoing commitment to music by sponsoring Besh, the largest party in South America, activating a 360 degrees campaign with immersive brand experience. In core United States market (Las Vegas), SKYY Vodka made a remarkable impact at the EDC Festival with the ambition of a total takeover: four infamous pool parties were fully SKYY-owned with bottle menu features and cocktails from over 250 bars on site. The brand was activated also at the Orlando edition of the EDC festival, laying the groundwork for a successful and enduring experiential activation in the EDM world. In terms of innovation, the new infusion SKYY Espresso variant in collaboration with fashion icon Winnie Harlow, was launched in the United States. At the same time, during the period SKYY Vodka furthered its commitment to water conservation through a multi-year partnership with The Ocean Foundation.

GRAND MARNIER

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

Main brand-building and sustainability activities during the year 2023: The global campaign Grand Encounter was launched in the United States, followed by France, to communicate the unique blend of cognac and orange. In the United States, the campaign was activated with the Grand Encounter Summer Experience to drive consideration of the Grand Margarita during summer drinking occasions as well as during November with key immersive experiential events in New York and Houston to educate on the brand, its key liquid attributes and improve consumer perceptions. In terms of other initiatives, in Canada National Margarita Day was celebrated with a series of events, while a bartender program advocacy was launched in France, focused on educating and recruiting the bartender community to accelerate brand consideration. A Grand Marnier holiday (w)rapping program was launched in the United States to celebrate the season, bringing together Grand Marnier, hip-hop, and holiday wrapping paper. Finally, to round out the brand's tie-in with the 50th anniversary of hip-hop, Grand Marnier made a donation to The Universal Hip Hop Museum, which is dedicated to preserving the legacy of hip-hop's past, present and future, and Grand Marnier will be one of the inaugural donors, creating a lasting relationship with the museum.

JAMAICAN RUMS

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

Main brand-building and sustainability activities during the year 2023: During 2023, Appleton Estate further reinforced its premium evolution through the unveiling of the new Appleton Estate boutique in Montego Bay (Sangster International Airport of Jamaica). In April, the first global full-scale luxury campaign for the new Appleton Estate 17-Year-Old Legend LTO was launched and at end of the year the product was listed in the 2023 Esquire Spirits Awards in the United States. The Jamaican rum portfolio received multiple awards in the period, validating the portfolio's strong liquid credentials, in the Drinks International 2023 Brand Report and in the VinePair annual list of 'The 50 Best Spirits of 2023' in the United States, as well as at the 2023 Rum and Cachaca Masters competition and the Esquire 2023 Rum Guide in the United Kingdom. The portfolio also distinguished itself at the Beverage Testing Institute, the 2023 International Wine and Spirits Competition and the 2023 New York International Spirits Competition. Finally, in the United Kingdom, the brand promoted Wray Forward, a free, inclusive and accessible programme for change that focuses on supporting the sustainability and forward movement of black businesses, promoted in partnership with Foundervine.

REGIONAL PRIORITIES

ESPOLÒN

Brand identity: Espolòn is a handcrafted premium tequila with 100% pure blue agave, distilled and bottled at the San Nicolas distillery in Los Altos, in the Jalisco region of Mexico. Espolòn was founded in 1998 by Maestro Cirilo Oropeza, who dreamed of creating a tequila that blends artisanal Mexican tradition with the most modern and advanced production technologies. Acquired by the Group in 2008, Espolòn has been re-launched as a super-premium tequila brand. The core markets for Espolòn are the United States and Mexico, moreover, it is continuing to expand to other international markets, such as Australia, Canada and Italy.

Main brand-building and sustainability activities during the year 2023: Espolòn leveraged the *Cinco de Mayo* festivities in the United States by delivering consumer experiential events, out-of-home creatives and a digital campaign, while the Espolòn Cantina experiential festival tour was activated: a sponsorship with eight events aimed to increase awareness of the brand among the target audience. Meanwhile in other markets, Espolòn continued to build awareness in establishing itself as a key premium+ tequila player.

THE GLENGRANT

Brand identity: The GlenGrant is a genuine single malt Scotch whisky brand, dating back to 1840. It was acquired by the Group in 2006. The brand has reached a fairly diversified geographic exposure and in recent years, the Group has decided to increase its long-term strategic focus on higher margin and longer aged premium expressions of the brand. Today the key markets for the brand are South Korea, Italy, Japan, France and Global Travel Retail.

Main brand-building and sustainability activities during the year 2023: The GlenGrant Devotion 70-Year-Old, the oldest whisky to be released by the distillery with only 7 decanters available worldwide, was launched globally. Moreover, The GlenGrant Devotion Decanter Number One was sold at auction, with Sotheby's recording one of the highest-ever sale prices for a GlenGrant whisky. One week later, The GlenGrant achieved a second record sale with The Visionary 68-Year-Old with a combined total of over US$357,000 set to benefit charitable organisations in Scotland, like the Royal Scottish Forestry Society to support the preservation of local woodland.

ITALIAN SPECIALITIES (AVERNA, BRAULIO, FRANGELICO, CYNAR AND DEL PROFESSORE)

Brand identity: This portfolio includes Frangelico, Averna, Braulio and Cynar. With consumers increasingly embracing the bitter taste, the Group's management confirms its belief that this portfolio represents an opportunity and can be further developed, leveraging the Group's distribution capabilities.
Averna embodies the lifestyle conviviality and the vibrant zest for life of people from Sicily. It is a high-quality Sicilian amaro with a full body and smooth taste, made from an ancient recipe with natural ingredients. It has a premium price positioning and is among the leading bitter brands in Italy, with other core countries being Germany and the United States.
Braulio is produced on the basis of an ancient traditional secret recipe, which has remained unchanged since 1875. It envisages the infusion of roots and alpine herbs that are aged in oak barrels for two years. It is a very popular bitter brand in the Alps region of Italy and is currently expanding throughout the rest of the country. Averna and Braulio were both acquired by the Group in June 2014 as part of the acquisition of Fratelli Averna S.p.A..
Frangelico is a very distinctive brand with a hazelnut taste, produced in the Piedmont region of northern Italy and its origins date back more than 300 years. It is a specialty brand, acquired by the Group in 2010. The key markets for Frangelico are the United States, Germany, Australia and Spain.

Cynar is an artichoke-based liqueur with a sweet and bitter taste, known for its versatility and distinctive flavour. Its taste is enriched with an infusion of 13 herbs and plants. Created by Angelo Dalle Molle, a Venetian entrepreneur and philanthropist, Cynar was launched in Italy in 1952. It was acquired by the Group in 1995. The key markets for the brand include Italy, the United States and Brazil. Del Professore, a super-premium craft vermouth, was founded in 2013 in Rome by a group of bartenders led by Leonardo Leuci, known to have launched the Jerry Thomas Speakeasy in Rome, the first Italian bar to enter the 50 World's Best Bars. It was acquired by the Group in 2022 and the brand's range comprises a vermouth range and a gin range. The brand's top country is Italy.

Main brand-building and sustainability activities during the year 2023: The Cynar brand sponsored the San Nolo festival, an unconventional music festival for emerging artists, during March in Milan (Italy), while the Averna Spazio Open was activated in Sicily (Italy) in the brand's hometown, to reinforce credibility in its birthplace, leveraging on a special long-term project aiming to generate value for territory and people. Furthermore, in Germany a partnership with confectionery retailer Hassel was activated to drive penetration and trial. The global campaign Casa Braulio was activated globally, while in Italy through a collaboration with Club Alpino Italiano Bormio, the brand embarked on a multi-year give-back activation in the territory by restoring the abandoned Capanna Dosdè in the Italian Alps, which is now reopened to the public, inviting more hikers and enthusiasts to admire this natural treasure.

SPARKLING WINE & VERMOUTH

Brand identity: The Cinzano portfolio includes on the one hand sparkling wines and on the other hand vermouth and therefore offers a wide range of quality products that are suitable for different occasions and tastes. The portfolio was acquired by the Group in 1999. The key markets for Cinzano sparkling wines are Germany, Russia and Italy. The key markets for Cinzano vermouth are Argentina, Russia and Spain.
Mondoro is an Italian superior quality sparkling wine brand. Its elegant taste and prestigious, sensual bottle design are a symbol of taste and quality.
Riccadonna is one of Campari Group's historical brands and offers a range of dry and sweet sparkling wines. The brand was founded in 1921 and acquired by the Group in 2003.
The key markets for Mondoro and Riccadonna are Russia, France and South America.

Main brand-building and sustainability activities during the year 2023: From April 2023 a communication campaign for Cinzano, namely the Cultura de Vermut platform, was activated to raise brand awareness in the key vermouth capitals in Spain.

CRODINO

Brand identity: Crodino is a single-serve non-alcoholic aperitif, produced since 1964. It was acquired by the Group in 1995. Over the years the brand has gradually expanded to some international markets and the Group is expecting to further expand the brand both domestically and internationally, leveraging the positive trend of low-alcohol/non-alcoholic drinks. The key market is Italy, while it is expanding its footprint internationally, mainly in seeding markets such as Switzerland, Germany and Benelux.

Main brand-building and sustainability activities during the year 2023: With respect to Crodino, a new communication campaign was activated in the core Italian market to generate awareness within the younger target population, leveraging the new 17.5cl long drinking proposition. In international markets (Switzerland, Belgium and France), activation campaigns for the brand were launched across multiple media platforms to drive awareness of the non-alcoholic Italian aperitif.

APEROL SPRITZ READY-TO-ENJOY

Brand identity: Aperol Spritz Ready to Serve is a convenient aperitivo drink made with selected and high-quality ingredients. Each ready-to-serve bottle features the unchanged and secret Aperol recipe made with citrus oil infused with precious herbs and roots, as well as dry sparkling wine and a dash of soda. The key markets for this brand are Italy and Germany. Moreover, the brand is being progressively introduced in new markets, such as Austria, Switzerland, Belgium and the United States.

LOCAL PRIORITIES

CAMPARI SODA

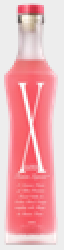
Brand identity: Campari Soda is a single-serve alcoholic aperitif with its unique and incomparable flavour. This icon of the Italian aperitivo is presented in its signature bottle designed in the 1930s by Fortunato Depero. It was created in 1932 and is considered the first pre-mixed drink in the world.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

WILD TURKEY READY-TO-DRINK

Brand identity: Wild Turkey ready-to-drink is a genuine drink with its authentic bourbon characteristic. The core market of this brand is Australia.

PICON

Brand identity: Picon was born in 1837 and is today the aperitif par excellence which accompanies beer in the North and East of France with its unique and authentic taste. The core markets of this brand are France and Belgium.



X-RATED

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

SKYY READY-TO-DRINK

Brand identity: SKKY Vodka ready-to-drink offers the taste of the premium SKYY vodka in a convenient format with soda and various flavoured ingredients, ready to be enjoyed in any social moment of consumption. Mexico is the core market for the brand.

RARE INITIATIVES

The dedicated RARE division has the ambition to become a leading purveyor of luxury offerings in key global markets. In terms of initiatives, an event was held in New York to celebrate the global launch of The GlenGrant 21-Year-Old Single Malt Scotch Whisky. Influencers, trade and key media attended an immersive experience with a sensorial journey of discovery, culminating with a step into 'The Glasshouse', designed by the renowned floral artist Lewis Miller, where the new proposition was revealed through a guided tasting from Master Distiller Dennis Malcolm. In terms of innovation, the second edition of Russell's Reserve Single Rickhouse LTO was launched in selected markets. With respect to Grand Marnier Cuvée du Centenaire, a chef engagement program was launched in the Swiss market aimed at expanding the footprint in the world of fine dining, inspiring chefs and creating unique food pairing opportunities, while Grand Marnier Quintessence was launched in Canada, supported by the master blender participating in a series of elevated private events and providing an exclusive masterclass experience to the target audience. A chef advocate program was launched in Switzerland to sustain the development of the Lallier brand as the prime boutique champagne in the market. In December, a brand partnership with American artists Laila and Nadia Gohar was activated for Lallier with a capsule collection Gohar World x Champagne Lallier and a launch event in New York City, while Lallier R.020, chef de cave Dominique Demarville's latest creation, was launched at an exclusive global event in the heart of Paris in October. A collaboration between the cognac premium brand Bisquit&Dubouché and the BMX athlete Nigel Sylvester was launched in June to toast his first-of-its kind transatlantic GO Ride on World Bicycle Day, while the brand sponsored the exhibition of Hypebeast 'Love Letters to LA' in the United States.

STRENGTHENED ROUTE-TO-MARKET

The Group has invested significantly in recent years with the aim of reinforcing its distribution capabilities across on-premise and off-premise channels in its international markets. The Group's strategy foresees establishing its own distribution network in each country (so called direct market) and selling to retailers and wholesalers through its internal sales organisation whenever the critical mass, reached in a given market, makes a direct investment financially attractive. Establishing direct markets allows the Group to not only increase focus on its own brands in a given market from a marketing as well as from a commercial standpoint, but also to improve working capital management and to achieve financial benefits. Currently Campari Group's distribution network largely reflects the structure of the four regional business units, and broadly covers core markets in Europe and the Americas, where the company is now well positioned to leverage these strengthened platforms to accelerate its growth. It has direct distribution networks in 26 markets, including seven in the Americas (the United States, Jamaica, Canada, Brazil, Mexico, Argentina and Peru), six in SEMEA (Italy, France and Martinique, Spain, South Africa and recently included Greece), seven in NCEE (Germany, Russia, Switzerland, Austria, Benelux, the United Kingdom and Ukraine), and six in Asia-Pacific (Australia, China, South Korea, India as well as New Zealand and Japan which were recently been included to enhance focus on the Group's brands in the Asian strategic region).
In markets where the Group does not have its own local sales organisations (so-called third-party markets), it works via local independent importers or local partnerships.
The Group generated €2.9 billion in consolidated net sales in 2023, almost doubling its revenues compared with ten years ago, with direct markets accounting for approximately 93.0%. Moreover, the Group remains committed to building and maintaining a leading position in all direct markets with a strong focus on its own brands whilst leveraging a scalable business model across the whole organisation.

STRENGTHENED GLOBAL SUPPLY CHAIN

Over the years the Group has significantly expanded its supply chain capabilities, bringing bottling activities to the core markets of the United States and Australia. At 31 December 2023, the Group owns 22 production sites across Italy, France, Scotland, Greece, the United States, Canada, Jamaica, Mexico, Brazil, Argentina and Australia.
The organisational structure of Global Supply Chain ('GSC'), including the various central and regional roles created in the previous years, is optimised to allow the focus of the design of GSC solutions to be owned and delivered by central functions, while the execution of the design is managed locally in regions. This structure ensures a more consistent approach, reduced IT complexity and spend, a 'design once and execute many' adoption of initiatives and, ultimately, a more efficient and effective GSC.
The production and logistics organisational structure en-

sures the separation of roles and responsibilities between marketing and sales organisations, responsible for sales and marketing activities, vis-à-vis the GSC organisation, responsible for coordinating all supply chain activities. The Campari Group's GSC operates an end-to-end supply solution covering the functions of Planning, Logistics and Engineering, Manufacturing and Transformation, Quality and Environment and Global Research and Development.
GSC's strategy is to provide a superior quality customer-centric supply chain solution that is globally leveraged and cost-competitive and to oversee external co-packing operations. Moreover, the role of GSC is to consistently ensure optimal efficiency levels and oversee demand planning to provide the most accurate forecasts for future demand. The primary objective is to optimise inventory levels while delivering the highest standards of customer service and responsiveness to customer demand. Given the escalating challenges posed by intensified input cost pressures, logistical constraints and inflationary factors, the focus on margin protection has become increasingly crucial in the current global macroeconomic landscape.
Furthermore, with the objective of fostering sustained long-term growth, in 2023 the Group has announced an extraordinary investment plan for the next three years to substantially expand production capacity, finished product storage, and site utilities. This strategic decision is rooted in positive expectations for future demand, particularly in the segments of aperitifs, bourbon and tequila.
Externally the role of GSC is to provide products of the right quality to consumers that follow all regulatory requirements and Food Safety and Quality standards, guaranteed through rigorous inspection controls and chemical, microbiological and sensory analysis. Also, the monitoring and actioning of consumer complaint data is part of its role, aiming to ensure the right level of customer service.

The comprehensive engagement of all production activities and the entire value chain in optimising energy consumption, which includes transitioning to renewable energy sources, decarbonisation, minimising water and waste, and ensuring compliance with local regulatory environmental standards, constitutes the primary environmental and sustainability strategy objectives of the Group. These objectives aim to streamline processes by utilising minimal resources and minimizing the environmental footprint.

STRONG CASH FLOW GENERATION AND FINANCIAL DEBT PROFILE TO FUEL EXTERNAL GROWTH AND INVESTMENTS IN BUSINESS INFRASTRUCTURE

The Group has a solid track record of acquisitions and confirmed this strategy in 2023. Since 1995, the Group has completed a total of over 30 acquisitions for an overall amount of approximately €4.0 billion.
The continuous commitment to an efficient management of working capital as well as strong cash flow generation over the past years achieved thanks to a sustained operating performance, has allowed the Group to rapidly deleverage after acquisitions, while maintaining a disciplined approach to financial management across the whole organisation and staying focused on a conservative leverage profile.

Net financial position management is characterised by the following features:

- predominant medium- and long-term exposure balanced by positive short-term net financial position;
- focus on an optimised leverage profile, internally measuring the indebtedness ratio with the aim to retain it at a manageable level;
- flexibility guaranteed namely by no covenants on existing debts and strong financial structure boosted by liquidity and available credit lines, aligning the credit profile with optimal market opportunities;
- adeptly balancing the current profile between variable and fixed rates and dynamically leveraging prevailing market conditions, aiming to minimise exposure to risks and navigate the substantial market volatility stemming from the prevailing macroeconomic environment;
- optimising the Group's debt structure by extending the average maturity of its liabilities while benefitting from favourable market conditions;
- exposure to exchange rate risk, namely deriving from financial requirements connected with business development, managed primarily through 'natural hedges' achieved through the modulation of debt exposure as well as the stipulation of derivative contracts only with hedging purposes;
- embedding sustainability-linked components in new facilities or loans, considering the Group's goal of fully integrating sustainability strategy into its business activity.

STRONG COMMITMENT ON SUSTAINABILITY ROADMAP

As its business grows, Campari Group constantly comes across new opportunities to generate positive economic, social and environmental impacts. Consequently, Campari Group formalised and disclosed its sustainability commitments in a roadmap, an agreed framework, validated by top management and to which all major global functions contributed, to focus investment and drive performance towards specific priorities within each area and that reflect the company's values and culture.
The roadmap led to key actions being defined in the four areas of sustainability considered to be the most relevant at this time for a company in the spirits sector: our people, responsible practices, the environment and community involvement. In the area of people, particular attention is paid to the themes of diversity, equity and inclusion, an ethical and moral imperative for a multinational company in which positive and productive interaction, cooperation and synergy between people, cultures and experiences drives business growth, value creation and organisational performance. Based on these considerations, the Group drew up its Diversity, Equity and Inclusion ('DEI') strategy, which determines the approach and provides a framework for everyone within the company to be empowered and encouraged to contribute to the Company journey and support a culture of inclusion. Regarding the responsible practices area, a global strategy with internal and external short and medium-term initiatives has been established, with the aim of raising awareness and educating the company's key stakeholders, starting with Camparistas, bartenders and consumers, about correct and responsible consumption and communication of the Campari Group's products and alcoholic beverages in general. In the environment area, particular importance has been given to energy and emissions, water, and waste, for which reduction and efficiency targets have been set for 2025 and 2030, which will be made possible through the implementation of specific global projects, with an ambition to reach net zero emissions by 2050, hopefully, sooner. In 2023, the Group defined its first high-level Net Zero roadmap, with initiatives aimed at reducing the environmental impacts from manufacturing, materials and services used, introducing sustainable practices across the entire value chain. Finally, the Group is committed to promoting community projects, especially in the areas of education, culture, and work.

MANAGEMENT BOARD REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

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SIGNIFICANT EVENTS OF THE YEAR

Acquisitions and commercial agreements

AGREEMENT TO ACQUIRE COURVOISIER COGNAC

COMPREHENSIVE OVERVIEW OF THE FEATURES AND COSTS OF THE TRANSACTION

Following the communication dated 14 December 2023 regarding the exclusive negotiations with Beam Suntory, Inc. (the 'Seller') during which a put option was granted, on 26 February 2024 Campari Group signed the agreement to acquire the 100% of the outstanding share capital of Beam Holding France S.A.S., which in turn owns 100% of the share capital of Courvoisier S.A.S., the proprietor of the Courvoisier brand (the 'Target'). The signing of the agreement occurred subsequent to the information and consultation process with the French employees' representatives, as well as the receipt of customary antitrust approvals. The closing of the deal is contingent upon the fulfilment of the appropriate regulatory processes and is expected to occur in 2024. Notably, the Group's accounts for 2023 did not incorporate any effects stemming from this transaction. The brand's net sales were US$249 million in 2022, according to the Seller's view, of which approximately 60% in the United States followed by the United Kingdom and China, combined accounting for approximately 25% of net sales, while Global Travel Retail ('GTR') accounted for just over 3%. The contribution margin in 2022 would have been US$78 million based on IFRS principles. For the period ending 31 October 2023 according to the Seller's view, net sales were US$148 million, with a decline of 33% vs. the corresponding period in 2022, and contribution margin was US$37 million based on IFRS principles. This performance was impacted by recent market driven trends such as normalizing consumption in the United States after peak post-covid sales and destocking at wholesaler level, in-line with the wider cognac industry. The acquired business includes an enviable inventory of maturing eaux-de-vie, with a book value of approximately US$365 million as of 31 October 2023, consisting of well-balanced age profiles to support future brand development. Moreover, the acquisition perimeter includes the trademarks as well as comprehensive production facilities consisting of distillation, warehouses, vineyards, a visitor centre and château (hosting a museum), blending facilities, ageing cellars and an automated bottling plant.

The total consideration amounts to US$1.32 billion (€1.22 billion at the date of the exclusive negotiations) where the value is defined on a cash free/debt free basis and consists of a fixed purchase price of US$1.20 billion (€1.11 billion) and earn-out for maximum amount of US$0.12 billion (€0.11 billion) payable in 2029 based on the achievement of net sales targets realised in full year 2028. The corresponding enterprise value is equivalent to a multiple of c.17 times the contribution margin in 2022.

Maison Courvoisier was founded in 1828, by Félix Courvoisier in Jarnac, the Charente region of France. Courvoisier is the youngest and most awarded of the 'big four' historical cognac houses and received the title of Official Supplier to the House of the Emperor by Napoléon III, supplied the royal courts of Europe and was the drink of choice of the Belle Epoque, chosen to celebrate the inauguration of the Eiffel Tower and the opening of Moulin Rouge. Courvoisier's signature styles reveal the intricate nuances of the cognac craft which have led the House to become the Most Awarded Cognac House based on 20 top spirits competitions since 2019 and the only cognac house to ever win the coveted 'Prestige de la France' title. With its core collection of VS, VSOP and XO which are further reinforced by a premium range of limited editions, Courvoisier has built solid brand credentials across a multitude of versatile liquid styles.
As premium cognac, Courvoisier is positioned to further strengthen Campari Group's portfolio of global brand priorities, particularly in aged spirits, as well as supporting future long-term premiumisation ambitions in key strategic segments for the Group. The brand, world renowned and global icon of luxury, presents the opportunity to strategically enhance our presence in one of the most significant spirit categories in the United States. Additionally, it promises to reshape Campari Group's growth profile in Asia and GTR through the expansion of its footprint of luxury expressions.
Leveraging Campari Group's established leadership, focused approach and expertise in brand development, the Courvoisier brand stands to gain substantial benefits, capitalizing on Campari Group's strengthened operational and business infrastructure.

FINANCING

To support the transaction and for general corporate purposes as well as with the aim of capitalising on market conditions to optimise the funding structure, on 10 January 2024 Davide Campari-Milano N.V. has successfully placed a combined offer directed to qualified investors. This offering consisted of new ordinary shares totaling approximately €650 million through an accelerated bookbuilding offering at €9.33 per ordinary share. Additionally, it included senior unsecured convertible bonds due in 2029 with an aggregate principal amount of €550 million, convertible into new and/or existing ordinary shares of the Company. The net proceeds from the offering will enhance the Group's pro-forma capital structure by accelerating the deleveraging process and extending the average maturity of the Group's liabilities, thus further strengthening its financial profile and facilitating further expansion.
Pursuant to the resolution approved during the Company's Board of Directors meeting on 14 December 2023, the issuance of new ordinary shares ('New Shares') excluded pre-emptive rights and will carry equivalent rights, including dividend entitlements, as the existing ordinary shares. The newly issued ordinary shares amounted to 69,667,738 representing 5.7% of the Company's issued ordinary share capital following the completion of the offering.

Regarding the offering of convertible bonds, the aforementioned Board of Directors meeting resolved to exclude pre-emptive rights associated with the transaction. The bonds have been issued in registered form, at their principal amount of €100,000 each at par, and bear a coupon of 2.375% per annum, payable semi-annually in arrears on 17th July and 17th January of each year, with the first coupon to be paid on 17th July 2024. The maturity is 5 years (unless previously redeemed, converted or repurchased and cancelled) and the bonds will be redeemed at their principal amount at maturity (on or around 17th January 2029) subject to Group's option to deliver bond shares and, as the case may be, an additional amount in cash ('Share Settlement Option'). The bookbuilding process concluded on 10 January 2024 with initial conversion price set at €12.3623, representing a premium of 32.5% above the reference share price and each convertible bond will be convertible into 8,089 underlying bond shares for a total issue of approximately 44.5 million bond shares which represent approximately: (i) 3.8% of the Issuer's issued ordinary share capital as of 31 December 2023 and (ii) 3.6% of the Issuer's issued ordinary share capital following the completion of the offering of the new shares issue.
The convertible bonds will be traded on Euronext Access Milan, a multilateral trading facility organised and managed by Borsa Italiana S.p.A. by no later than 90 calendar days after the 10 January 2024, being the issue date. These transactions did not have any impact in the 2023 Campari Group consolidated accounts.
Furthermore, the Group is progressively reducing its exposure to foreign exchange translation and liquidity risks associated with the aforementioned commitment to acquire Courvoisier cognac denominated in US$, through pre-hedge derivatives subscribed in 2024.

DEVELOPMENT INITIATIVES IN THE ASIA-PACIFIC REGION

In 2023, the following initiatives, consistent with the Group's growth ambitions in the Asia-Pacific region, were implemented. Such transactions, completed via the anticipated exercise of contractual call options on the entities' share capital and which have no material impact on consolidated accounts, had the objective to further strengthen Campari Group's commercial capabilities and enhance its focus on its brands in the Asian strategic region.
On 1 March 2023, Campari Group acquired the remaining outstanding shares in the distribution joint-venture CT Spirits Japan Ltd. ('CTSJ'), in which it previously had a non-controlling stake. As a result, CTSJ has become a wholly owned subsidiary, triggering its full consolidation in Campari Group's accounts since that date.
On 3 April 2023, Campari Group became the majority shareholder of Thirsty Camel Ltd., in which it previously had a non-controlling stake. Thirsty Camel markets and distributes some of the world's leading brands and began distributing the full Campari portfolio in New Zealand on 1 January 2023, thus supporting the Group's expansion and presence in the area. The company was included in the consolidation area starting from April 2023 and its impact on consolidated group accounts was not material.

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MEMORANDUM OF UNDERSTANDING ON STRATEGIC COOPERATION WITH WULIANGYE

On 24 November 2023, Campari Group and Sichuan Yibin Wuliangye Group Co., Ltd. signed a memorandum of understanding on strategic cooperation in Wuliangye, Yibin City, Sichuan Province. The unique collaboration has attracted wide attention in the industry since it marked a significant milestone. Both parties will join forces and complement their advantages to form a strategic cooperation relationship and will collaborate in areas such as new product co-creation, channel expansion, strengthening marketing cooperation, and promoting brand culture to support the joint development of both parties in the domestic China and international spirits market. Together with Wuliangye, Campari will uncover growth opportunities while promoting cultural exchange through spirits, represented by Campari Group's wide portfolio of western spirits across different categories and Wuliangye's leadership in Chinese Nongxiang Flavor Baijiu. Through this partnership, both parties not only will introduce consumers in China and abroad to different spirits representing different cultures, but by partnering together, develop and co-create new products for different occasions.

DISTRIBUTION AGREEMENTS

Campari Group entered into a distribution agreement with French company SAS Miraval Provence as the exclusive distributor of Miraval Rosé, Studio Miraval, Muse Miraval and Fleur de Miraval in the United States and French markets, starting with the 2023 vintage currently being released. This addition to the Campari portfolio in France and the United States allows the Group to diversify the range and strengthen its aperitivo offering by entering the high-growth rosé wine category with an outstanding quality.
Starting in January 2024, Campari France will be the exclusive distributor for the European territory of France and Monaco, across all trade channels, of Irish whiskeys Bushmills and The Sexton and of The Kraken rum owned by Proximo Spirits. Proximo Spirits products will complete and reinforce Campari's position in two key segments of the market.
From the same date Campari Group will no longer distribute Beam Suntory brands in the French market as the distribution agreement will expire at the end of 2023 with no extension.

Group significant events and corporate actions

SUSTAINABILITY:
new environmental targets

The following medium and long-term environmental targets were approved by the Board of Directors of 2 May 2023. In particular:

EMISSIONS
The Group reaffirmed its commitment to achieve zero net emissions by 2050, pledging to:

- reduce greenhouse gas ('GHG') emissions (kgCO2e/L) from direct operations (Scope 1&2) by 55% by 2025, by 70% by 2030[3], and by 30% from the total value chain (Scope 1, 2&3) by 2030 , using 2019 as the baseline;
- source 90% renewable electricity for the Group's production sites by 2025[4].

A new carbon emission reduction roadmap has been defined, aimed at reducing the environmental impact from direct and indirect operations. Regarding Scope 1&2 emissions, the Group will increase the share of renewable electricity by installing new photovoltaic systems and by extending the 'Guarantee of Origin' of purchased electricity to more production sites. With regard to indirect emissions, specific actions in the areas of purchase of goods, services and logistics are under implementation by introducing new sustainability criteria in packaging design and related development, also partnering with suppliers to identify more sustainable solutions and practices.

WATER USE
The Group commits to reduce the water intensity (L/L) by 60% by 2025 and by 62% by 2030[5], by implementing a 'Water Reduction Program' and specific initiatives to increase water recycling and reuse in its production sites.

ZERO WASTE TO LANDFILL
The Group has the goal to completely eliminate waste to landfill from direct operations by 2025.
Meanwhile, Campari Group confirms its commitments in the areas of people, responsible practice, and community involvement, continuing to promote and support global and local projects related to all sustainability dimensions.

ANNUAL GENERAL MEETING
of Davide Campari-Milano N.V. held on 13 April 2023

The Annual General Meeting of shareholders held on 13 April 2023 ('AGM') approved the annual accounts for the financial year 2022 (including, inter alia, the financial statements for the year ended 31 December 2022, the non-financial disclosure, the corporate governance and the remuneration report) and the distribution of a cash dividend of €0.06 per share outstanding, gross of withholding taxes, unchanged versus last year. The total dividend paid, calculated on the shares outstanding and excluding own shares in the portfolio (36,889,189) at the coupon detachment date (i.e., 24 April 2023) was €67.5 million. The cash dividend was paid on 26 April 2023 in accordance with the Italian Stock Exchange calendar, with a record date of 25 April 2023. The AGM granted discharge to the executive and non-executive directors in office in 2022 in relation to the performance of their respective duties pursuant to the applicable regulation.
Moreover, the AGM approved a new stock option plan for an aggregate maximum number of options based on the ratio between €6,000,000 and the options' exercise price for the category of beneficiaries other than the members of the Board of Directors, in accordance with the Stock Option Regulation adopted by the Company.
The AGM also authorised the Board of Directors to purchase the Company's own shares, mainly aimed at the replenishment of the portfolio of own shares to serve the current and future equity-based incentive plans for the Group's management according to the limits and procedures provided by the applicable laws and regulations. The authorisation is granted until 13 October 2024.
The AGM confirmed the appointment of Ernst&Young Accountants, LLP as independent external auditor entrusted with the audit of the annual accounts for the financial years 2023-2027, pursuant to applicable Dutch law.

[3] Previous target: Reduce greenhouse gas ('GHG') emissions (kg of CO2e/L) from direct operations (Scope 1&2) by 20% by 2025, by 30% by 2030 and by 25% from the total supply chain by 2030, using 2019 as the baseline.
[4] Previous target: 100% renewable electricity for European production sites by 2025.
[5] Previous targets: Reduce water usage (L/L) by 40% by 2025 and by 42.5% by 2030, using 2019 as the baseline.

CONVERSION OF CERTAIN SPECIAL VOTING

shares A into Special Voting Shares B, allowing five years loyal shareholders to increase voting rights from 2 to 5 votes

On 4 August 2023, the Company communicated the conclusion of the conversion of n. 594,021,404 Special Voting Shares A held by the controlling shareholder Lagfin S.C.A., Société en Commandite par Actions ('Lagfin') and other shareholders into an equal number of Special Voting Shares B, allowing five years loyal shareholders to increase voting rights from 2 to 5 votes, in accordance with the Special Voting Mechanism approved by the Shareholders' meeting on 27 March 2020 (the 'Special Voting Mechanism'). The Special Voting Mechanism was introduced with the aim of encouraging a capital structure more supportive of Campari's long-term growth strategy, i.e., organic growth combined with external growth, and rewarding a shareholder base with a long-term investment horizon. With the conversion of Special Voting Shares A into Special Voting Shares B, Lagfin confirmed its long-term and unrelenting commitment to the Group's growth strategy. As a result of the conversion on that date, the percentage of the controlling shareholder's voting rights has increased to 84.0% (from 68.6%).

FINANCIAL DEBT MANAGEMENT

On 5 May 2023, Davide Campari-Milano N.V. entered into a term facility of €400 million and a revolving facility[6] of the same amount, hence an agreement for a total amount equal up to €800 million (the 'Loan') with a pool of banks. The term facility has a termination date of 30 June 2029, while the revolving facility termination date is 30 June 2028 with an extension option to 30 June 2029 at the banks' discretion. The scope of the agreement is general corporate purposes of Campari Group, including, but not limited to, the repayment of the €250 million term loan and a revolving facility of the same amount, made available to Davide Campari-Milano N.V. in 2019 and with termination date in July 2024, and the cancellation of a revolving loan of €150 million granted in 2020. The Loan is sustainability-linked and provides for a variable component of the interest rate applicable depending on the achievement of certain ESG targets identified by Campari Group and particularly focused on the reduction of emissions, the responsible use of water and gender equality.
On 11 May 2023 Davide Campari-Milano N.V. successfully completed the placement of an unrated 7-year bond issue, targeted at institutional investors. The placement is for €300 million in principal amount of notes maturing on 18 May 2030, paying a fixed annual coupon of 4.71%, issued at an issue price of 100%. The proceeds of the issue will be used by the Company for general corporate purposes. Through this transaction, the Company intends to optimise its debt structure by extending the average maturity of its liabilities while benefitting from favourable market conditions.

Campari Group has clinched top place in the 2023

INSTITUTIONAL INVESTOR RANKINGS

On 11 September 2023, Campari Group CEO Bob Kunze-Concewitz and CFO Paolo Marchesini were named 'Best CEO' and 'Best CFO' of the Beverages sector in the 2023 Developed Europe Executive Team ranking by Institutional Investor Research, the leading provider of independent performance validation and market sentiment across global capital markets. As one of the 19 companies that clinched first place among 985 companies in the combined rankings in five of the seven voting areas, the Group also achieved top scores in the Beverages sector across the other key categories: Best IR Professionals (#2 Chiara Garavini), Best IR Team, Best IR Program, Best Investor/Analyst Events and Best ESG Program.

CORPORATE BODIES:

Bob Kunze-Concewitz has decided to retire as CEO effective as of April 2024

On 12 September 2023, after 18 years with the company, Bob Kunze-Concewitz, CEO of Campari Group, informed the Board of Directors of his decision to retire from his role to pursue his personal passions effective as of the Annual General Meeting of 11 April 2024. In accordance with the Group's succession planning process, the Board of Directors, after consultation with the Remuneration and Appointment Committee, has selected Matteo Fantacchiotti, Managing Director Asia Pacific, as the new CEO nominee.
To ensure an orderly and smooth handover, Matteo has been appointed Deputy CEO, effective immediately. Pursuant to applicable regulations and to the Company By-Laws, the Board of Directors will submit to the next Annual General Meeting of 11 April 2024 the nomination of Matteo Fantacchiotti as new Executive Director to join the other two Executive Directors Paolo Marchesini (Chief Financial and Operating Officer) and Fabio Di Fede (General Counsel and Business Development Officer). The appointment of Matteo Fantacchiotti as CEO of Campari Group will be confirmed by means of a resolution by the Board of Directors. In accordance with the remuneration policy, after retiring Bob Kunze-Concewitz will be entitled to receive the last-mile incentive bonus as detailed in the remuneration report. The last-mile incentive target scheme assumes completion of the 2023 financial year, and target achievement will be verified by the Remuneration and Appointment Committee and approved by the non-executive members of the Board of Directors.

[6] Term facility was included in financial position line item 'loans due to banks' under non-current liabilities.

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SUBSEQUENT EVENTS
Acquisitions and commercial agreements

Subsequent events relating acquisitions and commercial agreements as well as Group significant events and corporate actions are disclosed below. For other significant events material from financial statements prospective, please refer to the dedicated note in the Campari Group consolidated financial statements, to which reference is made.

NEW ROUTE-TO-MARKET IN GREECE

As of 1 January 2024, Campari Group is dynamically entering the Greek market by leveraging on its subsidiary Campari Hellas S.A., which will fully undertake the trading and distribution of alcoholic beverages of Campari Group for Greece. The strategic decision demonstrates the importance of the Greek market for the Group's growth trajectory, given the prospects and possibilities the country offers as one of the most popular summer destinations.

Group significant events and corporate actions

REORGANIZATION OF BRAND CLUSTERS AND BUSINESS UNIT RECONFIGURATION

Starting from 1 January 2024, Campari Group aims to enhance certain disclosures concerning net sales information, in response to evolving management strategies within its business operations.

The Group has opted to retrospectively apply these modifications, thus aligning financial data for 2023 with the aforementioned changes, effective as of 1 January 2024. These revisions have no impact on the reported figures in the primary statements of the Consolidated Financial Statements at 31 December 2023.

Primarily, the Group is preparing a partial business unit reconfiguration which will lead to a combined EMEA region. The unified European area is aimed at strengthening the Group's leadership position in this region, unlocking operational and commercial efficiencies. Consequently, in 2024 the Group will be overseen through distinct business units organized by the following geographical regions: 'Americas', 'EMEA' (combining Europe and Southern Europe Developing Markets, Middle East and Africa), and 'Asia-Pacific'.

The tables below showed the changes affecting the Group net sales and result from recurring activities figures disclosed during 2023.

	for the year ended 31 December 2023								Fourth quarter			
Group net sales and result from recurring activities by region	After reclassification				Published				After reclassification		Published	
	Net sales		Result from recurring activities		Net sales		Result from recurring activities		Net sales		Net sales	
	€ mllion	%	€ mllion	%	€ mllion	%	€ mllion	%	€ mllion	%	€ mllion	%
Americas	1,282.6	43.9%	261.1	42.2%	1,282.6	43.9%	261.1	42.2%	324.0	45.2%	324.0	45.2%
Southern Europe, Middle East and Africa	-	-	-	-	804.5	27.6%	125.5	20.3%	-	-	173.5	24.2%
North, Central and Eastern Europe	-	-	-	-	601.3	20.6%	222.0	35.9%	-	-	154.2	21.5%
EMEA	1,405.8	48.2%	347.5	56.2%	-	-	-	-	327.8	45.7%	-	-
Asia-Pacific	230.2	7.9%	10.0	1.6%	230.2	7.9%	10.0	1.6%	65.5	9.1%	65.5	9.1%
Total	**2,918.6**	**100.0%**	**618.7**	**100.0%**	**2,918.6**	**100.0%**	**618.7**	**100.0%**	**717.3**	**100.0%**	**717.3**	**100.0%**

	for the nine months ended 30 September 2023				Third quarter			
Group net sales focus by region	**After reclassification**		**Published**		**After reclassification**		**Published**	
	€ million	**%**	**€ million**	**%**	**€ million**	**%**	**€ million**	**%**
Americas	958.6	43.5%	958.6	43.5%	326.6	43.9%	326.6	43.9%
Southern Europe, Middle East and Africa	-	-	630.9	28.7%	-	-	189.6	25.5%
North, Central and Eastern Europe	-	-	447.1	20.3%	-	-	168.0	22.6%
EMEA	1,078.0	49.0%	-	-	357.6	48.1%	-	-
Asia-Pacific	164.7	7.5%	164.7	7.5%	59.3	8.0%	59.3	8.0%
Total	**2,201.3**	**100.0%**	**2,201.3**	**100.0%**	**743.5**	**100.0%**	**743.5**	**100.0%**

	for the six months ended 30 June 2023								Second quarter			
Group net sales and result from recurring activities by region	**After reclassification**				**Published**				**After reclassification**		**Published**	
	Net sales		**Result from recurring activities**		**Net sales**		**Result from recurring activities**		**Net sales**		**Net sales**	
	€ million	**%**	**€ million**	**%**	**€ million**	**%**	**€ million**	**%**	**€ million**	**%**	**€ million**	**%**
Americas	632.1	43.4%	151.4	42.1%	632.1	43.4%	151.4	42.1%	315.3	39.9%	315.3	39.9%
Southern Europe, Middle East and Africa	-	-	-	-	441.3	30.3%	100.9	28.0%	-	-	250.3	31.7%
North, Central and Eastern Europe	-	-	-	-	279.1	19.1%	101.9	28.3%	-	-	170.2	21.5%
EMEA	720.4	49.4%	202.8	56.4%	-	-	-	-	420.5	53.2%	-	-
Asia-Pacific	105.4	7.2%	5.6	1.5%	105.4	7.2%	5.6	1.5%	54.1	6.9%	54.1	6.9%
Total	**1,457.8**	**100.0%**	**359.7**	**100.0%**	**1,457.8**	**100.0%**	**359.7**	**100.0%**	**789.9**	**100.0%**	**789.9**	**100.0%**

	for the three months ended 31 March 2023				First quarter			
Group net sales focus by region	**After reclassification**		**Published**		**After reclassification**		**Published**	
	€ million	**%**	**€ million**	**%**	**€ million**	**%**	**€ million**	**%**
Americas	316.8	47.4%	316.8	47.4%	316.8	47.4%	316.8	47.4%
Southern Europe, Middle East and Africa	-	-	191.0	28.6%	-	-	191.0	28.6%
North, Central and Eastern Europe	-	-	108.9	16.3%	-	-	108.9	16.3%
EMEA	299.9	44.9%	-	-	299.9	44.9%	-	-
Asia-Pacific	51.2	7.7%	51.2	7.7%	51.2	7.7%	51.2	7.7%
Total	**667.9**	**100.0%**	**667.9**	**100.0%**	**667.9**	**100.0%**	**667.9**	**100.0%**

Simultaneously, the Group intends to reorganize its brand clusters, with Espolòn being promoted to global priority brand status effective from the same date: the global expansion for Espolòn is now enabled by unconstrained volume after the production capacity expansion. The decision is also supported by the consistently positive and increasing performance over the years for the brand in-line with other global priority brands, with enduring business momentum within its category.

Furthermore, to align with the comprehensive product portfolio review, minor adjustments have been made to the composition of regional priority clusters. These adjustments include the repositioning of brands from local and rest of portfolio categories to more accurately reflect regional priorities.

The tables below showed the changes affecting the Group net sales figures disclosed during 2023.

	for the year ended 31 December 2023				Fourth quarter			
Group net sales focus by priorities	**After reclassification**		**Published**		**After reclassification**		**Published**	
	€ million	**%**	**€ million**	**%**	**€ million**	**%**	**€ million**	**%**
Global priority brands	1,897.8	65.0%	1,664.1	57.0%	430.4	60.0%	366.7	51.1%
Regional priority brands	570.1	19.5%	751.1	25.7%	167.9	23.4%	219.7	30.6%
Local priority brands	191.1	6.5%	242.2	8.3%	48.6	6.8%	60.3	8.4%
Rest of the portfolio	259.5	8.9%	261.1	8.9%	70.3	9.8%	70.6	9.8%
Total	**2,918.6**	**100.0%**	**2,918.6**	**100.0%**	**717.3**	**100.0%**	**717.3**	**100.0%**

	for the nine months ended 30 September 2023				Third quarter			
Group net sales focus by priorities	After reclassification		Published		After reclassification		Published	
	€ million	%	€ million	%	€ million	%	€ million	%
Global priority brands	1,467.4	66.7%	1,297.5	58.9%	497.3	66.9%	434.1	58.4%
Regional priority brands	402.2	18.3%	531.4	24.1%	136.2	18.3%	186.0	25.0%
Local priority brands	142.5	6.5%	181.9	8.3%	42.0	5.7%	55.1	7.4%
Rest of the portfolio	189.2	8.6%	190.5	8.7%	68.0	9.1%	68.3	9.2%
Total	**2,201.3**	**100.0%**	**2,201.3**	**100.0%**	**743.5**	**100.0%**	**743.5**	**100.0%**

	for the six months ended 30 June 2023				Second quarter			
Group net sales focus by priorities	After reclassification		Published		After reclassification		Published	
	€ million	%	€ million	%	€ million	%	€ million	%
Global priority brands	970.1	66.5%	863.4	59.2%	531.8	67.3%	476.4	60.3%
Regional priority brands	266.0	18.2%	345.4	23.7%	138.2	17.5%	178.8	22.6%
Local priority brands	100.5	6.9%	126.7	8.7%	53.8	6.8%	68.1	8.6%
Rest of the portfolio	121.2	8.3%	122.2	8.4%	66.2	8.4%	66.7	8.4%
Total	**1,457.8**	**100.0%**	**1,457.8**	**100.0%**	**789.9**	**100.0%**	**789.9**	**100.0%**

	for the three months ended 31 March 2023				First quarter			
Group net sales focus by priorities	After reclassification		Published		After reclassification		Published	
	€ million	%	€ million	%	€ million	%	€ million	%
Global priority brands	438.3	65.6%	387.0	57.9%	438.3	65.6%	387.0	57.9%
Regional priority brands	127.9	19.1%	166.7	25.0%	127.9	19.1%	166.7	25.0%
Local priority brands	46.7	7.0%	58.7	8.8%	46.7	7.0%	58.7	8.8%
Rest of the portfolio	55.0	8.2%	55.5	8.3%	55.0	8.2%	55.5	8.3%
Total	**667.9**	**100.0%**	**667.9**	**100.0%**	**667.9**	**100.0%**	**667.9**	**100.0%**

RELOCATION OF CAMPARI GROUP'S HEADQUARTERS

Campari Group will undertake new investments into a real-estate project which will also host the new combined EMEA region, creating a fully modernized working environment, leveraging our proprietary brand houses and academies in the city centre, and reestablishing the Group's bond with Milan. The new headquarters will serve as a pivotal, iconic, and accessible hub, attracting and retaining the best domestic and international talents. Additional capex to support the Group's move to new headquarters in downtown Milan are estimated into an initial investment of approximately €110 million in 2024 plus renovations. The move is expected in 2027 after renovations.

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GROUP FINANCIAL REVIEW
Sales performance

Sales comprise revenue from contracts with customers from the sale of goods in Campari Group's markets. The nature, amount, timing and uncertainty of sales, as well as the corresponding cash flows, are affected by economic and business factors which differ across markets, also as a function of their different sizes and maturity profiles. These elements are primarily attributable to demographics, consumption habits and also influenced by historical, social and climatic factors, local consumer taste preferences, propensity to consume, the market commercial structure in terms of the weight of the distribution channels (off-premise vs on-premise) as well as retailer concentration. As an effect of the above factors, the sales composition by brand differs from market to market. Consequently, the brand building and sales infrastructure investments are allocated to respond to each market priority. For the Group, the four operating segments managed in terms of resource allocation, and in particular, investment in brand-building and distribution capabilities, are the following: Americas ('Americas'), Southern Europe, Middle East and Africa ('SEMEA'), Northern, Central and Eastern Europe ('NCEE'), and Asia-Pacific ('APAC'). In order to highlight the main business performance drivers in a diversified context and to assess the contribution of the different brands to the overall sales performance of the Group, further breakdowns by brand category (global, regional and local brands) and for major brands are provided to better explain their contribution to the region. The categorisation of brands into three main clusters (global priorities, regional priorities and local priorities) is based on their scale, growth potential and business priority.

1. Key highlights

In 2023, the Group's net sales amounted to €2,918.6 million, with an overall increase of +8.2% compared with 2022. Organic and perimeter were positive at +10.5% and +1.2%, partially offset by negative exchange rate component of -3.5%.

for the years ended 31 December	2023	2022	total change	Full year change %, of which				Organic change % by quarter			
	€ million	€ million	€ million	Total	Organic	Perimeter	Exchange rate[(1)]	First	Second	Third	Fourth
Total	**2,918.6**	2,697.6	**220.9**	8.2%	**10.5%**	1.2%	-3.5%	19.6%	10.1%	4.4%	**10.6%**

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

In 2023, reported organic sales increased by +10.5% thanks to continued solid brand momentum driven by aperitifs, tequila and bourbon, with industry outperformance, as well as robust pricing across the portfolio. Fourth-quarter organic sales growth was +10.6%, driven by positive sustained sales growth in the United States, in particular driven by tequila and bourbon, as well as good momentum in the core European and Asia-Pacific markets.

Business scale of the Group increased by around 60% organically since 2019 reporting a CAGR 2019-2023 of +11.6% thanks to the Group core exposure across three top outperforming spirits categories with a step-up in the core aperitifs (organic growth of +84% since 2019-CAGR 2019-2023 of +16.5%), bourbon (organic growth of +50% since 2019-CAGR 2019-2023 of +10.7%), and tequila (organic growth of +188% since 2019-CAGR 2019-2023 of +30.3%), doubling its share of sales weight to 8% in 2023. Enhanced commercial capabilities and boosted infrastructure also supported organic sales expansion most notably in Asia-Pacific which doubled its value of net sales weight to 4% (excluding Australia).

To mitigate the effect of hyperinflationary economies, the organic change for countries (Argentina), having to adopt the hyperinflationary methodology laid down in IFRS includes only the component attributable to volumes sold in relation to net sales, while the effects associated with hyperinflation, including price index variation and price increases, are treated as exchange rate effects. As regards the ongoing business in Russia-Ukraine, it continues to have a limited impact on the Group's consolidated results, accounting overall for approximately 3% of Campari Group's net sales in both 2023 and 2022.

An in-depth analysis by geographical region and core market of sales registered in 2023 compared with 2022 is provided below. Unless otherwise stated, the comments relate to the organic change in each market.

2. Organic sales performance of operating segments

The table below illustrates the sales performance of the four geographical clusters in 2023 as compared to 2022.

Group net sales focus by region	for the years ended 31 December 2023 € million	2023 %	2022 € million	2022 %	Total change € Million	Full year change %, of which: Total	Organic	Perimeter	Exchange rate[1]	Fourth quarter Organic change
Americas	1,282.6	43.9%	1,229.4	45.6%	53.2	4.3%	7.7%	1.0%	-4.4%	11.1%
Southern Europe, Middle East and Africa	804.5	27.6%	746.3	27.7%	58.1	7.8%	6.8%	1.4%	-0.3%	-1.1%
North, Central and Eastern Europe	601.3	20.6%	524.0	19.4%	77.3	14.8%	18.7%	0.5%	-4.4%	26.3%
Asia-Pacific	230.2	7.9%	197.9	7.3%	32.3	16.3%	20.7%	3.2%	-7.5%	7.6%
Total	**2,918.6**	**100.0%**	**2,697.6**	**100.0%**	**220.9**	**8.2%**	**10.5%**	**1.2%**	**-3.5%**	**10.6%**

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

AMERICAS

The region, broken down into its core markets below, recorded an organic increase of +7.7%. The region is predominantly off-premise skewed, particularly North America.

	% of Group total	for the years ended 31 December 2023 € million	2023 %	2022 € million	2022 %	Total change € Million	Full year change %, of which: Total	Organic	Perimeter	Exchange rate[1]	Fourth quarter Organic change
US	27.9%	813.1	63.4%	746.1	60.7%	66.9	9.0%	10.1%	1.7%	-2.8%	12.8%
Jamaica	5.2%	151.0	11.8%	151.9	12.4%	(0.9)	-0.6%	2.4%	-	-3.0%	-1.7%
Other countries of the region[1]	10.9%	318.6	24.8%	331.4	27.0%	(12.8)	-3.9%	4.9%	-0.2%	-8.6%	14.6%
Americas	**43.9%**	**1,282.6**	**100.0%**	**1,229.4**	**100.0%**	**53.2**	**4.3%**	**7.7%**	**1.0%**	**-4.4%**	**11.1%**

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

The **United States**, accounting for 27.9% of the Group's net sales, reported very solid growth (+10.1%) with a very strong last quarter (+12.8%), largely thanks to Espolòn, aperitifs, Russell's Reserve and Appleton Estate, while Grand Marnier also returned to growth in the last period of the year. Overall, the Group continued its outperformance in the overall market (based on Nielsen indicators[7]).

Jamaica showed positive growth in 2023 (+2.4%) against a tough comparison base (+29.8% in 2022) led by Magnum Tonic Wine, Appleton Estate and Wray&Nephew Overproof. Organic performance for the rest of the region was positive overall (+4.9%), with positive growth in **Brazil** and **Mexico** offsetting weakness in **Argentina**.

SOUTHERN EUROPE, MIDDLE EAST AND AFRICA

The region, which is broken down by core markets in the table below, reported an organic increase of +6.8%. It is predominantly skewed to the on-premise channel.

	% of Group total	for the years ended 31 December 2023 € million	2023 %	2022 € million	2022 %	Total change € million	Full year change %, of which: Total	Organic	Perimeter	Exchange rate	Fourth quarter Organic change
Italy	16.8%	489.5	60.8%	462.9	62.0%	26.6	5.7%	5.5%	0.2%	-	4.1%
France	5.9%	171.7	21.3%	151.7	20.3%	20.1	13.2%	7.2%	6.1%	-	-6.3%
Other countries of the region	4.9%	143.2	17.8%	131.7	17.7%	11.5	8.7%	10.6%	0.1%	-2.0%	-10.2%
Southern Europe, Middle East and Africa	**27.6%**	**804.5**	**100.0%**	**746.3**	**100.0%**	**58.1**	**7.8%**	**6.8%**	**1.4%**	**-0.3%**	**-1.1%**

Core market **Italy** reported overall positive performance (+5.5%) during the year and consistently outperformed the market with a positive fourth quarter (+4.1%), largely thanks to continued strength in the aperitif portfolio (Aperol +8.2% and Campari +8.9%), boosted by pricing and continued expansion of consumption occasions.

Overall positive growth was registered in **France** (+7.2%) (with a softer fourth quarter against a tough comparison base +15.6% in fourth quarter 2022), driven by core Aperol and Campari as well as Riccadonna sparkling wine, Trois Rivieres, Picon and Champagne Lallier, benefitting from a strong focus on the Group's own portfolio.

The rest of the region reported positive overall performance (+10.6%) including double-digit growth in **Spain** and **Greece** (+20.2% and +43.4% respectively), thanks to continued positive momentum led by Aperol and Campari. Global Travel Retail ('GTR') was up +24.3% with good momentum in Aperol, Campari, Grand Marnier, SKYY Vodka and Frangelico. Persistent weakness remained in **Nigeria** and **South Africa**, which were both affected by tough geopolitical and macro environments. The performance of the fourth quarter was impacted by continued weakness in Nigeria.

7 US NielsenIQ to 7th October 2023.

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NORTHERN, CENTRAL AND EASTERN EUROPE

The region, predominantly off-premise skewed, reported highly positive overall organic growth (+18.7%) across its core countries.

for the years ended 31 December

	% of Group total	2023		2022		Total change	Full year change %, of which				Fourth quarter
		€ million	%	€ million	%	€ million	Total	Organic	Perimeter	Exchange rate	Organic change %
Germany	8.2%	240.1	39.9%	193.6	37.0%	46.4	24.0%	23.9%	-	-	21.8%
United Kingdom	3.2%	94.4	15.7%	80.9	15.4%	13.5	16.7%	19.1%	-	-2.4%	32.6%
Other countries of the region	9.2%	266.9	44.4%	249.5	47.6%	17.4	7.0%	14.5%	0.9%	-8.4%	27.4%
North, Central and Eastern Europe	**20.6%**	**601.3**	**100.0%**	**524.0**	**100.0%**	**77.3**	**14.8%**	**18.7%**	**0.5%**	**-4.4%**	**26.3%**

Germany showed strong outperformance (+23.9%) in 2023, largely thanks to continued growth of the core aperitif portfolio, supported also by robust pricing, with Aperol, Aperol Spritz ready-to-enjoy, Campari and Crodino, all of which grew by double-digits, alongside strong growth from the recent innovation Sarti Rosa. The performance of the fourth quarter reported strong growth (+21.8%), thanks to aperitifs, Cinzano Sparkling wine and Ouzo12.

The **United Kingdom** registered strong overall growth (+19.1%) notwithstanding a tough consumer environment, with a very positive fourth quarter (+32.6%), thanks to continued momentum in Magnum Tonic Wine, Aperol, Campari and Wray&Nephew Overproof.

Good underlying trends remained in other markets, such as Austria, Poland and the Netherlands as well as Scandinavia, largely thanks to the aperitif portfolio.

ASIA-PACIFIC

This region, which is predominantly off-premise skewed and whose market breakdown is shown in the table below, recorded organic growth of +20.7%.

for the years ended 31 December

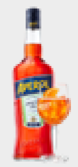
	% of Group total	2023		2022		Total change	Full year change %, of which				Fourth quarter
		€ million	%	€ million	%	€ million	Total	Organic	Perimeter	Exchange rate	Organic change %
Australia	4.2%	123.2	53.5%	124.9	63.1%	(1.7)	-1.4%	5.3%	0.5%	-7.2%	-3.1%
Other countries of the region	3.7%	107.0	46.5%	72.9	36.9%	34.1	46.7%	46.9%	7.9%	-8.1%	28.0%
Asia-Pacific	**7.9%**	**230.2**	**100.0%**	**197.9**	**100.0%**	**32.3**	**16.3%**	**20.7%**	**3.2%**	**-7.5%**	**7.6%**

In 2023, **Australia** showed positive performance (+5.3%), largely thanks to core Wild Turkey ready-to-drink, Wild Turkey bourbon, Aperol as well as Espolòn. The fourth quarter showed a slightly negative result (-3.1%) against the very tough comparison base in the fourth quarter of 2022 (+31.1%).

The other countries of the region registered very positive growth of +46.9% with positive trends in **South Korea** (+33.2%) driven by high-end Wild Turkey offerings, The GlenGrant, X-rated and SKYY Vodka. **China** registered positive overall growth (+5.3%) against an easy comparison base, thanks to SKYY and Aperol, while **Japan** also registered very strong growth thanks to brown spirits, SKYY ready-to-drink as well as The GlenGrant and Campari.

BRAND CONTRIBUTION TO SEGMENTS

The table shows the brand contribution to consolidated net sales and the most relevant segment and markets for each brand. While the global priority cluster includes brands with a globally diversified geographic exposure (either current or potential), zregional priorities are concentrated in a limited number of countries within the same region and local priorities focus on one main domestic market.

		Group percentage and net sales by priority for the years ended 31 december 2023		Full year change % compared with full year 2022, of which				Fourth quarter Organic change % compared with fourth quarter 2022	Main region/markets for brands
		%	€ million	Total	Organic	Perimeter	Exchange rate		
GLOBAL PRIORITY BRANDS		**57.0%**	**1,664.1**	**7.4%**	**10.8%**	**-**	**-3.4%**	**10.5%**	**-**
Aperol		24.1%	703.5	20.9%	23.1%	-	-2.2%	22.3%	- Italy, SEMEA Germany, NCEE US, AMERICAS France, SEMEA United Kingdom, NCEE
Campari		10.6%	309.6	7.8%	10.7%	-	-3.0%	15.8%	- Italy, SEMEA US, AMERICAS Brazil, AMERICAS Germany, NCEE Jamaica, AMERICAS
Wild Turkey portfolio[1][2]		7.8%	226.9	5.1%	8.8%	-	-3.7%	3.5%	- US, AMERICAS Australia, APAC South Korea, APAC Japan, APAC GTR, SEMEA
Jamaican rums portfolio[3]		5.4%	156.5	4.0%	7.0%	-	-3.0%	5.0%	- Jamaica, AMERICAS US, AMERICAS United Kingdom, NCEE Canada, AMERICAS Mexico, AMERICAS
Grand Marnier		4.9%	143.2	-18.5%	-16.5%	-	-2.1%	-1.6%	- US, AMERICAS Canada, AMERICAS France, SEMEA GTR, SEMEA Mexico, AMERICAS
SKYY[1]		4.3%	124.4	-10.0%	1.5%	-	-11.5%	-1.5%	- US, AMERICAS Argentina, AMERICAS Germany, NCEE China, APAC South Africa, SEMEA

(1) Excludes ready-to-drink.
(2) Includes American Honey.
(3) Includes Appleton Estate, Wray&Nephew Overproof and Kingston 62.

	Group percentage and net sales by priority for the years ended 31 December 2023		Full year change % compared with full year 2022, Of which				Fourth quarter Organic change % compared with fourth quarter 2022	Main region/ markets for brands
	%	€ million	Total	Organic	Perimeter	Exchange rate		
REGIONAL PRIORITY BRANDS	**25.7%**	**751.1**	**9.5%**	**13.4%**	**0.9%**	**-4.8%**	**14.2%**	**-**
Espolòn	8.0%	233.2	31.8%	35.7%	-	-3.9%	30.9%	
Sparkling Wine&Vermouth	5.2%	150.5	-2.7%	9.0%	-	-11.7%	20.8%	
Italian specialties[4]	2.7%	79.7	-5.1%	-3.9%	1.4%	-2.6%	0.4%	
Crodino	2.2%	63.9	3.7%	3.6%	-	0.1%	8.4%	
Magnum Tonic	1.8%	52.5	18.3%	21.2%	-	-3.0%	6.6%	
Aperol Spritz ready-to-enjoy	1.3%	38.7	6.3%	6.6%	-	-0.3%	0.1%	
The GlenGrant	1.1%	31.1	9.1%	13.8%	-	-4.6%	-3.9%	
Other[5]	3.5%	101.5	2.0%	-0.1%	5.3%	-3.2%	-0.4%	
LOCAL PRIORITY BRANDS	**8.3%**	**242.2**	**8.6%**	**3.9%**	**5.1%**	**-0.4%**	**6.7%**	**-**
Campari Soda	2.7%	78.7	2.3%	2.3%	-	-	5.7%	
Wild Turkey ready-to-drink[6]	1.7%	48.6	-3.7%	3.4%	-	-7.1%	-3.6%	
SKYY ready-to-drink	1.4%	40.8	48.9%	35.5%	-	13.3%	40.5%	
X-Rated	0.4%	12.3	-0.2%	4.3%	-	-4.5%	5.9%	
Other[7]	2.1%	61.8	10.6%	-9.1%	20.4%	-0.7%	1.6%	
Rest of the portfolio	**8.9%**	**261.1**	**9.2%**	**6.7%**	**5.6%**	**-3.1%**	**3.7%**	**-**
Total	**100.0%**	**2,918.6**	**8.2%**	**10.5%**	**1.2%**	**-3.5%**	**10.6%**	**-**

(4) Includes Braulio, Cynar, Averna, Frangelico and Del Professore.
(5) Includes Bisquit&Dubouché, Bulldog, Forty Creek, Trois Rivières, Maison La Mauny, Ancho Reyes, Montelobos, Lallier and Wilderness Trail.
(6) Includes American Honey ready-to-drink.
(7) Includes Cabo Wabo, Ouzo 12 and Picon.

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Focusing on the key brands driving the aforementioned performance by segment, the main drivers by brand category and by brand, are reported below.

GLOBAL PRIORITY

Global priority brands maintained double-digit organic growth of +10.8% overall. **Aperol** showed strong organic growth (+23.1%) across all key markets, thanks to continued healthy brand momentum, despite experiencing a weaker third quarter attributable to unfavourable weather conditions in Europe, boosted by pricing and strong consumption, particularly in Italy (+8.2%), Germany (+32.9), the United States (+52.0%), France (+11.7%) and the United Kingdom (+28.9%). Strong brand momentum was also achieved in all other markets, particularly in Europe as Spain, Scandinavia, Austria, Belgium and Poland all grew double digits. Moreover, the brand also delivered strong double digits growth in Mexico, Canada, Australia and the GTR, while New Zealand, China and India grew by triple digits. Organic performance in the fourth quarter was strong (+22.3%), thanks to the continued deseasonalisation activities across the core European markets and the extension of drinking occasions. **Campari** reported very positive organic growth (+10.7%), largely driven by core Italy (+8.9%), the United States (+8.5%), Brazil (+34.8%) and Germany (+18.1%), thanks to continued momentum and high consumption in on-trade, supported by cocktail culture and high-end mixology as well as resilience in the at-home mixology trend. The success of the consumer-driven Campari spritz further enhanced the aperitivo category within the core European markets while classic cocktails such as the Negroni, Negroni Sbagliato, Americano, MiTo and Boulevardier continued to grow. The fourth quarter showed very positive organic growth (+15.8%) thanks to continued brand momentum. The **Wild Turkey portfolio** (+8.8%) continued its strong brand momentum in a premiumising category, which is also picking up momentum internationally, thanks to positive performance driven by core US, Australia, Japan and South Korea as well as GTR. High-margin premium bourbon Russell's Reserve showed a sustained outperformance, with strong double-digit growth in the core United States while Asia Pacific markets of Australia, South Korea and Japan also grew. Positive organic performance for **SKYY** (+1.5%) was achieved during the period thanks to growth in international markets driven by China and GTR, while core vodka grew in the United States. In 2023, **Grand Marnier** declined by -16.5% due to negative shipment performance impacted by destocking in the core United States market, mainly in the first nine months of the year, while shipments grew in the fourth quarter compared with the same period of 2022. **Jamaican Rums** grew by +7.0% organically with Appleton Estate being positive (+13.5%), driven by very positive category trends and the premiumisation of the brand in the core United States market. Wray&Nephew Overproof grew by +1.9% after shipment decline in the third quarter of the year in the core market Jamaica due to supply constraints, while the United Kingdom continued to outperform.

REGIONAL PRIORITY

Regional priority brands registered double-digit organic growth of +13.4%, driven by **Espolòn** (+35.7% and +30.9% in the fourth quarter) with sustained momentum in the core United States market, as the brand continued to gain market share driven by both volume share gain and positive pricing thanks to its strong brand equity and premium price points. **Sparkling Wine&Vermouth** showed positive performance (+9.0%), largely thanks to the good momentum of Riccadonna in France and Cinzano Sparkling wine in core Germany. **Italian specialties** reported negative performance (-3.9%) with positive growth of Braulio, which was more than offset by the other specialties. Positive performance was registered for **Crodino** (+3.6%) thanks to overall positive performance in Germany, Switzerland, the United Kingdom and France, offsetting flat growth in Italy. **Aperol Spritz ready-to-enjoy** was overall positive (+6.6%) thanks to strong growth in core Germany as well as positive pricing effects and growth in seeding markets such as Switzerland, the United States and other Northern European markets. **The GlenGrant** showed overall strong performance (+13.8%), in particular in South Korea and Japan, driven by high-end expressions. Overall very positive performance was recorded in the core United Kingdom and Jamaican markets for **Magnum Tonic Wine** (+21.2%). Moreover, positive growth was also reported across other regional priority brands, in particular **Montelobos, Ancho Reyes, Lallier and Forty Creek.**

LOCAL PRIORITY

Local priority brands grew by +3.9% in 2023 thanks to **Campari Soda**, which was positive in the fourth quarter in core Italy and showed favourable trends in international markets such as Austria and Switzerland, **Wild Turkey ready-to-drink** grew by +3.4%, driven by the continued recovery in the core Australian market, while **X-Rated** registered +4.3% organic growth mainly thanks to China, South Korea and Japan. Moreover, strong growth (+35.5%) was recorded for SKYY **ready-to-drink**, mainly driven by the core market Mexico and Japan.

THE REST OF THE PORTFOLIO

The rest of the portfolio reported positive growth of +6.7%.

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3. Perimeter variation

The perimeter variation of 1.2% in 2023, as compared with sales in 2022, is analysed in the table below.

Perimeter variation

Breakdown of the perimeter effect	€ million	% on 2022
Asset deals and business acquisitions	22.5	0.8%
Total asset deals and business acquisitions	**22.5**	**0.8%**
New agency brands	10.0	0.4%
Discontinued agency brands	(1.2)	-
Total agency brands	**8.8**	**0.3%**
Total perimeter effect	**31.3**	**1.2%**

ASSET DEALS AND BUSINESS ACQUISITIONS

In 2023, the sales contribution from asset deals and business acquisitions was +0.8% at overall Group level and comprised the Picon and Del Professore brands, starting from May and August 2022 respectively, as well as the sales related to Wilderness Trail Distillery, starting from 1 January 2023.

AGENCY BRANDS DISTRIBUTION

The perimeter variation due to the agency brands in 2023 was +0.3% and was mainly related to the sales generated by Howler Head bourbon from September 2022, following the acquisition of an initial minority investment in the brand owner Monkey Spirits, LLC and related distribution rights, partially offset by discontinued agency brands in Argentina.

4. Exchange rate effects

The exchange rate effect for 2023 was negative (-3.5%), mainly due to the depreciation against the Euro of the Group's key currencies such as the US$, the Jamaican Dollar, the Canadian Dollar, the Great Britain Pound and the Australian Dollar, only partially offset by strong revaluation of the Mexican Peso.
The exchange rate effect includes the impact of applying the IAS 29 Hyperinflation principle in Argentina. Moreover, as a prudent measure to strip out the effects of the local high inflation rate, the exchange rate effect also includes the pricing component.
The table below shows, for the Group's most important currencies, the average exchange rates for the year 2023 and 2022 respectively, and the spot rates at 31 December 2023, with the percentage change against the € compared with 31 December 2022.

	Average exchange rates			Spot exchange rates		
	for the year ended 31 December 2023	for the year ended 31 December 2022	Revaluation/ (evaluation) vs. 2022	at 31 December 2023	at 31 December 2022	Revaluation/ (devaluation) vs. 31 december 2022
	1 Euro	: 1 Euro	%	1 Euro	: 1 Euro	%
US$	1.082	1.054	-2.6%	1.105	1.067	-3.5%
Canadian Dollar	1.460	1.370	-6.1%	1.464	1.444	-1.4%
Jamaican Dollar	166.714	161.777	-3.0%	170.623	161.803	-5.2%
Mexican Peso	19.190	21.205	10.5%	18.723	20.856	11.4%
Brazilian Real	5.402	5.443	0.8%	5.362	5.639	5.2%
Argentine Peso[1]	892.924	188.503	-78.9%	892.924	188.503	-78.9%
Russian Ruble[2]	92.479	74.039	-19.9%	99.192	79.226	-20.1%
Great Britain Pound	0.870	0.853	-2.0%	0.869	0.887	2.1%
Swiss Franc	0.972	1.005	3.4%	0.926	0.985	6.3%
Australian Dollar	1.628	1.517	-6.8%	1.626	1.569	-3.5%
Yuan Renminbi	7.659	7.080	-7.6%	7.851	7.358	-6.3%

(1) The average exchange rate of the Argentine Peso for both 2023 and 2022 was equal to the spot exchange rate at 31 December 2023 and at 31 December 2022 respectively, based on IFRS accounting requirements for hyperinflation.
(2) On 2 March 2022, the European Central Bank ('ECB') decided to suspend the publication of € reference rate for the Russian Rouble until further notice. The Group has therefore decided to refer to an alternative reliable source for exchange rates based on executable and indicative quotes from multiple dealers.

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Statement of profit or loss
Key highlights

Profit or loss for the full year 2023 confirmed positive organic performance for all profitability indicators. Specifically, in organic terms, net sales, gross profit, contribution margin and the result from recurring operations (EBIT-adjusted) showed organic growth of +10.5%, +11.2%, +13.6% and +15.5%, respectively.

Compared to year 2019 business scale increased by around 60% organically thanks to strong brand momentum while gross margin remains down -220 basis points organically (-270 basis points reported), largely due to increase in agave purchase price alongside simultaneous strong growth of Espolòn, general cost input inflation increases as well as incremental depreciation linked to step-up in production capacity. In the period 2019-2023 the Group showed a strong pricing power more than offsetting cost of goods sold inflation in value with a potential for gradual margin rebuild going forward. EBIT margin trend in the same period benefitted from significant operating leverage after sustained investment in brand building and business infrastructure with continued brand building investments and enhanced route-to-market with 26 direct markets (vs. 20 in 2019).

The table below shows the statement of profit or loss[1] for the full year 2023 and a breakdown of the total change by organic change, perimeter change and exchange rate effects.

	for the years ended 31 December											
	2023		2022		Total change		Of which organic		Of which perimeter		Of which due to exchange rates and hyperinflation	
	€ million	%	€ million	%	€ million	%	€ million	%	€ million	%	€ million	%
Net sales[2]	**2,918.6**	**100.0**	**2,697.6**	**100.0**	**220.9**	**8.2%**	**284.2**	**10.5%**	**31.3**	**1.2%**	**(94.5)**	**-3.5%**
Cost of sales	(1,218.5)	(41.7)	(1,109.0)	(41.1)	(109.5)	9.9%	(106.5)	9.6%	(18.5)	1.7%	15.6	-1.4%
Gross profit	**1,700.1**	**58.3**	**1,588.6**	**58.9**	**111.5**	**7.0%**	**177.7**	**11.2%**	**12.7**	**0.8%**	**(78.9)**	**-5.0%**
Advertising and promotional expenses	(494.1)	(16.9)	(479.0)	(17.8)	(15.1)	3.2%	(26.4)	5.5%	(4.2)	0.9%	15.5	-3.2%
Contribution margin	**1,206.0**	**41.3**	**1,109.6**	**41.1**	**96.4**	**8.7%**	**151.2**	**13.6%**	**8.6**	**0.8%**	**(63.5)**	**-5.7%**
Selling, general and administrative expenses	(587.3)	(20.1)	(539.8)	(20.0)	(47.5)	8.8%	(63.0)	11.7%	(1.9)	0.4%	17.4	-3.2%
Result from recurring activities (EBIT-adjusted)	**618.7**	**21.2**	**569.9**	**21.1**	**48.8**	**8.6%**	**88.2**	**15.5%**	**6.6**	**1.2%**	**(46.0)**	**-8.1%**
Other operating income (expenses)	(78.5)	(2.7)	(58.3)	(2.2)	(20.2)	34.7%						
Operating result (EBIT)	**540.2**	**18.5**	**511.5**	**19.0**	**28.6**	**5.6%**						
Financial income (expenses) and adjustments	(75.6)	(2.6)	(30.7)	(1.1)	(44.9)	146.4%						
Earn-out income (expenses) and hyperinflation effect	10.3	0.4	0.7	-	9.6	1384.0%						
Profit (loss) related to joint-ventures	(8.3)	(0.3)	(6.6)	(0.2)	(1.7)	26.3%						
Profit before taxation	**466.5**	**16.0**	**475.0**	**17.6**	**(8.4)**	**-1.8%**						
Profit before taxation-adjusted	**544.2**	**18.6**	**538.0**	**19.9**	**6.2**	**1.2%**						
Taxation	(134.0)	(4.6)	(143.5)	(5.3)	9.4	-6.6%						
Net profit for the period	**332.5**	**11.4**	**331.5**	**12.3**	**1.0**	**0.3%**						
Net profit for the period-adjusted	**392.4**	**13.4**	**386.3**	**14.3**	**6.1**	**1.6%**						
Non-controlling interests	2.0	0.1	(1.5)	(0.1)	3.5	-236.6%						
Group net profit	**330.5**	**11.3**	**333.0**	**12.3**	**(2.5)**	**-0.7%**						
Group net profit-adjusted	**390.4**	**13.4**	**387.8**	**14.4**	**2.6**	**0.7%**						
Total depreciation and amortisation	(110.2)	(3.8)	(90.5)	(3.4)	(19.8)	21.8%	(13.9)	15.3%	(6.9)	7.7%	1.0	-1.2%
EBITDA-adjusted	**728.9**	**25.0**	**660.3**	**24.5**	**68.6**	**10.4%**	**102.1**	**15.5%**	**13.5**	**2.1%**	**(47.1)**	**-7.1%**
EBITDA	**650.4**	**22.3**	**602.0**	**22.3**	**48.4**	**8.0%**						

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

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The change in profitability in the full year 2023 and in the fourth quarter of 2023, shown as variation of percentage margin on net sales (basis points) and in percentage terms, is as follows[(1)].

	2023 compared to 2022		
Margin accretion (dilution) in basis point[(2)] and organic	**Total**	**Organic bps**	% organic
Net sales	-	-	10.5%
Cost of sales	(60)	30	9.6%
Gross profit	**(60)**	**30**	11.2%
Advertising and promotional expenses	80	80	5.5%
Contribution margin	**20**	**120**	**13.6%**
Selling, general and administrative expenses	(10)	(20)	11.7%
Result from recurring activities (EBIT-adjusted)	**10**	**90**	**15.5%**

	Fourth quarter 2023 compared to fourth quarter 2022		
Margin accretion (dilution) in basis point[(2)] and organic	**Total**	**Organic bps**	% organic
Net sales	-	-	10.6%
Cost of sales	70	160	6.8%
Gross profit	**70**	**160**	13.7%
Advertising and promotional expenses	170	180	1.6%
Contribution margin	**240**	**330**	**21.7%**
Selling, general and administrative expenses	10	20	9.4%
Result from recurring activities (EBIT-adjusted)	**250**	**350**	**45.5%**

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

The perimeter component for the full year 2023 reflected the tail-end effects of additions of the Picon brand and the acquisition of Wilderness Trail Distillery, with the latter generating a lower contribution than originally disclosed, due to prioritisation strategy of liquid allocation from bulk sales to high-margin own brand future growth. This contribution was partially offset by the discontinuation of agency brands in Argentina.
The exchange rate effect on EBIT-adjusted, including hyperinflation in Argentina, was negative during the period, mainly driven by the depreciation of the US$ and the appreciation of Mexican Peso penalising tequila cost.

Statement of profit or loss in detail

The key profit or loss items for the full year 2023 are analysed below, while a detailed analysis of the 'sales performance' is included in the previous paragraph, to which reference is made. The organic net sales showed a remarkable growth of +10.5% in full year 2023 due to continued solid brand momentum driven by aperitifs, tequila and bourbon along with the industry outperformance in core developed markets. This growth was further supported by the successful execution of pricing strategies across the portfolio notwithstanding market conditions that were not entirely favourable, owing to the lingering effects of high inflation.

Gross profit for the period was €1,700.1 million, up +7.0% compared with the full year 2022. The organic component of +11.2% was combined with a negative exchange rate variation at -5.0% and a perimeter effect at +0.8%. As a percentage of net sales, profitability stood at 58.3%, lower than the 58.9% reported in the same period of 2022, hence generating a dilutive effect of 60 basis points on a reported basis (30 basis points accretive organic effect and 90 basis points combined dilutive effect of exchange rate and perimeter components). Focusing on the organic variation during the period, the accretive effect of 30 basis points was mainly driven by pricing and positive sales mix effects during the period and initial benefit from agave which more than offsetting persisting input costs inflation and incremental fixed production costs linked to the incremented capital expenditure. In the fourth quarter, gross margin (+13.7% compared to the same period of 2022) accretion of 160 basis points was generated thanks to positive pricing effects combined with favourable sales mix.

Advertising and promotional expenses amounted to €494.1 million, up +3.2% overall compared with the same period of 2022 on a reported basis. As a percentage of sales, advertising and promotional expenses stood at 16.9%, lower than the 17.8% shown in the same period of 2022, thus generating an accretive effect of 80 basis points on profitability. In organic terms (+5.5%), investments reflected reduced activations due to very poor weather conditions and advertising and promotional expenses phasing into 2024 towards the last months of the year, thus generating a temporary accretive effect of 80 basis points. In the fourth quarter, advertising and promotional expenses grew slower than sales (accretive effect of 180 basis points). Perimeter variation was positive at +0.9%, while exchange rate variation was negative at -3.2%.

Contribution margin was €1,206.0 million in the full year 2023, an overall increase of +8.7% on the same period of 2022. As a percentage of sales, contribution margin stood at 41.3%, almost in line with the comparative year. The organic growth component was +13.6%, higher than net sales with an accretive effect on profitability of 120 basis points. The perimeter effect was positive at +0.8%, with a dilutive effect of 20 basis points, while the exchange rate effect of -5.7% had a dilutive effect on margins of 80 basis points.

Selling, general and administrative expenses amounted to €587.3 million in the period, up by +8.8% on the same period of 2022. As a percentage of sales, they stood at 20.1%, substantially unchanged compared to the 20.0% recorded in the full year 2022. At organic level, selling, general and administrative expenses increased by +11.7%, higher than net sales growth and therefore generating a dilutive effect on margins of 20 basis points due to normalised net sales growth, reflecting the continuous investments in the business infrastructure, including commercial and marketing capabilities and the setting up of a new route-to-market in Asia Pacific and Greece. In the fourth quarter, selling, general and administrative expenses grew slower than sales (accretive effect of 20 basis points) thanks to strong topline growth.

The result from recurring operations (EBIT-adjusted) for the period was €618.7 million, with an overall increase of +8.6% on the full year 2022. The return on sales-adjusted ('ROS') stood at 21.2%, substantially unchanged compared to 2022. The organic growth component was +15.5%, higher than the organic sales trend, thus generating a profit enhancement of 90 basis points on net sales. Adjusting advertisement and promotional expenses to a normalized level (+20 basis points accretive on topline, with a growth rate broadly consistent with net sales organic growth, i.e., +/-20 basis points), EBIT-adjusted normalized would be €600.7 million (+12.3% organically) showing a margin accretion of 30 basis points. In the fourth quarter of 2023, EBIT-adjusted resulted in a 350 basis points margin accretion to which selling, general and administrative expenses contributed 20 basis points due their slower growth compared to net sales, combined with a lag in advertising and promotional expenses generating an accretive effect of 180 basis points. On a full year basis, the impact of the exchange rate variation was negative at -8.1% (or €46.0 million, 80 basis points dilutive), versus -3,5% (or -€94.5 million on net sales), largely due to the transactional effect of the Mexican Peso as well as the depreciation of US$ and other emerging markets currencies. The perimeter effect was slightly positive at +1.2% (or €6.6 million, neutral on margins) reflecting the consolidation of Picon and Wilderness Trail Distillery, LLC as well as effects from agency distribution agreements.

Other operating income (expenses) comprised a net expense of €78.5 million, mainly attributable to impairment of fixed assets, provisions linked to restructuring initiatives, non-recurring costs connected to finance transformation as well as IT investments strengthening systems and procedures supporting commercial and marketing organisations, and last-mile long-term incentive schemes with retention purposes to be potentially awarded to senior management[8].

Operating result (EBIT) in the full year 2023 was €540.2 million, reflecting an increase of +5.6% compared with the same period of 2022. ROS amounted to 18.5% (19.0% in the same period of 2022).

Depreciation and amortisation totalled €110.2 million, up by +21.8% on the full year 2022.

EBITDA-adjusted stood at €728.9 million, an increase of +10.4%, of which +15.5% was at organic level, -7.1% was driven by exchange rate variations and the perimeter effect was positive at +2.1%.

EBITDA was €650.4 million in the full year 2023, an increase of +8.0% compared with the same period of 2022.

Net financial expenses which included exchange gain (losses), totalled €75.6 million compared with €30.7 million in the comparative year 2022. Excluding foreign exchange losses, mostly unrealised, net financial expenses amounted to €56.4 million in the full year 2023, showing an increase of €35.0 million on the same period of 2022 (excluding the financial adjustments represented by the remeasurement effect from liability management that occurred in 2022). The average cost of net debt was 3.3% (2.1% in the same period of 2022). The growth was mainly due to the higher average net debt in the full year 2023 (€1,732.7 million at 31 December 2023 and €1,037.4 million at 31 December 2022), combined with the overall rise in interest rates, which particularly affected the new term loans subscribed from the end of 2022 and the new bond issued in 2023.
In terms of reported net financial expenses, the change embedded a negative foreign exchange rate effect of €19.2 million (negative effect of €4.6 million in 2022) due to cross-currency transactions involving certain emerging markets currencies (particularly the Argentine Peso) for which hedging would not be cost-efficient, hence not activated by the Group. A detailed analysis of the net financial expenses is provided in the table below.

	for the years ended 31 December	
	2023 € million	2022 € million
Total interest expenses bond, loans and leases	(70.8)	(31.5)
Bank and other term deposit interest income	21.7	15.0
Other net expenses	(7.3)	(5.0)
Remeasurement effect from liability management	-	(4.6)
Total financial expenses before exchange gain (losses)	**(56.4)**	**(26.1)**
Exchange gain (losses)	(19.2)	(4.6)
Total financial income (expenses)	**(75.6)**	**(30.7)**

[8] Pursuant to the Remuneration Policy, a last-mile incentive scheme with retention purposes to be potentially awarded to the Chief Executive Officer has been approved by the Parent Company's corporate bodies and therefore implemented as set out in the Remuneration Report in the 'Governance' section of the Campari Group annual report for the year ended 31 December 2023.

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Hyperinflation and earn-out effects were positive at €10.3 million (€0.7 million in the same period of 2022).

Profit (loss) related to joint-ventures represented a net loss of €8.3 million, resulting from the allocation of the results from joint-ventures and also including the not material net gain of €0.9 million resulting from the reassessment of the previously held Group interests in the Japanese joint-venture CT Spirits Japan Ltd. and in the investment in the New Zealand Thirsty Camel Ltd., which became wholly owned subsidiaries after the Group acquired full control from 1 March 2023 and 4 April 2023 respectively.

Profit before taxation (Group and non-controlling interests) was €466.5 million, lower than the same period of 2022 (€475.0). Profit before taxation as a percentage of sales was 16.0% (17.6% in the same period of 2022).

Profit before taxation (Group and non-controlling interests) adjusted was €544.2 million (€538.0 million in the same period of 2022). Excluding the impact of the reported mostly unrealized exchange losses (€19.2 million in the year ended December 2023 compared to a loss of €4.6 million in the same period of 2022), the profit before taxation adjusted, was €563.4 million in comparison to €542.6 million in the same period of 2022.

Taxation amounted to €134.0 million on a reported basis in 2023. The reported tax rate for the year was 28.7%, a decrease from the reported tax rate of 30.2% in 2022. Excluding adjustments to operating, financial and fiscal expenses along with their related tax effects (totalling €59.9 million in 2023 compared to €54.8 million in 2022), the normalised tax rate was 27.9% in 2023, lower than the 28.2% recognised in 2022. Excluding the impact of the non-cash component attributable to the deferred taxes relating to the amortisation of goodwill and brands eligible for tax purposes (€21.4 million in 2023, up from €17.2 million in 2022 with the variance driven by the full year effects of the new acquisitions completed in 2022), the cash tax rate for 2023 was 24.0%, slightly above the 23.7% pro-forma cash tax rate calculated for 2022, which included the estimated full year deferred tax and profit or loss effect of the Wilderness Trail Distillery and Picon acquisitions (cash tax rate of 25.0% was reported in 2022).

Profit (loss) before taxation relating to non-controlling interests for the period under analysis was positive at €2.0 million, compared to a loss of €1.5 million in the year 2022.

Group's net profit was €330.5 million in 2023, a decrease of -0.7% compared to 2022, with a sales margin of 11.3%, lower than 2022 (12.3%). Excluding the adjustments to the operating and financial result and the related tax effects and tax adjustments, the Group's net profit increased by 0.7% to €390.4 million (€387.8 million in 2022 reported on a consistent basis).

Basic and diluted earnings per share[9] were both €0.29. Once adjusted for the aforementioned components, adjusted basic earnings amounted to €0.35 and adjusted diluted earnings amounted to €0.34. Adjusted basic earnings per share and adjusted diluted earnings per share were up by +0.5% and +0.8% respectively, compared to 2022 measured on a consistent basis.

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

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

	for the years ended 31 December	
	2023	2022
	€ million	€ million
Adjustments to operating income (expenses), of which:	**(78.5)**	**(58.3)**
Ukraine and russia conflict costs	(2.3)	(8.0)
Net expenses from acquisition/disposals of business or companies and indemnities from contract resolutions	(17.0)	(14.4)
Restructuring and reorganisation costs	(19.6)	(11.4)
Last mile long-term incentive schemes with retention purposes	(10.0)	(10.0)
Impairment of assets	(11.9)	(6.6)
Capital gains (losses) on the disposal of tangible and intangible assets	7.6	-
Non-recurring costs related to it system implementation	(13.3)	
Net penalties or gains arising from the settlement of tax and legal disputes	(8.4)	
Other adjustments to operating income (expenses)	(3.6)	(8.0)
Adjustments to financial income (expenses)	**-**	**(4.6)**
Adjustment related to remeasurement in joint-ventures	**0.9**	**-**
Total adjustments	**(77.7)**	**(63.0)**
Tax adjustments, of which:	**17.7**	**8.2**
Tax adjustments	(2.6)	(7.7)
Tax effect on operating and financial adjustments	20.3	15.9
Total net adjustment	**(59.9)**	**(54.8)**

	for the years ended 31 December							
	2023			2022			changes	
€ million	**Reported**	**Adjustments**	**Adjusted**	**Reported**	**Adjustments**	**Adjusted**	**Reported**	**Adjusted**
Profit before taxation	**466.5**	**(77.7)**	**544.2**	**475.0**	**(63.0)**	**538.0**	**-1.8%**	**1.2%**
Total taxation	**(134.0)**	**17.7**	**(151.8)**	**(143.5)**	**8.2**	**(151.6)**	**-6.6%**	**0.1%**
Tax adjustments		(2.6)			(7.7)			
Tax effect on operating and financial adjustments		20.3			15.9			
Net profit for the period	**332.5**	**(59.9)**	**392.4**	**331.5**	**(54.8)**	**386.3**	**0.3%**	**1.6%**
Tax rate (reported and adjusted)	**-28.7%**		**-27.9%**	**-30.2%**		**-28.2%**		
Deferred taxes on goodwill and trademarks		(21.4)	(21.4)		(17.2)	(17.2)		
Cash tax rate			**-24.0%**			**-25.0%**		

Profitability by business area

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

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

	For the years ended							
				2023				2022
	net sales	% of total	Result from recurring activities	% of total	Net sales	% of total	Result from recurring activities	% of total
	€ million	%	€ million	%	€ million	%	€ million	%
Americas	1,282.6	43.9%	261.1	42.2%	1,229.4	45.6%	263.2	46.2%
Southern Europe, Middle East and Africa	804.5	27.6%	125.5	20.3%	746.3	27.7%	101.2	17.8%
Northern, Central and Eastern Europe	601.3	20.6%	222.0	35.9%	524.0	19.4%	190.9	33.5%
Asia-Pacific	230.2	7.9%	10.0	1.6%	197.9	7.3%	14.7	2.6%
Total	**2,918.6**	**100.0%**	**618.7**	**100.0%**	**2,697.6**	**100.0%**	**569.9**	**100.0%**

AMERICAS

The Americas region made the largest contribution to the Group in terms of both sales and results from recurring activities, at 43.9% and 42.2% respectively.

The direct markets of the United States, Jamaica, Canada, Brazil, Mexico, Argentina and Peru together accounted for nearly all the region's sales. The results for the full year 2023 are shown below.

	for the years ended								
	2023		2022		Total change		Organic change		Organic accretion/ dilution of profitability
	€ million	%	€ million	%	€ million	%	€ million	%	Basis points
Net sales	**1,282.6**	**100.0**	**1,229.4**	**100.0**	**53.2**	**4.3%**	**94.9**	**7.7%**	**-**
Gross margin	**702.8**	**54.8**	**683.4**	**55.6**	**19.4**	**2.8%**	**59.6**	**8.7%**	**50**
Advertising and promotional expenses	(233.3)	(18.2)	(224.2)	(18.2)	(9.1)	4.1%	(15.9)	7.1%	10
Selling, general and administrative expenses	(208.3)	(16.2)	(196.0)	(15.9)	(12.4)	6.3%	(20.0)	10.2%	(40)
Result from recurring activities	**261.1**	**20.4**	**263.2**	**21.4**	**(2.1)**	**-0.8%**	**23.7**	**9.0%**	**30**

The result from recurring activities decreased by -0.8% overall, generating a margin on sales of 20.4% compared with the 21.4% reported in the previous year. The organic change was +9.0%, generating an accretive effect of 30 basis points on profitability. The main drivers at organic level were as follows:

- **gross margin** increased in value by +8.7%, above net sales growth (+7.7%), thus generating an accretive effect on profitability of 50 basis points due to favourable price/mix more than offsetting cost of goods sold inflation;
- **advertising and promotional expenses** recorded an increase of +7.1%, lower than net sales growth and therefore generating an accretive effect on profitability (10 basis points). The performance in the period reflected the initiatives behind selected global priority brands;
- **selling, general and administrative expenses** increased by +10.2% at organic level resulting in a profit dilution of 40 basis points due to increased investments in the business infrastructure.

SOUTHERN EUROPE, MIDDLE EAST AND AFRICA

The Southern Europe, Middle East and Africa region is the Group's second-largest region in terms of net sales, at 27.6%, and the third-largest in terms of profitability, at 20.3%. Besides Italy, the other key markets include France, Spain and South Africa, in addition to the Global Travel Retail channel. The results for the full year 2023 are shown below.

	for the years ended								
	2023		2022		Total change		Organic change		Organic accretion/ dilution of profitability
	€ million	%	€ million	%	€ million	%	€ million	%	basis points
Net sales	**804.5**	**100.0**	**746.3**	**100.0**	**58.1**	**7.8%**	**50.5**	**6.8%**	**-**
Gross margin	**493.7**	**61.4**	**458.7**	**61.5**	**35.0**	**7.6%**	**32.4**	**7.1%**	**20**
Advertising and promotional expenses	(131.2)	(16.3)	(135.3)	(18.1)	(4.1)	-3.0%	4.4	-3.2%	170
Selling, general and administrative expenses	(237.0)	(29.5)	(222.2)	(29.8)	(14.7)	6.6%	(15.8)	7.1%	(10)
Result from recurring activities	**125.5**	**15.6**	**101.2**	**13.6**	**24.3**	**24.0%**	**21.1**	**20.8%**	**180**

The result from recurring activities increased to €125.5 million overall, generating a sales margin of 15.6% compared to the 13.6% reported in the previous year. The main organic drivers were as follows:

- **gross margin** showed an increase of +7.1%, leading to an accretion of 20 basis points driven by strong pricing including the increases introduced last autumn as well as a favourable sales mix, more than offsetting the cost of goods sold inflation;
- **advertising and promotional expenses** were down by -3.2% in comparison with the full year 2022, hence having a highly accretive effect on profitability (170 basis points). The observed outcome aligns with the consequences of cancelled summer activations due to very poor weather conditions, and advertisement and promotional expenses phasing into 2024;
- **selling, general and administrative expenses** increased by +7.1% compared to the same period of 2022, with a dilutive effect on profitability of 10 basis points with the strengthening of commercial capabilities in key markets mitigated by strong topline growth.

NORTHERN, CENTRAL AND EASTERN EUROPE

The Northern, Central and Eastern Europe region is the Group's third-largest region in terms of net sales, and the second-largest in terms of profitability, at 20.6% and 35.9% respectively. The region includes the direct markets of Germany, Austria, Switzerland, Benelux and the United Kingdom, which represent nearly all the sales in the region, and the markets served by third-party distributors. The results for the full year 2023 are shown below .

	for the years ended								
	2023		2022		Total change		Organic change		Organic accretion/ dilution of profitability
	€ million	%	€ million	%	€ million	%	€ million	%	basis points
Net sales	**601.3**	**100.0**	**524.0**	**100.0**	**77.3**	**14.8%**	**97.9**	**18.7%**	**-**
Gross margin	**400.4**	**66.6**	**357.6**	**68.3**	**42.8**	**12.0%**	**62.2**	**17.4%**	**(70)**
Advertising and promotional expenses	(93.5)	(15.5)	(88.5)	(16.9)	(5.0)	5.7%	(7.3)	8.2%	150
Selling, general and administrative expenses	(84.9)	(14.1)	(78.3)	(14.9)	(6.6)	8.4%	(9.7)	12.4%	80
Result from recurring activities	**222.0**	**36.9**	**190.9**	**36.4**	**31.2**	**16.3%**	**45.2**	**23.7%**	**150**

The result from recurring activities increased to €222.0 million overall, generating a sales margin of 36.9%, consistent with 36.4% reported in 2022. Organic growth was +23.7% with an accretive effect of 150 basis points. The main drivers were as follows:

- **gross margin** showed growth of +17.4% leading to an overall organic dilutive effect of 70 basis points, influenced by the inflationary pressures on the cost of sales, only marginally mitigated by the impact on pricing;
- **advertising and promotional expenses** increased by +8.2%, lower than sales growth of +18.7%, generating an accretive effect on profitability of 150 basis points. The trend reflected the phasing or cancellation of summer activations due to poor weather conditions in selected markets;
- **selling, general and administrative expenses** showed an increase of +12.4%, with a accretive effect of 80 basis points on profitability thanks to strong net sales growth.

ASIA-PACIFIC

The Asia-Pacific region includes the Group's own distribution platforms in Australia, China, India and South Korea, as well as the latest markets Japan and New Zealand following the recent business combination completed by the Group. The rest of the region is served by third-party distributors and joint-ventures. The region's contribution to the Group's net sales and result from recurring activities in the full year 2023 was 7.9% and 1.6% respectively. The results for the full year 2023 are shown below.

	for the years ended								
	2023		2022		Total change		Organic change		Organic accretion/ dilution of profitability
	€ million	%	€ million	%	€ million	%	€ million	%	basis points
Net sales	**230.2**	**100.0**	**197.9**	**100.0**	**32.3**	**16.3%**	**40.9**	**20.7%**	**-**
Gross margin	**103.2**	**44.8**	**88.8**	**44.9**	**14.3**	**16.1%**	**23.4**	**26.4%**	**210**
Advertising and promotional expenses	(36.1)	(15.7)	(30.9)	(15.6)	(5.1)	16.6%	(7.6)	24.5%	(50)
Selling, general and administrative expenses	(57.1)	(24.8)	(43.2)	(21.9)	(13.8)	32.0%	(17.6)	40.6%	(360)
Result from recurring activities	**10.0**	**4.4**	**14.7**	**7.4**	**(4.6)**	**-31.6%**	**(1.7)**	**-11.7%**	**(200)**

The result from recurring activities decreased of €4.6 million overall, generating a margin on sales of 4.4% compared with the 7.4% reported in 2022. The organic change was negative at -11.7%, with a corresponding dilution in profitability of 200 basis points, essentially due to the reinvestment of the full gross margin in advertising, promotional and commercial capabilities aimed at strengthening the Group's presence in the area:

- **gross margin** grew by +26.4%, higher than net sales growth, and showed an accretive effect on profitability of 210 basis points, thanks to strong pricing and very favourable sales mix driven by continued premiumisation, which more than offset cost of sales inflation;
- **advertising and promotional expenses** grew by +24.5%, higher than the organic sales growth (+20.7%), generating a dilutive effect on profitability of 50 basis driven respectively, driven by robust investments behind premium brands in the area;
- **selling, general and administrative expenses** increased by +40.6%, higher than net sales, thus generating a dilutive effect on profitability of 360 basis points, reflecting continued investment in the region, especially in route-to-market capabilities.

Operating working capital

The breakdown of the total change in operating working capital compared with the figure at 31 December 2022 is as follows.

	at 31 December 2023	at 31 December 2022 post-reclassifications[1]	Total change	Organic	Perimeter	Exchange Rates and hyperinflation
	€ million	€ million	€ million	€ million	€ million	€ million
Trade receivables	374.3	308.2	66.1	*80.3*	*8.3*	*(22.5)*
Total inventories, of which:	1,252.5	1,011.7	240.8	*251.8*	*8.1*	*(19.2)*
Maturing inventory	603.3	516.0	87.3	*95.7*	-	*(8.3)*
Biological assets	15.1	7.1	8.0	*7.1*	-	*0.9*
Other inventory	634.1	488.6	145.4	*149.0*	*8.1*	*(11.7)*
Trade payables	(521.1)	(541.6)	20.5	*30.1*	*(27.2)*	*17.7*
Operating working capital	**1,105.6**	**778.3**	**327.4**	***362.2***	***(10.8)***	***(24.0)***
Sales in the previous 12 months rolling	2,918.6	2,697.6				
Working capital as % of net sales rolling	37.9	28.8				

[1] For information on reclassifications of comparative figures, refer to note 2 vi.-'Reclassification of comparative figures at 31 December 2022' of the Campari Group consolidated financial statements at 31 December 2023.

At 31 December 2023, operating working capital amounted to €1,105.6 million, marking an increase of €327.4 million compared to 31 December 2022. This increase when measured as a percentage of net sales, resulted in a rise from 28.8% (or 28.3% if adjusted for the pro-forma effects of acquisitions made during 2022) at the end of 2022 to 37.9% at the end of December 2023 on a consistent reported basis. The increase was driven by the combined effect of the following drivers: an organic increase of €362.2 million, primarily due to the rise in inventories, a negative impact from business acquisitions amounting to €10.8 million as well as an exchange rate variation contributing to a decrease of €24.0 million.Focusing solely on organic performance, trade receivables surged by €80.3 million, persistently mirroring the robust performance of net sales and reflecting successful price increases, notwithstanding the steadily progressing improvement in collection conditions during the year. Inventory was up by €251.8 million and mainly due to the increase in maturing inventory of €95.7 million across bourbon whiskey, rum, scotch whisky, cognac and tequila to support both sustained consumer demand and the strategic endeavour towards premiumisation. It should be noted that, due to its nature, ageing liquid is comparable to invested capital as its growth profile is planned over a long-term horizon. Excluding ageing liquid, the increase was further related to the step-up of other inventory of €156.1 million, mainly consisting of additional production of finished goods, designed to underpin persistent seasonality observed during the winter months, which characterised sustained customer demand towards the end of the year, as well as the requirement for temporary safety stock associated with significant capacity expansion initiatives across the Group's production facilities in many geographies. Trade payables showed an organic decrease of €30.1 million compared to 31 December 2022, mainly driven by a temporary phasing in connection with timing of non-recurring capital expenditure, as well as an enhancement in the payable process and a slight reduction in input costs, attributable to the gradual easing of inflation observed during the latter part of the year. The decrease attributable to the exchange rate component of €24.0 million was mainly related to trade receivables for €22.5 million, combined with €19.2 million attributable to inventory, namely referred to maturing inventory and other inventory located in the United States and Jamaica and impacted by the devaluation of the US$ and Jamaican Dollar. This effect was only partially offset by the positive exchange rate effect in trade payables of €17.7 million.

Lastly, the effect of the first-time consolidation of the companies acquired during 2023 resulted in a reduction in operating working capital of €10.8 million, being mainly linked to net exposures for trade payables (refer to the paragraph 'Acquisitions and commercial agreements' in the events section of this management board report).

Reclassified statement of cash flows

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

	for the year ended 31 December			
	2023	Of which recurring	2022	Of which recurring
	€ million	€ million	€ million	€ million
Operating result (EBIT)	**540.2**		**511.5**	
Result from recurring activities (EBIT-adjusted)		**618.7**		**569.9**
Depreciation and amortization	110.2	110.2	90.5	90.5
EBITDA	**650.4**		**602.0**	
EBITDA-adjusted		**728.9**		**660.3**
Effects from hyperinflation accounting standard adoption	14.6	14.6	6.7	6.7
Accruals and other changes from operating activities	36.7	26.7	26.6	16.6
Goodwill, brand, tangible fixed assets and sold business impairment	11.9	-	3.1	-
Income taxes paid	(195.0)	(188.0)	(141.0)	(120.3)
Cash flow from operating activities before changes in working capital	**518.7**	**582.3**	**497.3**	**563.3**
Changes in net operating working capital	(362.2)	(362.2)	(83.9)	(83.9)
Cash flow from operating activities	**156.5**	**220.1**	**413.4**	**479.3**
Net interests paid	(40.8)	(40.8)	(11.4)	(11.4)
Cash adjustments to financial income (expenses)	-	-	-	-
Capital expenditure	(295.7)	(112.4)	(213.3)	(107.5)
Free cash flow	**(180.0)**	**66.9**	**188.7**	**360.5**
Sale and purchase of brands and rights	-	-	(129.9)	-
(Acquisition) disposal of business	(13.0)		(432.0)	
Dividend paid out by the Company	(67.5)		(67.6)	
Other items including net purchase of own shares	(5.3)		(112.0)	
Cash flow invested in other activities	**(85.7)**		**(741.6)**	
Total change in net financial debt due to operating activities	**(265.7)**		**(552.9)**	
Put option and earn out liability changes[1]	1.2		(186.0)	
Increase in investments for lease right of use[2]	(14.0)		(9.8)	
Net cash flow of the period=change in net financial debt	**(278.5)**		**(748.6)**	
Effect of exchange rate changes	**(19.6)**		**27.1**	
Net financial debt at the beginning of the period	**(1,552.5)**		**(830.9)**	
Opening restatements[3]	(2.8)		-	
Net financial debt at the beginning of the period-reclassified	**(1,555.3)**		**(830.9)**	
Net financial debt at the end of the period	**(1,853.5)**		**(1,552.5)**	

[1] This item, which is a non-cash item, was included purely to reconcile the change in financial debt relating to activities in the period with the overall change in net financial debt.
[2] For information on the value shown, please see note 4 ii-'Property, plant and equipment-right-of-use assets by nature' of the Campari Group-consolidated financial statements at 31 December 2023.
[3] For information on reclassifications of comparative figures, refer to note 2 vi.-'Reclassification of comparative figures at 31 December 2022' of Campari Group consolidated financial statements at 31 December 2023. The reclassification is related to the post-closing adjustment payment connected with Wilderness Trail Distillery, LLC. Net financial debt at the beginning of the period post-reclassifications was €1,555.3 million.

Key highlights

At 31 December 2023, net cash flow showed a cash flow absorption of €278.5 million, also reflected as an equivalent increase in the net financial debt compared to 31 December 2022, to which a negative exchange rate effect of €19.6 million was added. The cash generation in terms of free cash flow on a reported basis was negative at €180.0 million in 2023 compared to a positive free cash flow of €188.7 million reported in 2022. The main driver of the change was due to the cash absorption related to the operating working capital driven by the temporary rise of inventories supporting the positive business momentum and the Group's premiumisation strategy as well as extraordinary capital expenditure. The recurring free cash flow was positive during the period and amounted to €66.9 million, compared with a positive recurring cash flow of €360.5 million in 2022. In terms of percentages on EBITDA-adjusted, recurring free cash flows totalled 9.2%, compared to 54.6% in the same period of 2022.

Photo submitted by Alberto Effio. Finalist of the 2023 Annual Report Photo Contest

Analysis of the consolidated statement of cash flows

The following drivers contributed to the generation of the above-mentioned free cash flows in 2023:

- operating result (EBIT) amounted to €540.2 million, compared to €511.5 million in 2022, and included a negative effect of €78.5 million related to operating adjustments (€58.3 million in 2022). Excluding operating adjustments, the result from recurring activities (EBIT-adjusted) amounted to €618.7 million (€569.9 million in 2022);
- EBITDA amounted to €650.4 million with an increase of €48.4 million compared to the previous year. Excluding the aforementioned non-recurring components, EBITDA-adjusted amounted to €728.9 million (€660.3 million in 2022);
- non-cash component arising from the application of the hyperinflation accounting standard in Argentina amounted to €14.6 million in 2023;
- accruals for provisions net of utilisations and other miscellaneous operating changes, mainly related to share-based plan granted to employees, showed a positive effect of €36.7 million. The item also included an accrual for non-recurring last mile long-term incentive schemes with retention purposes. Excluding the latter, accruals and other changes from recurring operating activities amounted to €26.7 million;
- non-cash write-off losses related to intangible assets stood at €11.9 million and related principally to the impairment loss of €10.3 million attributable to the Forty Creek brand;

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- the cash financial impact deriving from the tax payments effected during 2023 was €195.0 million. The amount paid included the third instalment of €5.1 million of the substitution tax permitting the access to the tax benefit, which allows a higher amortisation of goodwill and brands for tax purposes, which the Group applied in previous years, as well as other minor non-recurring items. Excluding these non-recurring components, taxes paid amounted to €188.0 million, an increase of €67.7 million compared to the previous year. This change was prompted by unfavourable timing of tax disbursements from 2022 to 2023, alongside a surge in advance tax payments for 2023 stemming from increased pre-tax earnings as a result of favourable business performance and an elevated tax rate attributable to geographical mix;
- working capital recorded a strong cash absorption of €362.2 million (refer to the paragraph 'Operating working capital' for details);
- interest paid, net of interest received, stood at €40.8 million in 2023;
- net investment in capital expenditure amounted to €295.7 million, of which the recurring component was €120.2 million. Extraordinary capital expenditure amounted to €183.3 million, confirming the Group's commitment to continue to invest in the expansion of its production capacity and efficiency to support long-term growth and the enhancement of its IT infrastructure.

CASH FLOW INVESTED IN OTHER ACTIVITIES

Was negative at €85.7 million, compared to a negative absorption of €741.6 million in 2022 (mainly relating to the purchase of the initial 70% stake in Wilderness Trail Distillery, LLC), resulting primarily in:

- dividends paid of €67.5 million;
- the purchase of the remaining 40% interest in CT Spirits Japan Ltd. as well as the purchase of an additional 50% interest in Thirsty Camel Ltd. for a total cash consideration of €2.5 million, the related net financial positions included in the first incorporation of the subsidiaries in the Group amounting to €5.4 million and a €5.0 million capital contribution in the Dioniso joint-venture (contribution equally supported by Moët Hennessy).

New **lease** changes, **put option and earn-out liabilities changes** as well as the price adjustment related to the Wilderness Trail, LLC reported as **opening restatement** of the net financial debt at 31 December 2022, are shown purely to reconcile net cash flows for the period with total net financial debt.

Net financial debt

As of 31 December 2023, consolidated net financial debt amounted to €1,853.5 million, up by €298.2 million compared with €1,555.3 million reported at 31 December 2022. Benefitting from favourable market conditions in 2023, the Group implemented some liability management operations, extending the maturity of the debt, ensuring flexibility in supporting any opportunity for a short-term investment and its commitment in the multi-year capital expenditure program.

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

	at 31 December			of which		
	2023	2022 post-reclassifications[1]	Total change	Organic	Perimeter[2]	Exchange rates
	€ million	€ million	€ million	€ million	€ million	€ million
Cash and cash equivalents	620.3	435.4	184.9	*202.1*	*(3.7)*	*(13.4)*
Bonds	(300.0)	-	(300.0)	*(300.0)*	-	-
Loans due to banks	(130.6)	(107.0)	(23.6)	*(8.4)*	*(10.0)*	*(5.2)*
Lease payables	(16.0)	(14.4)	(1.6)	*(2.0)*	*(0.1)*	*0.4*
Other financial assets and liabilities	5.3	4.6	0.7	*1.9*	*(0.7)*	*(0.5)*
Short-term net financial position	**179.1**	**318.6**	**(139.5)**	***(106.3)***	***(14.4)***	***(18.7)***
Bonds	(845.8)	(846.3)	0.5	*0.5*	-	-
Loans due to banks	(901.5)	(770.9)	(130.6)	*(116.5)*	*(1.2)*	*(12.8)*
Lease payables	(60.0)	(65.1)	5.1	*4.1*	*(0.6)*	*1.6*
Other financial assets and liabilities	9.8	48.2	(38.3)	*(38.2)*	-	*(0.1)*
Medium-/long-term net financial position	**(1,797.5)**	**(1,634.2)**	**(163.3)**	***(150.2)***	***(1.8)***	***(11.3)***
Net financial debt Before put option and earn-out	**(1,618.4)**	**(1,315.6)**	**(302.8)**	***(256.5)***	***(16.2)***	***(30.0)***
Liabilities for put option and earn-out payments	(235.1)	(239.7)	4.6	*(8.7)*	*2.8*	*10.4*
Net financial debt	**(1,853.5)**	**(1,555.3)**	**(298.2)**	***(265.2)***	***(13.4)***	***(19.6)***

[1] For information on reclassifications of comparative figures, refer to note 3 iv-'Reclassification of comparative figures at 31 December 2022' of the Campari Group consolidated financial statements at 31 December 2023. The net financial debt with reference to other financial assets and liabilities, included the post-closing adjustment payment connected with Wilderness Trail Distillery, LLC, amounting to -€2.8 million.

[2] The perimeter variation included the impact of the first incorporation of the subsidiaries CT Spirits Japan Ltd. and Thirsty Camel Ltd. into Campari Group accounts in addition to the impact of the acquisition of the remaining interests in Lallier and a capital contribution in the Dioniso joint-venture (contribution equally supported by Moët Hennessy).

At 31 December 2023, net financial debt remains skewed into medium- to long-term maturities in line with Campari Group's long-term growth strategy.

The short-term net financial position, mainly comprised of cash and cash equivalents (€620.3 million) net of bonds (€300.0 million) and loans due to banks (€130.6 million), was positive at €179.1 million with a reported overall reduction of €139.5 million compared with 31 December 2022. Cash and cash equivalents increased from €435.4 million to €620.3 million, benefitting from liability management initiatives during 2023 and supported by significant credit lines for a total of €719.5 million, of which €400.0 million committed and expiring in 2028 (undrawn as of 31 December 2023). The balance of the credit lines, uncommitted for an amount of €319.5 million, was drawn down for €84.6 million at 31 December 2023. The main drivers affecting the overall organic decrease in the positive short-term net financial position of €106.3 million were attributable to bonds reclassification under short-term debt for an amount of €300.0 million, dividend payment, income taxes paid and capital expenditures.

The medium- to long-term financial debt, which largely consisted of bonds and loans due to banks totalling €1,797.5 million, and showed an increase of €163.3 million compared with 31 December 2022. The overall reported organic increase of €150.2 million was the combined effect of financial debt management activities focused on extending the average maturity, namely via a term facility of €400.0 million and a revolving facility of the same amount, in addition to the unrated 7-year bond issue of €300.0 million in May 2023 (for detailed information please refer to the 'Significant events of the period' paragraph in the management board report), partially offset by the early repayment of the €250.0 million term loan with original termination date in July 2024. The medium- to long-term exposure also factored in the reclassification to short-term financial position of the aforementioned bonds for €300.0 million with maturities within the upcoming twelve months (April 2024).

Furthermore, the Group's net financial debt included liabilities of €235.1 million related to future commitments to acquire outstanding minority interests in controlled companies.
In 2023, the reported variation in net financial debt was impacted by negative exchange rate effects of €19.6 million, mainly driven by the US$.

At 31 December 2023, the Campari Group's net debt/EBITDA-adjusted ratio[10] was 2.5 times, compared with 2.4 times at 31 December 2022. The pro-forma index-adjusted at 31 December 2022 to take into account the annual effect on EBITDA of the business sale and acquisition of the related last 12 months was equal to 2.2 times and was considered more consistent in comparative terms with the current year. The increase in the ratio at 31 December 2023 was mainly driven by temporary disproportional increase in the net financial debt, which reflected the significant extraordinary capital investments compared with the increase in EBITDA-adjusted.

[10] 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 board report.

Capital expenditure

During 2023, net investments totalled €295.7 million, of which €112.4 million were recurring and €183.3 million were non-recurring.

The recurring investments were related to initiatives aimed at continuously enhancing the supply chain, via efficiency improvements and sustainability related initiatives, as well as business infrastructure. Specifically, they related to the following projects:

- maintenance expenditure on the Group's operations and production facilities, offices and IT infrastructure which, although not material on an individual basis, amounted overall to €59.5 million;
- the purchase of barrels for maturing bourbon and rum totalling €39.8 million, net of related disposals;
- investments to develop biological assets, totalling €13.1 million.

Non-recurring investments, executed with a constant emphasis on sustainability, amounted to €183.3 million and were associated with supply chain capacity expansion initiatives aimed at meeting anticipated long-term consumer demand. Of this total, €174.3 million were primarily allocated in Italy to enhance the manufacturing footprint for aperitifs (€30.8 million), in Mexico to expand supply chain facilities for tequila production (€46.4 million), in the United States to expand bourbon production capacity (€25.1 million) and in France to modernise the production process for cognac (€19.3 million).

Additionally, the Group pursued its digital transformation path, investing €9.0 million during the year.

Concerning the nature of investments, net purchases encompassed tangible assets totalling €260.9 million, biological assets namely related to agave plantations amounting to €13.1 million and intangible assets valued at €21.7 million.

Lastly, investments for the rights of use of third-party assets were related to tangible assets attributable to offices, plant and machinery and vehicles, which increased by €14.0 million during the period.

Reclassified statement of financial position

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

	at 31 December			Of which		
	2023	2022 post-reclassifications[1]	Total change	Organic change	Perimeter[2]	Exchange rates and hyperinflation
	€ million	€ million	€ million	€ million	€ million	€ million
Fixed assets	4,115.4	3,981.0	134.4	*182.2*	*12.9*	*(60.7)*
Other non-current assets and (liabilities)	(375.9)	(360.7)	(15.2)	*(27.6)*	*2.5*	*9.9*
Operating working capital	1,105.6	778.3	327.4	*362.2*	*(10.8)*	*(24.0)*
Other current assets and (liabilities)	(64.9)	(165.7)	100.8	*83.0*	*2.9*	*14.8*
Total invested capital	**4,780.2**	**4,232.8**	**547.4**	***599.9***	***7.5***	***(60.0)***
Group shareholders' equity	2,925.2	2,676.2	249.0	*333.0*	*(6.2)*	*(77.9)*
Non-controlling interests	1.6	1.4	0.3	*1.7*	*0.3*	*(1.7)*
Net financial debt	1,853.5	1,555.3	298.2	*265.2*	*13.4*	*19.6*
Total financing sources	**4,780.2**	**4,232.8**	**547.4**	***599.9***	***7.5***	***(60.0)***

[1] For information on reclassifications of comparative figures, refer to note 3 iv-'Reclassification of comparative figures at 31 December 2022' of the Campari Groupconsolidated financial statements at 31 December 2023. The net financial debt with reference to other financial assets and liabilities, included the post-closingadjustment payment connected with Wilderness Trail Distillery, LLC, amounting to -€2.8 million.

[2] The perimeter variation included the impact of the first incorporation of the subsidiaries CT Spirits Japan Ltd. and Thirsty Camel Ltd. into Campari Group accounts.

Invested capital at 31 December 2023 was €4,780.2 million, an increase of €547.4 million compared with the figures at 31 December 2022.

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

- the increase of €362.2 million in operating working capital, driven by the rise of inventories supporting both sustained consumer demand and the planned premiumisation strategy (refer to paragraph 'Operating working capital' for more information);
- the increase of €182.2 million in fixed assets, attributable mainly to investments envisaged for enhancing supply chain capacity and efficiency as well as the purchase of barrels for ageing;
- the change of €83.0 million in other current assets net of liabilities, mainly related to the increase in net income tax exposure and VAT receivables.

Moreover, invested capital at 31 December 2023 was significantly impacted by non-monetary foreign currency exchange effects, resulting in a net decrease of €60.0 million.

In terms of financing sources, significant changes occurred, notably an increase of €249.0 million in the Group's shareholders' equity. This increase predominantly arose from the combined effect of the Group year results of €330.5 million, dividend payment of €67.5 million, decrease in the cash flow hedge reserve for €17.9 million, as well as a decrease in non-monetary foreign currency effect totalling €77.9 million primarily influenced by the US$ and the Jamaican Dollar. Regarding the net financial debt variations totalling €298.2 million, these changes reflected the Group's strategic financial debt management efforts aiming at optimising its debt structure by extending the average maturity of its liabilities, capitalising on favourable market conditions. For more detailed information, refer to the paragraph 'Net financial debt' in this management board report.

Lastly, the effect of the first-time consolidation of the companies acquired during 2023 resulted namely in a reduction in operating working capital of €10.8 million, being mainly linked to net exposures for trade payables and in an increase of fixed assets of €12.9 million linked to production facilities (refer to the paragraph 'Acquisitions and commercial agreements' in the events section of this management board report).

As a result of the changes mentioned above, the Group's financial structure showed a net debt to shareholders' funds ratio of 63.4% at the end of the period, slightly increased from 58.1% recorded at 31 December 2022 restated.

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Reconciliation of the Company and Group net profit and shareholders' equity

For information related to the reconciliation between the result for the period and shareholders' equity for the Group with the same items of the Parent Company Davide Campari-Milano N.V., please refer to paragraph 'Shareholders' equity' in the Company only financial statement at 31 December 2023.

FULL YEAR 2023 CONCLUSION AND OUTLOOK

The full year 2023 results confirmed the continued best in class organic topline performance despite macroeconomic challenges and the expected consumption normalisation after exceptional post-pandemic growth thanks to very healthy brand momentum. The trend in operating margin reflected positive mix and initial benefit from agave, which more than offset the persisting input costs inflation and incremental fixed production costs linked to extra capex, as well as advertising and promotion costs phasing. Looking at 2024, the Group remains confident on continued industry outperformance leveraging strong brands in growing categories in a normalising macroeconomic environment. Agave trends and moderating inflationary environment are expected to gradually reflect across revenues and costs from second half of the year, partially offsetting the incremental fixed production costs resulting from step up in production capacity as well as the carry forward effect related to safety inventory build-up in 2023 with high input costs, as well as negative forex from Mexican Pesos. Sustained investments in brand building, also reflecting advertisement and promotional expenses phasing from 2023 and investments in front-end infrastructure are expected to continue. In terms of phasing, the first quarter will also reflect a high comparable basis after pricing-related timing last year and the negative forex trends expecting to ease. The perimeter will start reflecting the addition of Courvoisier, upon which the Group maintains a strong focus on brand integration, once the acquisition is closed.

In the medium term, looking beyond 2024, the Group remains confident in good business and continued healthy brand momentum in key brand-market combinations as well as industry outperformance leveraging strengthened portfolio and geographic exposure, as well as focus on revenue growth management. The Group expects continued underlying operating margin expansion driven by sales mix, pricing, input cost inflation easing and operational efficiencies, with continuous reinvestment into brand building and commercial capabilities to fuel organic topline growth.

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THE ALTERNATIVE PERFORMANCE MEASURES TO GAAP MEASURES

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

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

Financial measures used to measure group performance

ORGANIC CHANGE

Campari Group shows organic changes to comment on its underlying business performance. By using this measure, it is possible to focus on the business performance common to both periods under comparison and which management can influence. Organic change is calculated by excluding both the impact of currency movement against the € (expressed at average exchange rates for the same period in the previous year) and the effects of brands asset deal, business acquisitions and disposals, as well as the signing or termination of distribution agreements.

Specifically:

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

In order to mitigate the effect of hyperinflationary economies, the organic change for countries having to adopt the hyperinflationary methodology laid down in IFRS includes only the component attributable to volumes sold in relation to net sales, while the effects associated with hyperinflation, including price index variation and price increases, are treated as exchange rate effects.
The organic change as a percentage is the ratio of the overall value of the organic change, calculated as described above, to the overall value of the measure in question for the previous period under comparison.

In relation to the reconciliation between overall changes and organic changes for 'Sales performance', 'Statement of profit or loss', 'Operating working capital', 'Net financial debt', 'Reclassified statement of financial position', please refer to the tables provided in the Management board report.

GROSS PROFIT

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

CONTRIBUTION MARGIN

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

OTHER OPERATING INCOME (EXPENSES)

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

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

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These items are deducted from, or added to, the following measures: operating result (EBIT), EBITDA, profit or loss before taxation and the Group's net profit for the period.
The Group believes that properly adjusted measures help both management and investors to assess the Group's results and cash flows year on year on a comparable basis as well as against those of other groups in the sector, as they exclude the impact of certain items that are not relevant for assessing performance. 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.

OPERATING RESULT (EBIT)

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

RESULT FROM RECURRING OPERATIONS (EBIT-ADJUSTED)

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

EBITDA

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

EBITDA-ADJUSTED

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

ADJUSTMENTS TO FINANCIAL INCOME (EXPENSES)

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

- interests on penalties or gains arising from the settlement of tax disputes;
- expenses related to the early settlement of financial liabilities or liability management operations including financial liability remeasurement effects;
- 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 agreements, also including the non-cash effect, arising from the related actualisation.

PROFIT (LOSS) RELATED TO JOINT-VENTURES

Relates to the income (expenses) resulting from the application of the equity method in the valuation of the Group's interests in joint-ventures. The item also includes any fair value re-assessments of previously held Group's interests in joint-ventures before their consolidation.

PROFIT OR LOSS BEFORE TAXATION-ADJUSTED

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

TAX ADJUSTMENTS

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

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

TAX RATE-ADJUSTED

The tax rate-adjusted is calculated by deducting the tax adjustments mentioned above from the taxation. The new value of taxation adjusted is then correlated to the profit or loss before taxation-adjusted.

CASH TAX RATE

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

GROUP'S NET PROFIT-ADJUSTED

The result for the period attributable to the Group (i.e., excluding the non-controlling interests result after taxation) before other operating income (expenses), adjustments to financial income (expenses), to put option, earn out income (expenses) and the profit (loss) related to re-assessments of previously held joint-venture investments before their consolidation, before the related taxation effect and before other positive/negative tax adjustments for the period.

BASIC AND DILUTED EARNINGS PER SHARE-ADJUSTED (BASIC/DILUTED EPS-ADJUSTED)

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

ROS (RETURN ON SALES)

The ratio of the operating result (EBIT) to net sales for the period.

ROS-ADJUSTED

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

OPERATING WORKING CAPITAL AS PERCENTAGE OF NET SALES

The ratio is calculated by dividing the net sales on operating working capital balances based on the reported value at the closing date of the reference period; the net sales reference value is twelve months and is calculated based on the reported value at the closing date of the reference period, into which the portion of net sales recorded in the previous year is incorporated for the remaining months. Upon the occurrence of significant business acquisition (or disposal) transactions a pro-forma index is calculated to take into account the annual effect on net sales of the business transaction (including for acquisition, excluding for a disposal) of the last twelve months, to ensure consistency in comparative terms with the previous year reported.

RECLASSIFIED STATEMENT OF FINANCIAL POSITION

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

Fixed assets: calculated as the algebraic sum of:
- property, plant and equipment;
- right-of-use assets;
- biological assets;
- investment property;
- goodwill;
- brands;
- intangible assets with a finite life.

Other non-current assets and liabilities: calculated as the algebraic sum of:
- other non-current assets;
- deferred tax assets;
- other non-current financial assets;
- deferred tax liabilities;
- post-employment benefit obligations;
- provisions for risks and charges;
- investments in joint-ventures.
- other non-current liabilities;
- ther non-current financial liabilities.

Operating working capital: calculated as the algebraic sum of:
- inventories;
- biological asset inventories;
- trade receivables;
- trade payables.

Other current assets and liabilities: calculated as the algebraic sum of:
- income tax receivables;
- other current assets;
- income tax payables;
- other current liabilities;
- other current financial assets;
- other current financial liabilities;
- assets and liabilities held for sales.

Invested capital: calculated as the algebraic sum of the items listed above and in particular:
- fixed assets;
- other non-current assets and liabilities;
- operating working capital;
- other current assets and liabilities.

Financing sources: calculated as the algebraic sum of:
- group shareholders' equity;
- non-controlling interests;
- net financial debt.

Net financial debt: calculated as the algebraic sum of:
- cash and cash equivalents;
- lease receivables;
- bonds;
- loans due to banks;
- lease payables;
- liabilities for put option and earn-out payments;
- other current and non-current financial assets and liabilities.

ORGANIC CHANGE REPORTED IN OPERATING WORKING CAPITAL, NET FINANCIAL DEBT AND RECLASSIFIED FINANCIAL POSITION ITEMS

The organic change is calculated by excluding, from the overall change of the period, the exchange rate effects and the perimeter effect. The perimeter effect represents the items of the business acquired and sold as well as the items connected with brands asset deal, at the date of their transaction.

CAPITAL EXPENDITURE

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

RECURRING CAPITAL EXPENDITURE

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

RECLASSIFIED STATEMENT OF CASH FLOWS

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

FREE CASH FLOW

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

RECURRING FREE CASH FLOWS

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

RECURRING PROVISIONS AND OPERATING CHANGES

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

RECURRING TAXES PAID

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

DEBT/EBITDA-ADJUSTED RATIO

The net debt/EBITDA-adjusted ratio is used by management to assess the Group's level of financial leverage, which affects its capacity to refinance its debt by the set maturity dates and to obtain further financing to invest in business development. The Group's debt management objective is based on the achievement of an optimal and sustainable level of financial solidity while maintaining an appropriate level of flexibility with regard to funding options. The Group monitors changes in this measure on an ongoing basis. Net debt is the Group's net financial debt reported at the closing date of the reference period; the Group's EBITDA-adjusted for the past 12 months is calculated based on the reported value at the closing date of the reference period, into which the portion of EBITDA-adjusted recorded in the previous year is incorporated for the remaining months.
Upon the occurrence of significant business acquisition (or disposal) transactions, a pro-forma index adjusted is calculated to take into account the annual effect on EBITDA of the business transaction (including for acquisition, excluding for a disposal) of the last twelve months, to ensure consistency in comparative terms with the previous year reported.

Appendix of alternative performance indicators

In 2023, EBITDA, the result from recurring activities (EBIT), profit or loss before taxation, Group net profit, basic/diluted earning per share and free cash flow, were adjusted to take into account the items shown in the tables below.

for the year ended 31 December 2023	EBITDA		EBIT		profit beforePtaxation		Group net profit		Basic earing per share	Diluted earning per share
	€ million	% on sales	€ million	% on sales	€ million	% on sales	€ million	% on sales	€	€
Alternative performance measure reported	**650.4**	**22.3%**	**540.2**	**18.5%**	**466.5**	**16.0%**	**330.5**	**11.3%**	**0.29**	**0.29**
Net expenses from acquisition/ disposals of business or companies and indemnities from contract resolutions	(17.0)	-0.6%	(17.0)	-0.6%	(17.0)	-0.6%	(17.0)	-0.6%	(0.02)	(0.01)
Restructuring and reorganisation costs	(19.6)	-0.7%	(19.6)	-0.7%	(19.6)	-0.7%	(19.6)	-0.7%	(0.02)	(0.02)
Last mile long-term incentive schemes With retention purposes	(10.0)	-0.3%	(10.0)	-0.3%	(10.0)	-0.3%	(10.0)	-0.3%	(0.01)	(0.01)
Ukraine and russia conflict	(2.3)	-0.1%	(2.3)	-0.1%	(2.3)	-0.1%	(2.3)	-0.1%	-	-
Impairment of assets	(11.9)	-0.4%	(11.9)	-0.4%	(11.9)	-0.4%	(11.9)	-0.4%	(0.01)	(0.01)
Net penalties or gains arising from the settlement of tax and legal disputes	(8.4)	-0.3%	(8.4)	-0.3%	(8.4)	-0.3%	(8.4)	-0.3%	(0.01)	(0.01)
Non-recurring costs related to it system implementation	(13.3)	-0.5%	(13.3)	-0.5%	(13.3)	-0.5%	(13.3)	-0.5%	(0.01)	(0.01)
Capital (gains) losses on the disposal Of tangible and intangible assets	7.6	0.3%	7.6	0.3%	7.6	0.3%	7.6	0.3%	0.01	0.01
Other net (gain) expenses	(3.6)	-0.1%	(3.6)	-0.1%	(3.6)	-0.1%	(3.6)	-0.1%	-	-
Adjustments to financial income (expenses)					(0.1)	-	(0.1)	-	-	-
Profit (loss) related to re-assessments Of previously held joint-ventures					0.9	-	0.9	-	-	-
Tax adjustments							17.7	0.6%	0.02	0.02
Total adjustments	**(78.5)**	**-2.7%**	**(78.5)**	**-2.7%**	**(77.7)**	**-2.7%**	**(59.9)**	**-2.1%**	**(0.05)**	**(0.04)**
Alternative performance measure adjusted	**728.9**	**25.0%**	**618.7**	**21.2%**	**544.2**	**18.6%**	**390.4**	**13.4%**	**0.35**	**0.34**

for the year ended 31 December			2023
€ million	**Reported**	**Adjustments**	**Adjusted**
Profit before taxation	**466.5**	(77.7)	**544.2**
Total taxation	**(134.0)**	**17.7**	**(151.8)**
Tax adjustments		*(2.6)*	
Tax effect on operating and financial adjustments		*20.3*	
Net profit for the period	**332.5**	(59.9)	**392.4**
Tax rate (reported and adjusted)	**-28.7%**		**-27.9%**
Deferred taxes on goodwill and trademarks		(21.4)	(21.4)
Cash tax rate			**-24.0%**

for the year ended 31 December 2023		basic	diluted
Group net profit adjusted	€ million	390.4	390.4
outstanding shares	n.	1,127,727,622	1,139,171,963
Earnings per share adjusted	**€**	**0.35**	**0.34**

for the year ended 31 december 2023	free cash flow
	€ million
Alternative performance measure reported	**(180.0)**
Impairment of assets	11.9
Other changes from operating activities	(78.5)
Non-recurring taxes paid	(7.0)
Changes in other non financial assets and liabilities	10.0
Net cash flow from non-recurring investments	(183.3)
Total adjustments	**(246.9)**
Alternative performance measure-adjusted (recurring free cash flow)	**66.9**

	for the year ended 31 December 2023
	€ million
EBITDA-adjusted at 31 December 2023	728.9
Net financial debt at 31 December 2023	**1,853.5**
Net debt/EBITDA-adjusted ratio	**Ratio 2.5**

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for the year ended 31 december 2022	**EBITDA**		**EBIT**		**Profit before taxation**		**Group net profit**		**Basic earing per share**	**Diluted earning per share**
	€ million	**% on sales**	**€ million**	**% on sales**	**€ million**	**% on sales**	**€ million**	**% on sales**	**€**	**€**
Alternative performance measure reported	**602.0**	**22.3%**	**511.5**	**19.0%**	**475.0**	**17.6%**	**333.0**	**12.3%**	**0.30**	**0.29**
Fees from acquisition/disposals of business or companies and indemnities from contract resolutions	(14.4)	-0.5%	(14.4)	-0.5%	(14.4)	-0.5%	(14.4)	-0.5%	(0.01)	(0.01)
Restructuring and reorganisation costs	(11.4)	-0.4%	(11.4)	-0.4%	(11.4)	-0.4%	(11.4)	-0.4%	(0.01)	(0.01)
Last mile long-term incentive schemes With retention purposes	(10.0)	-0.4%	(10.0)	-0.4%	(10.0)	-0.4%	(10.0)	-0.4%	(0.01)	(0.01)
Ukraine and russia conflict	(8.0)	-0.3%	(8.0)	-0.3%	(8.0)	-0.3%	(8.0)	-0.3%	(0.01)	(0.01)
Impairment of assets	(6.6)	-0.2%	(6.6)	-0.2%	(6.6)	-0.2%	(6.6)	-0.2%	(0.01)	(0.01)
Other adjustments of operating income (expenses)	(10.3)	-0.4%	(10.3)	-0.4%	(10.3)	-0.4%	(10.3)	-0.4%	(0.01)	(0.01)
Gains (losses) from disposals of fixed assets	2.3	0.1%	2.3	0.1%	2.3	0.1%	2.3	0.1%	-	-
Adjustments to financial income (expenses)					(4.6)	-0.2%	(4.6)	-0.2%	-	-
Tax adjustments							8.2	0.3%	0.01	0.01
Total adjustments	**(58.3)**	**-2.2%**	**(58.3)**	**-2.2%**	**(63.0)**	**-2.3%**	**(54.8)**	**-2.0%**	**(0.05)**	**(0.04)**
Alternative performance measure-adjusted	**660.3**	**24.5%**	**569.9**	**21.1%**	**538.0**	**19.9%**	**387.8**	**14.4%**	**0.34**	**0.34**

for the year ended 31 December			**2022**
€ million	**Reported**	**Adjustments**	**Adjusted**
Profit before taxation	**475.0**	(63.0)	**538.0**
Total taxation	**(143.5)**	**8.2**	**(151.6)**
Tax adjustments		*(7.7)*	
Tax effect on operating and financial adjustments		*15.9*	
Net profit for the period	**331.5**	(54.8)	**386.3**
Tax rate (reported and adjusted)	**-30.2%**		**-28.2%**
Deferred taxes on goodwill and trademarks		(17.2)	(17.2)
Cash tax rate			**-25.0%**

for the year ended 31 December 2022		**Basic**	**Diluted**
Group net profit adjusted	€ million	387.8	387.8
Outstanding shares	n.	1,126,061,579	1,140,220,211
Earnings per share adjusted	**€**	**0.34**	**0.34**

for the year ended 31 December 2022	**Free cash flow**
	€ million
Alternative performance measure reported	**188.7**
Impairment of assets	3.1
Other changes from operating activities	(58.3)
Non-recurring taxes paid	(20.7)
Changes in other non financial assets and liabilities	10.0
Net cash flow from non-recurring investments	(105.8)
Total adjustments	**(171.8)**
Alternative performance measure-adjusted (recurring free cash flow)	**360.5**

	for the year ended 31 December 2022
	€ million
EBITDA-adjusted at 31 December 2022	660.3
Net financial debt at 31 December 2022	**1,552.5**
Net debt/EBITDA-adjusted ratio	**Ratio 2.4**

STOCK PERFORMANCE IN THE CAPITAL MARKET

THE GLOBAL ECONOMY

Despite the global economy proving more resilient than expected in the first part of 2023, the recovery from the Covid-19 pandemic and the inflationary environment exacerbated by Russia's invasion of Ukraine remains slow and uneven. The growth outlook remains weak, with global growth projected to be 3.1% in 2024, moderately increasing to 3.2% in 2025, according to the World Economic Outlook January 2024 forecast. The report flags that the forecast for 2024-25 is below the historical average of 3.8% seen in the 2000-2019 period, with high central bank policy rates to contrast inflation, a pullback of fiscal support amid high debt weighing on economic activity, and low underlying productivity growth. The largest contribution to global growth is expected to come from Asia, despite the weaker-than-expected recovery in China, supported by fiscal policy. In Europe, the economy is likely to remain sluggish in the upcoming months. However, over the medium term, economic momentum should strengthen as real incomes are projected to increase, albeit with headwinds from tighter monetary policies, adverse credit supply conditions and declining fiscal support. Assuming no further large shocks, this will be bolstered by decreasing inflation, rising wages and a robust labour market, all of which should support consumer spending. The ongoing and persistent geopolitical uncertainty, primarily stemming from the conflicts in Russia-Ukraine and more recently in Israel-Palestine and the Red Sea, remains a risk factor in the global economic landscape.

Albeit moderating, inflation continued to trigger a higher cost of living throughout the year, with repercussions on the real purchasing power of consumers across geographies. According to the IMF's latest estimates (October 2023), global inflation (CPI, average consumer prices) moderated from 8.7% in 2022 to an expected 6.9% in 2023, and a further decline to 5.8% is forecast in 2024.

Regarding the Group's largest market, the United States, GDP growth is expected to normalise to 1.5% in 2024. The Italian economy is forecasted to grow by 0.7% in 2024, below the general Euro area at 1.2%.

Regarding the Group's other key markets in Europe, GDP in Germany is expected to grow by 0.9% in 2024, in France by 1.3% and in the UK by 0.6%. Australia, the main market for the Group in the Asia-Pacific area, is expected to register growth of 1.2% in 2024. As a key emerging market for the Group, Brazil is expected to see some growth in its economic activity, albeit slightly muted vs. other emerging economies, being estimated at 1.5% in 2024; China, a market which is still recovering from Covid-19 restrictions, is expected to register growth of 4.2% in 2024 after a slightly stronger expected 2023 (5.0%)[11].

SPIRITS SECTOR

In the spirits industry, 2023 saw normalisation of consumption rates after a period of increased consumption driven by a return to the on-premise with a strong desire for conviviality combined with a particularly resilient off-premise channel driven by continued positive home consumption trends. In the past year, consumers have been facing increased cost of living from continued inflation and spirits consumption growth has started to moderate.
Premiumisation and positive pricing trends, mitigating the cost inflation effect, continued in most categories despite the challenging macroeconomic environment as the purchasing power of middle-to-higher income consumers, who have generally favoured more premium and high-end categories and brands as affordable luxuries, remained strong. Some segments, however, have seen downtrading during the year, namely the super-premium tequila space.

[11] International Monetary Fund, World Economic Outlook.

FINANCIAL MARKETS

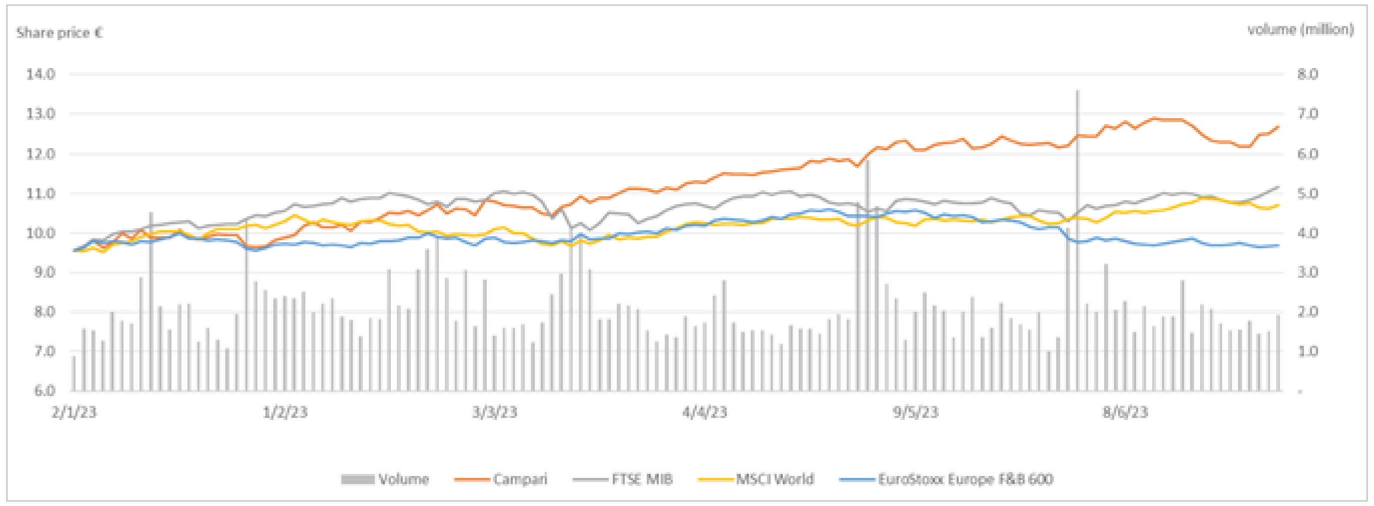
In 2023, equity markets recovered from the previous year's negative performance despite the uncertain macroeconomic environment. Indeed, volatility levels remained high, supported by factors such as geopolitical tensions, prolonged inflation, the continuation of the Russia-Ukraine conflict and the breakout of further conflicts in the Middle East.
During 2023, the FTSE MIB index increased by 28.0%, led by the financial sector. In Europe, the MSCI Europe registered a performance of +12.7%, while in the United States, the S&P 500 index increased by 24.2% overall. The MSCI Europe Consumer Staples Index decreased by 3.0%.

Regarding exchange rate fluctuation over the year 2023, many Group currencies revalued vs the Euro, including the US$ (-2.6%), the Canadian Dollar (-6.1%), the Jamaican Dollar (-3.0%) and the Argentine Peso (-78.9%). The Brazilian Real slightly appreciated (+0.8%) vs the Euro while the Mexican Peso appreciated significantly (+10.5%) vs the Euro[12].

STOCK PERFORMANCE IN THE CAPITAL MARKET

During 2023, the Campari stock price increased by 7.7% in absolute terms, outperforming the STOXX Europe 600 Food&Beverage Index by 10.7% and its spirits peer group. It underperformed the FTSE MIB by 20.3% in the period from 1 January to 31 December 2023.

PERFORMANCE OF THE CAMPARI STOCK AND THE MAIN BENCHMARK INDICES FROM 1 JANUARY 2023 TO 31 DECEMBER 2023



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

[12] Based on average exchange rates for 2023.

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DAVIDE CAMPARI-MILANO N.V. STOCK

SHARES[13]

At 31 December 2023, the total share capital of Davide Campari-Milano N.V. (including Special Voting Shares) was equal to €36,093,826.

The total share capital consisted of 1,161,600,000 ordinary shares with a nominal value of €0.01 each, for a total of €11,616,000; 71,696,938 Special Voting Shares A with a nominal value of €0.1 each, and 594,021,404 Special Voting Shares B with a nominal value of €0.04 each, for a total of €36,093,825. Further information is available on Campari Group's website: Investors | Campari Group.

DIVIDEND

The Board of Directors voted to propose to the Annual General Meeting ('AGM') a dividend of €0.065 per share for the year 2023, gross of withholding taxes, up +8.6% vs. previous year. The dividend will be paid on 24 April 2024 (with an ex-date for coupon n. 4 of 22 April 2024 in accordance with the Italian Stock Exchange calendar, and a record date of 23 April 2024). The Board of Directors resolved to convene the AGM on 11 April 2023 to approve, inter alia, the financial statements for the year ended 31 December 2023, the sustainability report and the remuneration report.

Information on the Campari stock and valuation indicators

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

Year		2023	2022	2021	2020	2019
Minimum price	€	9.56	8.65	8.68	5.54	7.37
Maximum price	€	12.93	12.87	13.47	9.85	9.22
Average price	€	11.26	10.05	11.10	8.25	8.40
Price on 31 December	€	10.22	9.48	12.86	9.34	8.14
Change in Campari stock	%	+7.71%	-26.22%	+37.63%	+14.74%	+10.22%
Change in FTSE MIB	%	+28.03%	-13.31%	+23.00%	-5.42%	+28.28%
Relative performance of Campari(1)	%	-20.32%	-12.91%	+14.63%	+20.16%	-18.06%
Average daily trading volume	millions of shares	4.5	2.0	1.7	2.6	2.3
Average daily trading value	€ million	50.9	20.2	11.1	21.0	19.7
Stock market capitalisation at 31 December	€ million	11,866	11,017	14,913	10,849	9,455
Annualised Total Shareholder Return	%	+9.6%	-25.8%	+38.4%	+15.6%	+10.8%

1 Compared with the FTSE MIB index.

13 Refer to 'Governance' section in the 2023 Annual Report for additional information regarding the composition of the share capital and details on major shareholders.

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

Year	2023	2022	2021	2020	2019
Basic earnings per share(1)	0.29	0.30	0.25	0.17	0.27
Diluted earnings per share(1) (2)	0.29	0.29	0.25	0.16	0.26
Price/shareholders' equity per share	4.06	4.12	6.30	5.43	3.95
Gross dividend per share (€)(3)	0.065	0.060	0.060	0.055	0.055
Price/net profit per share(1)	34.9	32.1	50.9	56.4	30.7
Dividend/net profit per share(1) (3)	23.6%	20.2%	23.9%	32.8%	20.4%
Dividend/price per share(3)	0.6%	0.6%	0.5%	0.6%	0.7%

1 Based on net profit (not adjusted for non-recurring components) and total # of shares of 1,127,727,622 for 2023.
2 For the purposes of calculating the diluted earnings (loss) per share, the weighted average of outstanding shares is adjusted in line with the assumption that all potential shares with a diluting effect will be converted. The total # of shares used for 2023 is 1,139,171,963.
3 Dividend relating to the year. Proposed dividend for the 2023 financial year.

INVESTOR RELATIONS

In compliance with both applicable Italian and Dutch laws, Davide Campari-Milano N.V. (as a Dutch company listed on the Italian Stock Exchange) transmits any regulated information through the transmission system 1Info SDIR, managed by Computershare S.p.A., and files such information through 'Loket AFM' to the AFM (Authority for the Financial Markets), which makes it available on its website's relevant register at www.afm.nl.

SUSTAINABILITY

Campari Group continued to make solid progress towards its sustainability agenda. This year the Group not only updated its ESG targets to more challenging objectives, but it also furthered its commitment to reaching these targets by issuing the first ever sustainability-linked loans for a total amount of €800 million. The sustainability-linked loans provide for a variable component of the interest rate depending on the achievement of certain ESG targets identified by Campari Group. In particular, these targets relate to certain important elements of environmental and social sustainability, specifically emissions reductions, responsible use of water and gender equality. This milestone is a testimony of the Group's efforts to reduce its environmental impact and protect the planet.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

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

Campari Group has a risk management system in place aimed at identifying, assessing, managing and monitoring potential events or situations that could potentially impact Campari Group's activities and the achievement of its objectives. The tool implemented to identify, assess and monitor corporate risks is based on the logic of Self-Risk Assessment ('SRA'), which provides for self-assessment and direct participation by operational management and/or other operators responsible for risk assessment.
The SRA involves individuals globally at local, business unit and group level, and its objectives can be summarised as follows:

- help the business to promptly identify risks and consequently make strategic and operational decisions;
- strengthen the understanding of the Group's risk profile to allow decision-makers to analyse risks and monitor how they evolve over time;
- ensure the traceability of risk assessment activities that provide the foundation for the financial and sustainability information communicated to stakeholders.

To assess the effectiveness of this framework and identify opportunities for improvement, the internal control system is subject to annual verification and updating to ensure that it is always a suitable instrument of control over the business's principal areas of risk. Campari Group operates at three levels of internal control:

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

In accordance with international best practices, controls put in place by Campari Group can be preventive (i.e. designed to prevent errors or fraud) or detective (i.e. designed to reveal errors or fraud that have already occurred). An assessment of the design and operating effectiveness of key controls is carried out by the Internal Audit function.
The Control and Risks Committee, External Auditors and Board of Directors monitor the effectiveness of Campari Group's internal control and risk management system.
In 2023, Campari Group's risk management and internal control system operated as designed, as no significant failings were identified in both financial and sustainability disclosures. For continuous improvement purposes, the Group undertook initiatives to reinforce its internal control system. Examples related to 2023 include the implementation of new compliance controls through data analytics, a global stock count program and data analytics and process mining initiatives connected to the implementation of SAP S/4HANA (i.e., the integrated enterprise resource planning suite developed by SAP).

1. RISK APPETITE

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

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

It is important to highlight that within the current macroeconomic landscape, production activities, the entire value chain, and the execution of Campari Group's strategies are susceptible to the impacts of climate change. These impacts encompass both acute and extreme unpredictable events, as well as chronic factors such as rising temperatures and drought, presenting physical risks. These risks have the potential to disrupt local supply chains, modify industrial processes, impact sales seasonality and cause damage to products, consequently disrupting production at certain facilities. In addition to the ongoing development of emergency plans, business continuity assessments, and backup scenarios, alongside the establishment of global insurance policies, the Group is actively working on a series of initiatives aimed at decarbonising both its production activities and the overall value chain, as outlined in its Net Zero journey. This includes managing water demand during peak production periods to ensure business continuity and adopting a circular approach within its production sites.

The Group systematically assesses risks of various natures that could influence sustainable business operations. These risks are categorised according to their overall exposure, assigning them a designated priority. This classification enables a focused approach towards addressing the most pertinent risks. The expectation is that these risks will be mitigated through meticulously planned initiatives, aiming to restrict them to a level aligning with the predetermined risk appetite. This approach is consistently maintained with the foresight that risk management will be an integral part of regular business proceedings.

The main risks to which the Group is exposed are noted in the next paragraph, while financial risks disclosures are detailed in the Campari Group consolidated financial statements at 31 December 2023.

Regarding overall performance, the Group also proved resilient in 2023 and continued focusing on sustainable long-term growth and brand building, amidst a challenging political and economic landscape.

2. MAIN RISKS FOR CAMPARI GROUP

The main risks to which the Group is exposed are shown below: the list is a comprehensive view of the risk exposure from both the financial and sustainability perspective. The risks described in this paragraph are fairly consistent with those disclosed in 2022.

The representation does not include all risks associated with Campari Group's business, and the order of presentation does not imply a list of priorities. Additional risks not known or currently deemed to be less significant could have a negative effect on the Group's performance.

Risk Area	Risk category	Sub-risks and definitions	Remediation actions and mitigation plans
Risks relating to Campari Group's dependence on consumer preferences and habits and propensity to spend	**Strategic risks**	A critical success factor in the beverage industry is the ability to interpret consumer preferences and tastes and to continually adapt sales strategies to anticipate market trends and developments. Preferences and tastes can change in unpredictable ways due to a variety of factors, such as changes in demographics, consumer health and wellness, concerns about obesity or alcohol consumption, product attributes and ingredients and negative publicity resulting from regulatory action or litigation against Campari Group. If the Group's ability to understand and anticipate consumer tastes and expectations and to manage its own brands were to cease or decline significantly, this could have a major impact on its activities and operating results. Moreover, the unfavourable economic situation in certain markets, the heightened macroeconomic volatility, inflation, a downturn in economic conditions or a rise in prices that may reduce disposable income may dampen consumer confidence, making consumers less likely to buy drinks and reduce their demand for products in the spirits and wine categories in general. Unfavourable economic conditions could also cause governments to increase taxes on beverage alcohol to attempt to raise revenue, reducing consumers' willingness to buy products. Trends in the spirits sector have accelerated sharply during the pandemic and are now gradually normalising with consolidation of the key trends that have underpinned the industry, such as premiumisation and the rise of the at-home occasion.	Campari Group leverages a diversified portfolio of brands to ensure coverage of consumer occasions, trends and prices and constantly monitors consumer trends at market and brand level. Campari Group is continuing to monitor the macroeconomic scenario and the markets in which it operates, the behavioural patterns of its consumer base, the Group's financial position and the results of its operations.
Risks relating to dependency on the sale of key products and the seasonality of certain Campari Group products	**Strategic risks**	A significant proportion of Campari Group's sales are focused on certain key brands, such as Campari Group Global Priorities. Accordingly, any factor adversely affecting the sale of these key products could adversely affect Campari Group's results from operations and cash flows. In addition, sales of certain Campari Group products are affected by seasonal factors due to different consumption patterns or consumer habits. In particular, aperitif consumption tends to be concentrated in the hottest months of the year (May to September), whereas sales of other products, such as sparkling wines and spirits, are concentrated in the last quarter (September to December). Seasonal consumption cycles in the markets in which Campari Group operates may have an impact on its financial results and operations. Although Campari Group has a global presence, most of its revenue is in the northern hemisphere, and unseasonably cool or wet weather in the summer months can affect sales volumes.	Mitigation actions include investments in products' success and growth to increase brand value and the Group's diversified portfolio of products and brands. In order not to be excessively exposed to seasonal peaks, the Group is developing initiatives to de-seasonalise the consumption moments of the main brands, with particular attention to the aperitif segment, guaranteeing constant consumption throughout the year. The initiatives were carried out through the development and strengthening of Group communication via a multiple-channel approach and focusing particularly on digital channels used by consumers to inform themselves about brands and products and the related consumption experiences.
Risks relating to a decline in the social acceptability of Campari Group's products or governmental policies against alcoholic beverages Responsible Practices	**Strategic risks**	Campari Group's ability to market and sell its alcoholic beverage products depends heavily on both society's attitudes towards drinking and government policies that flow from those attitudes. Also, the Group's reputation may be impacted by consumers' misuse of alcoholic beverages. In recent years, increased social and political attention has been directed at the alcoholic beverage industry. This attention has focused largely on public health concerns related to alcohol abuse, including drinking and driving, underage drinking, and health consequences from the misuse of alcoholic beverages. Although Campari Group has a global presence, alcohol critics in Europe and the United States increasingly seek government measures to make alcoholic beverages more expensive, including through tax increases for certain product categories, restricting their availability and making it more difficult to advertise and promote. If the social acceptability of alcoholic beverages were to decline significantly, sales of Campari Group products could materially decrease. Campari Group's sales would also suffer if governments banned or restricted advertising or promotional activities, limited hours or places of sale or took other actions designed to discourage alcohol consumption.	The Group constantly monitors regulatory changes and consumer trends at market level, promotes responsible drinking initiatives and continues to promote a culture of quality and responsibility, including via communication and awareness-raising activities and actions, also carried out in collaboration with the main trade associations, positioning itself as a responsible global player in the beverage industry. In 2010, the Group adopted a Code on Commercial Communications on a voluntary basis, which has been recently updated. Mandatory training on the Code's principles is provided for all Camparistas involved in communicating and marketing the Group's products. Furthermore, the Responsible Serving Guidelines aim to define the essential guidelines for the responsible serving of alcoholic beverages, while the Internal Policy on Responsible Alcohol Consumption seeks to encourage employees to always adopt responsible consumption patterns. Proper training is currently being implemented in the Group's geographies. A 'Global Strategy on Responsible Drinking' was adopted in 2020, setting short- to mid-term commitments and the related internal and external global initiatives to be undertaken in this area.
Risks relating to adverse macro-economic and business conditions and instability in the countries in which the Group operates	**Strategic risks**	Global economic conditions and conditions specific to the markets in which Campari Group operates could substantially affect its profitability and cash flows. Operating in emerging markets makes the Group vulnerable to various risks inherent in international business, including exposure to an often unstable local political and economic environment which may impact the ability of the Group to trade locally and the ability of the Group's counterparties to meet their financial obligations, exchange-rate fluctuations (and related hedging issues), export and import quotas and limits or curbs on investment, advertising or repatriation of dividends. In fact, despite the global economy proving more resilient than expected in the first part of 2023, the growth outlook remains weak, with growth expected to slow down to 2.7% in 2024, according to the Organisation for Economic Co-operation and Development (OECD) forecast. The largest contribution to global growth is expected to come from Asia, despite the weaker-than-expected recovery in China. In Europe the economy is likely to remain sluggish in the near future. It is difficult to determine the breadth and duration of the economic and financial market problems and their potential effects on consumers of the Group's products and its suppliers, customers and business in general. Continuation or a further worsening of these difficult financial and macroeconomic conditions could materially and adversely affect Campari Group's sales, profitability and results from its operations. The ongoing and persistent geopolitical uncertainty, primarily stemming from the conflicts in Russia-Ukraine and in Israel-Palestine, remains a risk factor in the global economic landscape. In addition, upcoming election cycles in the US and Europe are likely to lead to increased volatility.	The Group constantly monitors developments in the global geopolitical environment that could require a review of the current corporate strategies and/or the introduction of measures to safeguard its competitive positioning and performance. In addition, the Group constantly monitors and assesses the markets in which it operates, as well as customers' behavioural patterns.

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Risks relating to acquisitions	**Strategic risks**	Campari Group expects that the ongoing consolidation within the spirits business will continue. It will therefore continue to evaluate potential acquisitions, incurring additional indebtedness to finance them. If the pursuit of an opportunity is successful, the subsequent integration of the businesses acquired poses significant challenges in terms of effort and costs that may have an adverse effect on Campari Group's financial performance and cash flows from its operations. This is the case if the Group is unable to implement its acquisition strategy and/or realise the full intended benefits of synergies, namely in case of acquisitions in markets outside of those in which the Group currently operates due to unfamiliar regulatory and competitive environment.	Campari Group performs in-depth preliminary analyses supported by actual and prospective economic data to select acquisitions that are optimally compatible with the Group's long-term objectives. After the acquisition, the Group constantly monitors the contribution of new businesses acquired to the overall Group's performance and the cash flow generation through the synthetic net debt/EBITDA index. Dedicated procedures and internal resources have been established and allocated to oversee and coordinate the integration of newly acquired business, aiming to make the integration process as smooth and efficient as possible.
Risks relating to market competition and the consolidation of participants in the beverages industry	**Strategic risks**	The Group is part of the alcoholic and non-alcoholic beverage sector, where there is high competition and a vast number of operators. The main competitors are large international groups operating aggressive strategies at a global level and benefitting from significant financial resources and a very diversified portfolio of brands and geographical areas, which could imply a reduction in the number of distribution outlets available to the Group or involve higher distribution costs. The Group's competitive position vis-à-vis these major global players makes its exposure to market competition particularly significant. The second layer of competitors are independent wholesalers and retailers which offer other products, sometimes including their own brands, which directly compete with Campari Group's products by limiting available shelf space in retail stores. If independent wholesalers and retailers give higher priority to other brands, purchase less or devote inadequate promotional support to Campari Group brands, it could materially and adversely affect the Group's sales and reduce the Group's competitiveness.	The Group constantly monitors the industry dynamics of mergers and acquisitions and the initiatives taken by competitors, regularly invests in advertising and promotion initiatives to reinforce its brand equity in order to ensure the success and growth of its product, as well as to expand its customer base. E-commerce is also increasingly becoming an alternative to traditional distribution channels, which is monitored as an opportunity for the Group to gain greater flexibility.
Risk of reputation and branding	**Strategic risks**	Brands represent a key asset and might be exposed to several threats, including unauthorised reproduction/imitation of products and negative social media coverage. In particular, inadequate brand protection or poor intervention to address counterfeiting of the Group's products increases the threats posed by illicit products, including harm to consumers and damage to the Group's and brands' reputation. In addition, the constant increase in the number and importance of social media exposes the Group to the risk of harmful media messages as it might be a victim of a malicious attack or as a consequence of a communication incident. As a result, the Group's products and reputation might be negatively or not correctly perceived by the public, impacting the brands' performance and cash flows.	The Group constantly monitors the markets in which it operates as well as customers' behavioural patterns. In addition, social media guidelines were implemented, and an internal awareness initiative on social media security was launched.
Risks relating to the disruptions or termination of Campari Group's arrangements with the Group's third-party manufacturers or distributors	**Strategic risks**	The production and distribution of the Campari portfolio is carried out, for the vast majority, directly by Campari Group. However, Campari Group relies upon third parties (including key customers in specific geographies) to distribute, and in some cases also produce or co-pack, its own brands in a number of markets under licensing arrangements. The use of or reliance on third parties for these functions entails risks, including the risk of termination of licenses and delays or disruptions in production and distribution. Disruption or termination of Campari Group's present arrangements with these third parties without having suitable alternative arrangements in place could have a material adverse effect on the Group's business, resulting from its operations and/or financial condition.	The Group put into practice the signing of licensing agreements with various trusted third parties to avoid concentration on a few counterparties.

Exchange-rate and other financial risks	**Strategic and Financial risks**	While Campari Group reports its financial results in €, the Group's portfolio of brands generates sales and costs throughout the world in a variety of currencies. With the Group's international operations outside the € area growing, significant fluctuation in exchange rates could have a negative impact on the Group's activities and operating results. In general, economic volatility or failure to react quickly enough to changing monetary policies and economic conditions (including currency instability) could impact the Group's financial performance.	The Group closely monitors its performance and key business drivers by region to be able to quickly adapt to changing market conditions. Furthermore, permanent Group operations in countries such as the United States, the United Kingdom, Australia, Jamaica, Brazil, Canada, Russia, and Argentina allow this risk to be partially hedged, given that both costs and revenues are broadly denominated in the same currency. For a more comprehensive analysis of the Group's financial risks, please refer to note 7 ii.-'Nature and extent of the risks arising from financial instruments' of Campari Group consolidated financial statements at 31 December 2023.
Risk of inflation	**Strategic and Financial risks**	According to the Organisation for Economic Co-operation and Development ('OECD'), the global economy continues to confront the challenges of elevated inflation, low growth and comparatively weak trade. Although headline inflation has been declining (it is projected to continue receding gradually in G20 countries from 6.0% in 2023 to 4.8% in 2024), it remains above central banks' targets in many countries. Interest rates are expected to remain high with the aim to tackle inflation. If inflation continues to prove more persistent than projected, consumer behaviour could be negatively affected, as consumers may have reduced disposable income and be less likely to buy drinks, therefore reducing their demand.	Campari Group constantly monitors consumer trends at market and brand level. In addition, Campari Group is continuing to monitor the macroeconomic scenario and the markets in which it operates as well as the behavioural patterns of its consumer base.
Risk relating to the inability to attract and retain qualified personnel -Our people	**Operational risks**	Campari Group's success depends on the efforts and abilities of its senior management team and key employees. The loss or retirement of senior management or other key personnel, or an inability to identify, attract, and retain qualified personnel in the future, may make it difficult for the Group to manage its business and could adversely affect its operations and financial results with the risk of not being responsive in seizing new opportunities and adapting to change. A high turnover rate and difficulty in filling key positions could also have a demotivating impact on existing teams, with the potential of slowing down the implementation of key projects for the Group.	The Code of Ethics reaffirms the Group's principles and commitment with respect to the themes relating to human resources and the work environment. The Policy on Employees and Human Rights defines the Group's position with respect to issues related to working conditions, training, and employee well-being. Training and professional development is a key area of focus for Campari Group, and the Group will continue to expand its learning offer, mainly leveraging online tools. Specific activities to improve Camparistas' well-being and work-life balance are constantly promoted in all Group locations. The Group also established talent review programs, succession plans, and retention plans for key resources, as well as monitoring employee satisfaction and talent recruiting programs. To ensure that the remuneration system for all Camparistas is based on the criteria of fairness and transparency, Campari Group uses the internationally recognised International Position Evaluation ('IPE') methodology. Two major Reward and Recognition initiatives have also been implemented: Employee Stock Ownership Plan ('ESOP') and Restricted Stock Units ('RSU') Mid-Term Incentive Plan. A global framework to foster diversity, equity, and inclusion in the workplace was adopted in 2020 to nurture a corporate culture in which people feel welcome, empowered and encouraged to bring their whole self to work. The Compensation and Benefits policies were revised in 2023, resulting in the development of key equity programs: Gender Fair Pay and Parental Leave policy. In 2023, the Leadership and Management Development solutions available to Camparistas were expanded, including a program targeted specifically at plant supervisors in Supply Chain.
Employees' satisfaction, diversity, equity, and inclusion -Our people	**Operational risks**	Being a multinational organisation, Campari Group faces the challenge of managing a diverse workforce and could fail to respond to the needs of its employees, not being able to create a healthy and positive work environment which is an indispensable condition for ensuring the Group's success and growth. On the other hand, Campari's ability to create a positive work environment that fosters employee satisfaction, diversity, equity and inclusion could play a key role in attracting and retaining qualified personnel, with positive impacts on the Group's long-term value creation.	

Risk relating to unavailability and cost of materials (O)	**Operational risks**	The Group's ability to produce and sell products depends upon the availability of key materials and services. The current geopolitical and macroeconomic landscape continues to affect international trade, in terms of disruptions/bottlenecks in transport and high cost of components/raw materials. The risk is that the Group could face unpredictable events in terms of supply challenges that could have a negative impact on the Group's results and cash flow. In addition, changes in exchange rates, and inflation on prices for raw materials or commodities (alcohol, aromatic herbs, sugar, agave and cereals) may not be offset by higher prices applied on the sale of the Group's products. The price of raw materials depends on a vast multiplicity of unpredictable factors out of the Group's control. The risk is that the Group could face negative effects on its financial results and cash flows.	To mitigate those risks, safety stocks are kept available in key locations; capital investments are made to increase the Group's production capability and, whenever possible, contracts with multiple suppliers are in place. In addition, the Group has implemented actions to reduce fluctuations in raw material prices, including signing co-investment agreements with local agricultural producers to ensure an adequate supply of high-quality agave. The benefits of these investments will probably only be observable in the medium term, given the long natural growing process of plants such as agave. Moreover, to mitigate these risks of energy price increases resulting in higher transportation, freight and other operating costs for the Group with an indirect impact on the purchase of key packaging and ancillary materials, such as glass, the Group is constantly reviewing procurement policies to maximise efficiency and the collaboration with key suppliers.
Risk related to climate change and natural disasters - Environment	**Operational risks**	Production activities and implementing the Group's strategies are subject to the effects of natural events. Climate and environmen-tal changes, some of which could have a significant impact, could interfere with local supply chains and harm some customers. These events are generally unpredictable and may affect the seasonality of sales, just as natural disasters (such as hurri-canes) may damage products and disrupt production at some plants.	The Group monitors climate changes and consequent environmental risks, has emergency plans in place and continuously develops plans to deal with such crises. The Group counts compliance with regulations and with local and international standards among its priorities, together with business continuity assessment, back-up scenarios and global insurance policies. Campari Group recognises the importance of focusing on the overall climate change risk and promotes responsible use of resources and a reduction of the environmental impact in its value chain and throughout its global supply chain, acknowledging the need to limit global temperature rises to no more than 1.5°C, in accordance with the Paris Agreement. In this context, Campari Group has adopted an environmental policy that applies to all locations and divisions and has set up a structure to control environmental pollution, waste, and water disposal. The Group closely monitors energy consumption and carbon dioxide emissions and undertakes initiatives to reduce them by increasing the use of lower-emission energy sources. The Group has also set specific targets in line with the UN Sustainable Development Goals aimed at reducing Greenhouse Gas ('GHG') emissions deriving from the Group's direct operations and the overall supply chain and at increasing the use of renewable electricity in its production sites. The effects of climate change vary from geography to geography; in Martinique, for example, the Group is facing more and more droughts and thus started to implement a new major irrigation project on its own land, which will be fully operational in 2026, aimed at reusing water to irrigate the land. Also in the Jalisco area (Mexico), where water scarcity can affect both production continuity and the ability to supply agricultural materials, the Group is developing specific activities aimed at reducing its environmental impact while managing the demand for water during peaks in production activity and ensuring business continuity, including the installation of a dedicated water tank and a distillery sludge treatment plant to treat wastewater.
Environmental impact of operations-Environment	**Operational risks**	The Group is aware of the environmental impact generated by its operation and activities (in terms of CO_2 emissions, energy management, water management, and waste management) and how its inability to manage it could negatively affect its reputation, revenues and profits. In addition to external stakeholders paying greater attention to the Group's non-financial performance: • high industrial energy consumption leads to an increase in GHG emissions (thus contributing to climate change and global warming) and to a rise in energy prices and volatility; • the most water-intensive activities may impact water availability, especially in geographic locations where water-related challenges are more pronounced; • hazardous and/or improper waste storage or disposal may contaminate surrounding water and lands.	The QHSE policy was adopted in 2023 and applies to all locations and divisions. The Group's environmental performance is certified through international standards (ISO14001/EMAS/ISO50001). Campari Group has set up a structure to control environmental pollution, waste, and water disposal and defined and disclosed specific environmental targets aligned with the UN SDGs to be reached by 2025 and 2030. In 2023, the Group defined its first high-level Net Zero roadmap including actions to deliver the 2025 and 2030 commitments, as well as direction activities reaching beyond the 2030 target. The initiatives are aimed at reducing the environmental impacts from manufacturing, materials and services used, introducing sustainable practices across the value chain. Regarding waste the Group aims to achieve zero waste to landfill across its production sites by 2025 and is thus adopting a circular approach, through different local initiatives aimed at optimising the use and disposal of materials, improving efficiency, increasing recycling, recovery and reuse processes. With regard to water management, the Group is implementing local interventions and making investments in its plants according to the Group water reduction programme with the goal to reduce the use of water by 60% by 2025 and by 62.5% by 2030.
Risk relating to disruption in information technology systems	**Operational risks**	The Group depends on its information technology and data processing systems to operate its business. Campari Group introduced smart working in 2018 and is engaged in major projects that leverage digitalisation and expand on smart working in the Group's offices. More flexible working methods are being promoted as they can bring benefits for both Camparistas and the Group, encouraging a better work-life balance, attracting and retaining personnel and increasing employees' responsibilities in pursuing the Group's objectives and results. The digitalisation that the Group has undertaken has entailed a greater exposure to risks deriving from cyberattacks, in addition to those related to significant system malfunctions or disruptions, problems connected to migrations affecting key IT systems, to ineffective security measures and power outages. All of the aforementioned events could adversely affect the Group's business continuity and its ability to compete. Additionally, stringent personal data protection regulations are increasing the risks associated with regulatory non-compliance.	Mitigation actions put in place by Campari Group include the definition of a Cyber Security roadmap and the constant execution of additional controls and security audits which are regularly performed to assess whether the level of security is adequate and to ensure business continuity in case of key system migration. With respect to employees, multiple awareness campaigns were implemented to heighten employee awareness of cyber risks. New protocols, training programs, work practices, and safety measures have been introduced and strengthened to enable a safe environment in a hybrid workplace. The Group has implemented awareness campaigns to heighten employee awareness of cyber risks (C-level fraud, phishing, social engineering). New employees take part in security training during on-boarding. Starting in 2019, and with a greater focus in the following years, the Security Awareness program has evolved into a "Cyber Security Culture" concept including: • bi-weekly and monthly simulated phishing campaigns to all employees to test their skills and competences in recognising the main threats via email; • training sessions available for all employees; • annual communication plan defined thanks to the collaboration with the Corporate Communications department with monthly communications for all employees on selected topics made available through the intranet portal; • bi-monthly internal workshops executed within the IT department on selected cyber security ; • quarterly meetings with Business Unit Directors and Country Managers to enforce cyber security messages and champion advocacy on cyber security at local level; • reposting of such communication on the corporate social network which provides push notifications of the news to all employees; • production of engaging media on cyber security displayed on the corporate social network channel and on digital signage screens available at sites; • dedicated email for reporting phishing/spam emails; • dedicated news posts published on the Group's internal communications platforms to keep users up to date on new and increasing cyber threats, as well as new cyber security-related functionalities.

Risk relating to responsible supply chain and disruption in the supply chain- Responsible Supply Chain	**Operational risks**	Responsible and transparent sourcing from commercial partners that share Campari Group's values regarding social and environmental matters is a necessary condition for ensuring high-quality and safe products and a better reputation. Any failure from the suppliers to guarantee responsible commercial practices could have a negative impact on the Group's reputation and affect sales volumes.	Since 2012, Campari Group's suppliers have been requested to sign the Supplier Code, a document setting out the ethical values and principles that underly the Group's activities and ensure their compliance throughout their respective supply chains. The Group is also a member of Sedex (the largest shared platform in the world through which users report and share their commercial practices in the areas of labour law; health and safety; environment; business ethics). Campari Group's Employees' and Human Rights Policy also applies to suppliers. Specific projects with key suppliers are developed to foster virtuous business practices (i.e. co-investment model to grow agave with local partners in Mexico, long-term agreements with packaging suppliers committed to circular principles). In line with the Group's ambition of reducing its environmental impact, an acceleration in the Scope3 decarbonisation efforts also involving suppliers took place starting from 2022. In 2023, the Group has enhanced its engagement process with the most relevant suppliers for packaging and raw materials (i.e. glass, aluminium cans, sugar, alcohol, etc.) and logistics and has defined specific decarbonization roadmaps that include energy efficiency and renewable sourcing programs, packaging material optimisation and sustainable redesign. With regard to supply chain disruption, the Group continues to improve its levels of resilience across its supply chain through diversification of services and increased collaboration with strategic suppliers.
Risks of barriers to entry into new markets or development in already guarded markets - Community Involvement	**Compliance risks**	The difficulty of integration into the local social fabric or lack of collaboration and dialog with local communities can limit the Group's ability to enter new markets and/or consolidate its presence in markets in which it already operates.	The Group manages relations with local communities and territories where it operates in full respect of customs and traditions while strictly observing local regulations. The Group contributes to the economic development of the territories directly through its own activity, thus contributing to local economic development, and through the development of specific social inclusion projects, also promoted through its Foundations.
Human rights -Our people	**Compliance risks**	The risk of failure to comply with laws and regulations relating the respect for human rights in all of its geographies and all along its supply chain could cause reputational damage and financial loss.	Among the measures implemented to mitigate this risk, specific policies have been formalised (i.e. Employees' and Human Rights Policy, Code of Ethics, Business Conduct Lines, and Supplier Code). Campari Group also supports the United Nations Universal Declaration of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. The Group assures legal compliance with national legislation relating to human rights in those countries where it operates. If there are any differences between the content of the Group's policies and national regulations, the Group always applies the most stringent requirements.
Business ethics and integrity risk (including fraud & corruption)	**Compliance risks**	Campari Group may face the risk of unethical business practices. Lack of an embedded business integrity culture and/or a breach of Campari Group's policies and relevant laws or regulations due to fraudulent/corrupt practices could result in significant penalties, financial loss and reputational damage for the Group.	The main tools for mitigating those risks are the Code of Ethics, the Anti-Bribery and Anti-Corruption Policy, the Business Conduct Guidelines and ongoing training of employees to keep them periodically updated on the Group's policies. In Italy, in particular, pursuant to Legislative Decree 231 of 2001, the 231 Model, approved by the Board of Directors, represents a formalisation of existing management structures, procedures and controls. Internal assurance activities are continuously monitored and assessed with local management to improve the internal control system. Any violations or conduct inconsistent with regulations and/or internal policies may be reported anonymously through a whistleblowing channel available to Camparistas and external stakeholders.

Tax risks and changes in fiscal regulations	**Compliance risks**	Distilled spirits and wines are subject to import duties or excise taxes in many countries where the Group operates. An increase in import duties or excise taxes could adversely affect profit margins or sales revenue by reducing overall consumption or encouraging consumers to switch to lower-taxed categories of alcoholic beverages. Furthermore, significant changes to the international tax environment or tax-related changes in any of the markets in which the Group operates could alter the Group's results, leading to an increase in the effective tax rates and/or unexpected tax exposures and uncertainty that could increase the Group's overall business costs.	The Group has a tax policy focused on compliance with applicable laws and regulations and proactive and efficient taxation. The Group has always adopted a transparent attitude towards the tax authorities and applies a transfer pricing policy between Group companies based on the principle of at arm's length transactions to ensure that profits are taxed in a manner consistent with commercial activities and economic substance. The Group regularly reviews its business strategy and tax policy in light of legislative and regulatory changes and assesses the likelihood of any negative results of potential tax inspections to determine the adequacy of its tax provisions.
Risk of failure to comply with laws and regulations	**Compliance risks**	As the Group is exposed and subject to numerous different regulations, there is a risk that failure to comply with laws and regulations, and with Group policies, could harm its reputation and/or result in potentially substantial fines. In addition, there are increased regulatory expectations with new legal regimes being imposed, and a heightened enforcement stance being adopted across different markets.	The Group has drawn up a Code of Ethics, an Antitrust and Competition Policy, an Anti-Bribery and Anti-Corruption Policy and Business Conduct Guidelines and provides its employees with regular training on its global policies. Internal assurance activities are continuously monitored and assessed with local management to improve the internal control system. Present in many regions across the world, the Group has also adopted a specific policy on human rights intended to mitigate any legislative shortcomings existing locally in that regard.
Data privacy and cyber security	**Compliance risks**	The strong interconnectedness within the Group and the ever-increasing pervasiveness of technology in the performance of business activities may cause reputational damage due to possible breaches/theft of sensitive data, the malfunctioning or disruption of IT systems, the unavailability of online services due to a cyber-attack and the increased cost of resolving these problems.	The Group has introduced project initiatives to make every employee aware of cyber issues and risks (C-level fraud, phishing, social engineering). Each employee is made aware of cyber security threats and of key actions to undertake thanks to continuous communications campaigns to improve their knowledge of the main cyber threats. Relevant legal developments are also monitored in order to identify new potential requirements that might be applicable to the Group. Even if not directly applicable, such legal requirements are referred to as best practices for the development of the internal Cyber Security strategy and roadmap. Through the Legal and Compliance department and the Group Data Protection Officer, Campari Group is aligned with the European regulations on personal data protection ('GDPR'), and with other applicable local laws on data protection. In this effort for continuous improvement, the organisational model allocating the responsibilities for data protection matters, and the internal policies on data protection are continuously updated, and training and awareness activities are regularly carried out. In 2020 a new Privacy Policy on Processing of Employees' Personal Data was released together with a Policy on the Use of Electronic Communications and Information Systems, and training and awareness activities are regularly promoted as proof of the Group's commitment to promote the correct use of IT and electronic communication systems to protect its IT assets and, in general, all of its stakeholders.

Risks relating to legislation on the beverage industry and the application of import duties	**Compliance risks**	Activities relating to the alcoholic beverages and soft drinks industry, production, distribution, export, import, sales and marketing are governed by complex national and international legislation, often drafted with somewhat restrictive aims. The requirement to make the legislation governing the health of consumers, particularly young people, ever more stringent could, in the future, lead to the adoption of new laws and regulations aimed at discouraging or reducing the consumption of alcoholic drinks. Such measures could include restrictions on advertising or tax increases for certain product categories, leading to a fall in demand for the Group's products.	Campari Group is committed to constantly publicising messages and models of behaviour associated with responsible consumption and serving of alcoholic drinks through its communication channels, and continuously monitors any changes in the legislation applicable to the beverage industry.
Risk related to non-compliance with environmental regulations and policy -Environment	**Compliance risks**	Due to Campari Group's global presence, its operations are subject to numerous regulations imposed by national, state and local agencies covering environmental, production, health, and safety. In addition, the regulatory climate in the markets in which Campari Group operates is becoming stricter, with a greater emphasis on enforcement. These regulations can result in increased costs or liability, including fines and/or remediation obligations, which could adversely affect Campari Group's business, prospects, financial condition and/or results.	Campari Group has adopted an environmental policy aimed at reducing the environmental impacts that may be caused by the Group's activities. This policy, which is regularly reviewed to keep it in line with the nature and size of the Group and its corporate objectives, applies to all locations and divisions and is also shared with suppliers, funders and employees. For example, the responsible use of resources and reduction of the environmental impact of the Group's production activities are, of course, practices that guide the Group's activities to pursue sustainable development. The Group's industrial management has also set up a structure dedicated to safety, and quality controls on environmental pollution, waste, and water disposal. The objective of this structure is to continuously monitor and update the Group's business activities based on the legislation in force in the individual countries in which it operates. To further mitigate this risk, the Group has in place a global environmental insurance policy. While Campari Group has implemented those initiatives, there can be no assurance that it will not incur substantial environmental liability and/or costs or that applicable environmental laws and regulations will not change or become more stringent in the future.
Risk related to employees -Our people	**Compliance risks**	The risks that the Group faces in relation to the management of employees are related, on the one hand, to the administrative management of personnel, with particular reference to events of an extraordinary nature, and on the other, to the health and safety of employees, with particular reference to working conditions and accident management. Failure to ensure employees' health and safety or manage personnel could harm the Group's reputation and/or result in potentially substantial fines.	In the various countries where the Group has subsidiaries, its dealings with employees are regulated and protected by collective labour agreements and local laws. Any reorganisation or restructuring undertaken, where this becomes essential for strategic reasons, is defined based on plans agreed with employee representatives. Risk awareness and mitigation along with training, engagement and empowerment of Camparistas are critical elements to the Group health and safety ('HS') management programme. The Group in fact has put in place specific procedures to monitor safety in the workplace, both in the offices and in plants, and continuous attention is paid to training and raising awareness among employees on health and safety issues and to ensuring safe working conditions. In 2013, the Group adopted a Quality, Health, Safety and Environment ('QHSE') Policy, and monitors its performance through international health and occupational safety standards (BS OHSAS 18001/ISO45001).
Risks relating to product compliance and safety - Responsible Practices	**Compliance risks**	Campari Group may be subject to product recalls or other liabilities if any of Campari Group's products are defective or found to contain contaminants. Those events could lead to business interruptions and product recalls costs which could adversely affect Campari Group's business, reputation, financial condition and/or results from its operations.	Campari takes precautions to ensure that its beverages are free from contaminants and that its packaging materials are free of defects by conducting extensive quality controls and having a worldwide quality team. Control procedures to ensure that products manufactured in Group plants are compliant and safe in terms of quality and hygiene, in accordance with applicable laws and voluntary certification standards, have been put in place. Specifically, in 2013, Campari Group adopted a Quality, Health, Safety and Environment ('QHSE') policy, and tracks its performance through the International Food Safety Certification scheme (BRC/IFS/FSSC22000). Brand consistency is assured through standardisation and rigorous inspection controls. A series of proactive and preventive programmes are in place to mitigate risks across end-to-end operational activities, from raw ingredients and packaging material supply to finished products. In addition, the Group has defined guidelines to be implemented if quality is accidentally compromised, such as withdrawing and recalling products from the market or the CPM Index (i.e., the number of complaints received per million bottles produced). Although Campari has drawn up guidelines to be implemented, if quality is accidentally compromised, such as in the event of any withdrawal or recall of products from the market, insurance policies against certain product liability claims are activated. However, it could happen that any sums that Campari recovers may not be sufficient to compensate for any damages it may suffer. For this reason, insurance policies are systematically reviewed to always be adapted to changing business needs and requested from co-packers and raw material suppliers for their liabilities.

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SUSTAINABILITY DISCLOSURE

NOTE ON METHODOLOGY

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

The aim of the Sustainability Disclosure is to provide Campari Group's stakeholders with sustainability information, illustrating Campari Group's sustainability strategy and main initiatives in 2023. This disclosure highlights the most relevant information of the year and the Group's more general approach to sustainability and contains sustainability information about environmental, social and employment matters, as well as respect for human rights, anti-corruption and bribery issues, to the extent necessary to ensure the Group's business, performance, results and impacts are understood. The Group's strategies, policies, main impacts, risks and the related management approach for each of these issues are also described based on the principle of materiality.
This disclosure is an extract from the Campari Group's sustainability report, which contains the complete Campari Group disclosure on sustainability information and is available on the Group's website at: www.camparigroup.com, in the 'Sustainability' section.
The main sustainability risks identified have been disclosed in the 'Risk management and Internal Control System' section included in this annual report to which reference is made.
The Dutch Statutory Auditor Ernst&Young accountants, LLP verifies the disclosure of this document according to legal requirements, while EY S.p.A. verifies, through a limited assurance engagement in accordance with International Standard on Assurance Engagements ('ISAE') 3000 Revised, the separate sustainability report's compliance with the Global Reporting Initiative ('GRI') Standards, the global standards for sustainability reporting.
The table below shows the internal references to the chapter(s) or paragraph(s) of this annual report where the relevant aspects of the Dutch Decree are discussed in particular to ensure transparent and structured communication with stakeholders.

Dutch Decree aspects	Internal reference-Chapter/paragraph
Business model	The value chain of the Group's products; Campari Group's identity and business overview section.
Policies and due diligence	Sustainability governance and policies; Governance section.
Principal risks and their management	Risk management and internal control system section.
Global Sustainability Strategy	Campari Group's identity and business overview section.
Thematic aspects	
Environmental matters	Management of resources and environmental impact; Global Supply Chain medium-long term environmental targets; Net Zero Journey; Energy efficiency and Scope 1&2 GHG emissions; Scope 3 GHG emissions; Water; Waste; Biodiversity and agricultural management practices; Spills; Certifications; EU Taxonomy disclosure.
Social matters	The Foundations; Creating value for stakeholders; Quality and food safety of brands; Responsible communications; Responsible serving; Responsible consumption: communications and promotional initiatives; Campari Gallery; Cinzano Archive; Campari and the cinema; Support to local communities.
Employee matters	The Camparista experience; Diversity, Equity and Inclusion; Capability building and people development; Remuneration system; Industrial relations; Camparistas' involvement with the environment, well-being and social activities; Health and safety in the workplace.
Respect for human rights	Sustainability policies and governance; Risk management; Code of Ethics, Business Conduct Guidelines, Sustainable sourcing; Employees and Human Rights Policy.
Fight against bribery and corruption	Sustainability policies and governance; Risk management; Whistleblowing; Model 231; Code of Ethics; Business Conduct Guidelines.
Supply Chain	Sustainability policies and governance; Risk management; Responsible sourcing; Net Zero Journey; Scope 3 GHG emissions.

Campari Group's Sustainability Disclosure was prepared in accordance with the GRI Sustainability Reporting Standards and includes specific indicators defined by the Group in accordance with the materiality principle.

The materiality analysis started in 2017 and was revised in subsequent years until 2022 following the new provisions of GRI 3: Material Topics 2021. More information can be found in the 'Materiality' paragraph below.

With regard to the financial data, the scope of the reporting corresponds to that of Campari Group's consolidated financial statements.
With regard to the sustainability information, the scope of the reporting encompasses the data of all Campari Group companies consolidated on a line-by-line basis for the period from 1 January 2023 to 31 December 2023, excluding the information related to two companies: (i) Licorera Ancho Reyes y CIA S.A.P.I. de C.V., and (ii) Casa Montelobos S.A.P.I. de C.V.. This is because the scope of the acquisition includes the company's intellectual property and related inventories, not the production and bottling facilities that are leased to third-parties, whilst agave, the main raw material to produce Montelobos mezcal brand, is sourced through third-party agreements with major local growers to secure constant supply. In a similar vein, agreements pertaining to joint-ventures and affiliated companies, along with any business acquisitions within the financial consolidation area during the year, are excluded from the consolidation scope. The data relating to previous years is reported for compa-

rative purposes to allow performance to be assessed on a multi-annual basis.
Data collection and monitoring is managed through the Group's sustainability platform (Enablon) and includes all the information related to headcounts (in the chapter 'Our people') and the main environmental Key Performance Indicators ('KPIs') (in the chapter 'The environment').
With regard to 'The environment' chapter, the environmental data, including data relating to energy consumption and emissions, does not include consumption in offices.
Enablon was initially adopted by the Quality, Health, Safety and Environment function in 2016, and then extended in 2017 to all business units involved in sustainability reporting, notably Marketing, Legal, Human Resources and Public Affairs. Data collection is undertaken locally and double-checked at country and regional levels. Additional sample checks are carried out by the Group's heads of functions and by Internal Audit ('IA') to ensure maximum data consistency. The adoption of the platform makes it possible to monitor the Group's performance more effectively and establish internal targets for overall improvement in the medium and long term.

THE ROADMAP TO CSRD

Starting with the 2024 Sustainability Disclosure that will be published in 2025, Campari Group will be subject to the application of the Corporate Sustainability Reporting Directive ('CSRD')-2022/2464/EU, which entered into force in January 2023. The Directive mandates that all European Union-listed companies employing more than 500 individuals must adopt the new reporting standards, replacing the requirements introduced by the Non-Financial Reporting Directive ('NFRD') in 2014.
The main novelties introduced by the CSRD will concern the application of the 'Double Materiality' principle, which will consider both the impact and financial dimensions, and the shift to a forward-looking perspective, which will require the reporting of scenario analysis and prospective plans in addition to retrospective information.
According to the CSRD, the Group will apply the new European Sustainability Reporting Standards ('ESRS') in place of the so far used GRI Standards and the perimeter of the reporting will be extended to include the Group's whole value chain.

Furthermore, following the entry into force of the Taxonomy Environment Delegated Act ('TEDA') in January 2024, the taxonomy will be fully implemented for the same disclosure period state above, with eligibility and alignment disclosure of the Group's activities in relation to all six environmental objectives prescribed by the Act. The disclosure of this taxonomy will be subject to the mandatory limited audit assurance for the reported information in 2025 on 2024 data.

Campari Group has already started to embrace these changes. A gap analysis is being conducted regarding what is already monitored in comparison with the new requirements defined by the ESRS, with the objective of closing the main gaps in 2024. The Group is already working on its double materiality analysis. Indeed, the primary impacts have been discerned following the ESRS, engaging key internal stakeholders associated with ESG aspects. The findings are currently under examination for publication in the 2024 disclosure. With regard to the application of the European taxonomy, in 2023 the Group, as required by the legislation, has started monitoring the eligibility of its activities with respect to the contribution to the last four environmental objectives and is evaluating the possibility of including sustainability aspects and criteria in its investment planning whenever possible. Finally, in order to define its long-term forward-looking perspective, in alignment with the CSRD, the Group is committed to carrying out a scenario analysis related to climate change as well as to working on its climate change risk management in accordance with the provisions of the Task Force on Climate-Related Financial Disclosures ('TCFD'), established by the Financial Stability Board to develop recommendations on the information that companies should disclose about the resilience of their strategy to climate-related risks.

Materiality analysis

The last version of the Group's materiality assessment was revised in 2022 according to the new provisions of GRI 3: Material Topics 2021, and the resulting analysis was approved by the Board of Directors. According to this last definition of materiality, material topics are those that represent the organisation's most significant impacts on the economy, environment, and people, including impacts on human rights. In 2023 no major changes were made.

Please see below the list of Campari Group material topics, while the below paragraph provides a description of the assessment carried out by the Group to prioritise their impacts based on their significance.

Photo submitted by Karin Engele-Kuzniar. Finalist of the 2023 Annual Report Photo Contest

Campari Group material topics	Impact actual/ potential	Description of the topics' relevance
Economic contribution	Impact actual	The spirits industry can be a powerful engine for sustainable development, through job and growth creation. Considering the intensity of the economic contribution of the spirits sector, its impact in terms of employment and 'spirit tourism' figures shown below (source: spiritsEurope -A Spirit of Growth-Introduction) and taking into consideration that Campari Group is the sixth-largest player in the premium spirits industry in the world (Source: Impact's top 100 Premium Spirits Brands Worldwide by Company, March 2022), marketing and distributing products in over 190 countries worldwide and employing approximately 5,000 people (at 31 December 2023), we have identified *Economic contribution*-meaning the ability of the company to contribute to the global economy and the Italian GDP by generating turnover, exporting high-quality products worldwide, contributing to the country system by paying taxes in Italy and to the sector's sustainability through business agreements with business partners, and *Employment contribution*-the company's ability to hire employees and create new jobs within the company and throughout the entire sector as two positive impacts of the Group.
Employment contribution	Impact actual	
Climate change, energy and carbon footprint	Impact actual	Taking into consideration the environment, Campari Group, being a manufacturing company, necessarily generates a negative impact on the environment in terms of energy use and climate change, water use, waste production, use of materials and on biodiversity loss. The major environmental impact in terms of Severity (mainly Scale and Scope) is *Climate change, energy and carbon footprint*, and accordingly, the Group is currently implementing remediation actions all along the value chain to mitigate its impacts; similar activities are being implemented with regard to *Water* and *Waste*. The *Materials and circular economy* and *Biodiversity* topics are less impactful for the company because the packaging of its products is highly recyclable, being largely made of glass and cardboard, and because the impacts on biodiversity are mostly indirect as they are more related to suppliers. Nevertheless, specific mitigation actions are also being put in place by the company in relation to these actual negative impacts (for more information see the Environment chapter of this document).
Water	Impact actual	
Waste	Impact actual	
Materials and circular economy	Impact actual	
Biodiversity	Impact actual	
Employee satisfaction	Impact actual	The ability of the company to meet the Camparistas' needs, to develop programmes that help employees learn specific knowledge or skills to improve performance and to ensure their growth, and to attract the right people for the business (*Employee satisfaction, Talent attraction, Training and employees' development*) are the Group's main positive impacts related to the Our People area.
Talent attraction	Impact actual	
Training and employees' development	Impact actual	
Diversity, equal opportunities and inclusion	Impact potential	Always related to Camparistas, *Health and Safety* and *Diversity, Equal opportunities and Inclusion* issues, with Campari Group being a multinational manufacturing company with plants and offices in 26 countries worldwide, are considered as potential negative impacts, in relation to which we have always been committed to promoting activities aimed at ensuring a safe and inclusive workplace (more information in the Our People chapter of this document).
Health and safety	Impact potential	
Food safety and product quality	Impact potential	With regard to products, the company has always been committed to guaranteeing the highest levels of quality and safety, and to promoting external communication aimed at raising consumer awareness about responsible consumption and informing them about the main characteristics of the product itself. This is because we are aware that abuse in consumption would be as damaging to health as a lack of food standards. Failure to publish product characteristics would also cause an information asymmetry to the disadvantage of the consumer, which the Group has chosen to remedy by making the main product information available mainly online via the camparigroup.info website. At the same time, the company is also aware of the positive impact on a social and convivial lifestyle resulting from the responsible consumption of its products (aspect highlighted in the table under the topic *Conviviality*).
Responsible consumption	Impact actual	
Conviviality	Impact actual	
Customer and consumer satisfaction	Impact potential	
Marketing and labelling	Impact potential	
Transparency and responsible supply chain management	Impact actual	*Human rights* violations and *corruption* are risks that could occur along the supply chain and generate negative impacts, mainly considering that the Group has a global value chain from the sourcing of raw materials to the sale of products. Also in relation to the supply chain, it is therefore crucial for the Group to foster business relationships with partners who adopt the same standards of honesty, fairness and transparency and share the Group's values.
Human rights	Impact potential	
Anti-corruption	Impact potential	

Data privacy and cyber security	Impact actual	Given the strong interconnectedness within the Group and the ever-increasing pervasiveness of technology within the business, another risk for the Group relates to *Data privacy and cyber security* with the possibility of generating a negative impact vis-à-vis external stakeholders and Camparistas due to breaches/theft of sensitive data, the malfunctioning or disruption of IT systems and the unavailability of online services due to a cyber-attack.
Support to local communities	Impact actual	With regard to more strictly social impacts, the company has always been committed to developing projects that benefit the local community or support the sector, also aiming at the promotion and restoration of cultural heritage and the protection of geographical indications ('GIs'). Within the framework of national and supranational trade associations, the Group is also committed to participating in matters of public debate, especially related to the sector, with the aim of identifying and defending the general interest and actively contributing to the development of regulation in this sense.
Protection of quality products and cultural heritage	Impact actual	
Public policy and self-regulation development	Impact actual	

Green: positive impact
Red: negative impact

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Sustainability governance and policies

The sustainability strategy and its implementation are under the responsibility of the following bodies and functions.

Name	Responsibilities
Board of Directors	• Approves and monitors progress on the Global Sustainability Strategy; • approves the Sustainability Disclosure in the Annual Report and the Sustainability Report.
Control and Risks Committee	• Monitors progress of the Global Sustainability Strategy.
Sustainability Committee	• Eight members: Group Head of Public Affairs, Corporate Communications and Sustainability, Group Head of Human Resources, Group Head of Supply Chain, Head of Global Quality, R&D and Environmental Sustainability, Group Head of Marketing, Group Financial Planning and Analysis, IFRS Consolidated Financial Reporting, Investor Relations and Corporate Finance Senior Director, Group Internal Audit Senior Director and Corporate Communications Director; • meets periodically to: evaluate and propose cross-functional sustainability projects and activities, and validate the materiality analysis.
Corporate Sustainability team	• Ensures the sustainability strategy is embedded into processes and practices; • drives the implementation of the Global Sustainability Strategy in cooperation with the main corporate functions; • is responsible for external reporting; • reports progress to the Chairman and to the Leadership Team; • supports the Sustainability Committee and coordinates its activities; • supports Investor Relations and Corporate Communication in sharing and communicating sustainability updates to external stakeholders.

The values and lines of conduct that inspire the activities of each Camparista and the entire Group are set out in the Group's main policies and codes of conduct, detailed in the table below.

Name	Year	Description
Code of Ethics	Latest version approved on 27 October 2020	The Code of Ethics reaffirms the principles of fairness, loyalty and professional integrity that form the basis of the work and behaviour of those operating in the Group, both in terms of internal relations and in terms of relations with third-parties (the Code of Ethics is available on the Campari Group website) and to improve internal awareness and compliance an e-learning training course is available to all Camparistas; for production operators, in-person training courses were held. To ensure compliance with the Code of Ethics and its correct interpretation pursuant to Legislative Decree 231/2001, a Supervisory Body was established, appointed by the Board of Directors, with autonomous operational and control powers. Any violations or conduct not consistent with the Code may be reported anonymously to the Supervisory Body through Campari Safe Line, the whistleblowing channel available to Camparistas and external stakeholders, accessible through different channels (telephone, e-mail, mail, fax or online platform) and available in several languages. In addition to the Code of Ethics, the Business Conduct Guidelines also aim to ensure the utmost integrity in professional life.
Anti-corruption, anti-bribery and antitrust policies	2023	Specifically with regard to anti-corruption and bribery, anti-trust, data privacy and conflicts of interest the Group has established a multi-year process to strengthen its compliance management system. In this context, to further enhance Group's awareness, new global policies dedicated to anti-corruption and anti-bribery, as well as antitrust have been published in 2023 and dedicated training sessions are scheduled for 2024. In Italy, pursuant to Legislative Decree 231 of 2001, the 231 Model, which governs specific control systems, is aimed at preventing the crimes covered by the aforementioned decree and in particular those against the public administration, corporate and financial crimes and crimes committed in violation of workplace health and safety regulations. The Company has appointed a single supervisory body to verify the effectiveness of the Model and to update it. The main tools for mitigating corruption risk are the Code of Ethics, the Business Conduct Guidelines and ongoing training of Camparistas on the Group's policies. In particular, relations with public and private entities are regulated in the Code of Ethics as follows: • it is absolutely forbidden to promise or offer public officials, employees or other representatives of the public administration payments or other benefits in order to promote or favour the Group's interests; • it is absolutely forbidden to promise or offer employees or other representatives of institutions, political parties, trade unions and associations payments or other benefits in order to promote or favour the Group's interests; • in all cases, it is forbidden to accept gifts or favours, the value of which, taking into account the circumstances under which they were offered, could have even a slight impact on the selection of supplier or counterparty, or on the terms and conditions of a contract. The Model is approved by the Board of Directors, published on the corporate website and communicated to all new employees and to the Group's business partners through the Code of Ethics and the Supplier Code. Specific training activities aimed at raising awareness of the regulations contained in the decree are tailored to the different roles of employees and the level of risk in the area in which they work, also taking account whether they act as representatives of the Company. Violations of the Code of Ethics may result in termination of the relationship of trust between the Group and the recipients, with the consequences for the employment/collaboration relationship specified in current legislation and collective agreements. In 2023 we received reportings which could indicate bribery and corruption which we have followed-up adequately and concluded that no bribery and corruptions occurred.
Policy on the Use of Electronic Communications and Information Systems	Latest version released in April 2022	This policy has been issued to promote the correct use of IT and electronic communication systems in order to protect its IT assets and all its stakeholders; the Privacy Policy applying to the processing of employees' personal data was also updated.
Privacy Policy	Latest version released in December 2021	The Global Privacy Notice explains how personal information is collected, used, disclosed, and otherwise processed by Campari Group in connection with its services.

Internal Policy on Alcohol Consumption	2021	The policy is aimed at all Camparistas and those who work with Campari Group to promote its brands (i.e., agents and brand ambassadors) to ensure that every employee always promotes responsible and measured consumption of alcoholic beverages, both in and out of the workplace, by encouraging and practicing responsible behaviours and lifestyles. Proper training is currently being implemented in the Group's geographies.
Code on Commercial Communication	2010 and further revised in 2021	The Code on Commercial Communication is a reference document to guide and inspire advertising and marketing initiatives, according to the Group core values and meeting the highest standards of legality, decency, honesty and fair business practices, and encouraging responsible drinking worldwide, in a traditional convivial way. The Code, adopted on a voluntary basis, applies across all markets and guides every aspect of commercial communication activities, confirming the Group's strong commitment towards the responsible marketing of alcoholic beverages across all media. A global e-learning programme on the Code's principles, dedicated to the functions involved in commercial communication, has been developed. For more information on the Campari Group Code on Commercial Communications, please download the full document available at Campari Group | Code on Communication.
Diversity Policy	2020	In accordance with best practice provision 2.1.5 of the Dutch Corporate Governance Code the Board of Directors prepared and adopted a diversity policy, establishing the Company's commitment, setting objectives, and putting in place monitoring and reporting procedures in order to guarantee that the differences in skills and backgrounds of the Board's members reflect the diverse nature of the environment in which the Group and its stakeholders operate, thus improving the Group's effectiveness through diversity of approach and thought.
Employees and Human Rights Policy	2017	The Group adopted a policy on human rights and personnel management, which has been signed by the Group Officers, defining the Group's position with respect to issues related to human rights, working conditions, training and employees' well-being and formalising its commitment to playing an active role in the protection of human rights within its sphere of influence. The Employees and Human Rights Policy, which applies to all Group members, was communicated to all Camparistas, in multiple languages, using the main internal communication tools and made public in the Governance and Sustainability sections of the Group's website (www.camparigroup.com/en/page/group/governance www.camparigroup.com/en/page/sustainability). Campari Group checks for the compliance of all its operating units with its human rights commitments through its grievance mechanisms, continuously ensuring the effectiveness of its whistleblowing procedures for reporting any illegal behaviour and/or irregularities through the Campari Safe Line. In 2023, there were no reports of human rights violations. The principles and provisions of the Code of Ethics and the Employees and Human Rights Policy also apply to the Group's suppliers. Campari Group also supports the United Nations Universal Declaration of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. The Group ensures legal compliance with national legislation on human rights in the countries in which it operates. In the event of any divergence between the content of the Group's policies and national regulations, the Group always applies the most stringent requirements. The risk of failure to comply with laws and regulations, including internal policies, is continuously monitored for all Group's legal entities and organisational activities in all its geographical regions.
Supplier Code	2013 with subsequent revisions	The Supplier Code summarises the principles and founding values that underlie every business relationship. By signing this document, each supplier assures that its operations comply with the ethical requirements of Campari Group, helping to establish transparent, lasting and profitable relationships. The Group will continue to extend the range of suppliers to which the Supplier Code applies, including non-product-related suppliers. Moreover, the Global Procurement Policy sets the guiding principles and rules to be followed in the procurement process. The document reinforces compliance and the principles laid down in the Campari Group Code of Ethics. Campari Group also adopted a Global Procurement Policy, which sets the guiding principles and rules that all Camparistas shall follow when participating in the procurement process. The document reinforces compliance and the principles laid down in the Campari Group Code of Ethics.
Quality, Health, Safety and Environment Policy	2013	The Group QHSE policy governs and protects the environment, health and safety of its employees and consumers as well as the quality and food safety of products. This policy, which is regularly reviewed to keep it in line with the nature and size of the Group and its corporate objectives, applies to all company locations and divisions. These are responsible for amending the policy to align with the specific characteristics of quality, health, safety, environment and sustainability of the location concerned. The policy is also shared with all suppliers, funders and employees.

GLOBAL SUSTAINABILITY ROADMAP: OBJECTIVES AND RESULTS

In 2020 Campari Group formalised and disclosed its sustainability commitments into a roadmap, an agreed framework to focus investment and drive performance towards specific priorities within each area and that reflect the company's values and culture. During 2023, the company continued to implement the initiatives aimed at achieving its global targets.

As its business grows, Campari Group constantly comes across new opportunities to generate positive economic, social and environmental impacts. A culture of ethics permeates the entire company, ensuring that every business is always managed with probity and integrity.

Campari Group's approach to sustainability identifies the following four areas through which the Group's commitment to creating value in each business area is structured:

OUR PEOPLE - RESPONSIBLE PRACTICES - ENVIRONMENT - COMMUNITY INVOLVEMENT

Specific quantitative and qualitative commitments have been defined in the three areas of sustainability considered to be the most relevant at this time for a company of the spirits sector: our people, responsible drinking and the environment.

As a consequence of its relevance in Campari Group's strategic planning, sustainability has also gained a central consideration in the establishment of the Group's financial plans. Therefore, in order to further advance the sustainability strategy and commitments the Group has started leveraging some innovative sustainable finance instruments, which make it possible to direct financial resources in support of sustainable initiatives while also reflecting targets and achievements in the Group's financial structure. The latest initiative in 2023 was a sustainability-linked facility for a total amount of €800 million. The agreement consists of a term facility of €400 million and a revolving facility of the same amount, with the participation of a pool of nine banks. The facility provides for a variable component of the interest rate applicable to the Loan depending on the achievement of certain ESG targets identified by Campari Group and related to environmental and social sustainability, in particular emission reductions, responsible use of water and gender equality. The Group commits to reduce GHG emissions ($kgCO_2e/L$) from the total value chain (Scope 1, 2 and 3) by 30% by 2030, to lower water usage (L/L) by 60% by 2025 and by 62% by 2030, and to elevate female leadership increasing the proportion of women in management roles to 40% by the end of 2027. Depending on the annual achievement of each target, the Base Margin of both facilities will be adjusted upwards or downwards. The transaction is in line with Campari Group's goal of fully integrating sustainability strategy into its business activity, including financing, aimed at contributing to the attainment of the Sustainable Development Goals ('SDGs') established under the UN 2030 Sustainable Development Agenda.

Previously, within its sustainable finance journey, in October 2022, the Group entered into a 3-year bilateral loan linked to the achievement of KPIs related to GHG emission intensity reduction and water usage intensity reduction, while in 2021 Campari Group launched its first ESG share buyback program, whose success led to a second one launched in 2022. The outperformance amounts deriving from the reward mechanism were allocated to the installation of photovoltaic panels in the Italian plants of Novi Ligure and Canale d'Alba and at the Jamaican production site.

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1. Our people

OUR PEOPLE-COMMITMENTS
DIVERSITY, EQUITY AND INCLUSION, LEARNING AND DEVELOPMENT, HEALTH AND SAFETY

- Diversity, Equity and Inclusion ('DEI'): consistent and intentional strategy on DEI that will sustain and enable continuous workplace improvement and business results.
- Development culture: establishing integrated processes across the organisation to support the development of Camparistas at individual and company level.
- Sustainable improvement in the health and safety management system through the realisation of initiatives in specific fundamental areas.

OUR PEOPLE-PERFORMANCE
1.1. A GLOBAL COMMUNITY OF CAMPARISTAS

The global community of Camparistas is the Group's unique asset, its greatest ambassador, and a crucial ingredient in its business success. The Group is constantly dedicated to fostering a corporate culture and environment where people feel not only welcomed but also trusted and encouraged to bring their authentic selves to work, creating a genuine sense of belonging. It is firmly believed that individual growth is a catalyst for organisational growth. Empowering and recognising team performance and development is thus a cornerstone of the Group's competitive advantage. Campari Group's Employer Value Proposition, known as 'Our Signature Mix', embodies these beliefs and reflects the Group's DNA. This commitment is well received internally: according to the 2022/2023 Great Place To Work Survey, 88% of Camparistas take great pride in working in Campari Group and have confidence in its future success.

Being committed to deliver on its people promise, the Group aims at building the most memorable experience for Camparistas by creating a superior eco-system throughout the employee lifecycle to attract, grow and retain great talent while developing critical capabilities that will enable Campari Group's future success.
At 31 December 2023, the total workforce consisted of 5,288 people, of whom 4,933 were Campari Group employees (*Camparistas*-of whom 4,808 had a permanent contract), 101 interns[14], 46 casual workers[15] and 208 agency workers[16, 17].

Camparistas by region, gender and professional category are shown below.

	2021					2022					2023				
Region and gender	**Permanent**		**Temporary**		**Total**	**Permanent**		**Temporary**		**Total**	**Permanent**		**Temporary**		**Total**
	Full-time	**Part-time**	**Full-time**	**Part-time**		**Full-time**	**Part-time**	**Full-time**	**Part-time**		**Full-time**	**Part-time**	**Full-time**	**Part-time**	
Asia-Pacific	**271**	**7**	**11**	**2**	**291**	**315**	**7**	**13**	**7**	**342**	**482**	**3**	**12**	**3**	**500**
Women	99	7	5	-	111	114	5	8	3	130	163	3	6	2	174
Men	172	-	6	2	180	201	2	5	4	212	300	-	6	1	307
Not disclosed	-	-	-	-	-	-	-	-	-	-	19	-	-	-	19
Europe, Middle East and Africa	**1,783**	**69**	**87**	**4**	**1,943**	**1,978**	**66**	**77**	**2**	**2,123**	**2,246**	**53**	**94**	**1**	**2,394**
Women	717	50	39	2	808	808	49	33	-	890	921	43	19	-	983
Men	1,066	19	48	2	1,135	1,170	17	44	2	1,233	1,325	10	75	1	1,411
North America	**1,376**	**-**	**16**	**-**	**1,392**	**1,519**	**3**	**27**	**-**	**1,549**	**1,660**	**3**	**14**	**-**	**1,677**
Women	521	-	9	-	530	566	2	15	-	583	615	2	8	-	625
Men	855	-	7	-	862	953	1	12	-	966	1,044	1	6	-	1,051
Not disclosed	-	-	-	-	-	-	-	-	-	-	1	-	-	-	1
South America	**325**	**-**	**1**	**1**	**327**	**334**	**-**	**2**	**-**	**336**	**361**	**-**	**1**	**-**	**362**
Women	122	-	1	1	124	126	-	2	-	128	138	-	1	-	139
Men	203	-	-	-	203	208	-	-	-	208	223	-	-	-	223
Total	**3,755**	**76**	**115**	**7**	**3,953**	**4,146**	**76**	**119**	**9**	**4,350**	**4,749**	**59**	**121**	**4**	**4,933**

1.2. THE CAMPARISTA EXPERIENCE

Campari Group's transformation journey, which began in 2022, is an ongoing effort to evolve into a true development powerhouse. The HR ecosystem has been enhanced to attract, nurture, and empower Camparistas, enabling them to find fulfilment and passion in co-creating Campari Group's future success, all while sharing meaningful moments together. In 2023, great emphasis was placed on the targeted advancement of the Camparistas' experience during their journey in the Group.
Some of the concrete achievements of this journey in 2023 are described below.

[14] Intern: student or recent graduate undergoing supervised work experience for a limited period of time with a specific, non-regular, employment contract with Campari Group.
[15] Casual worker: worker working for Campari Group on an ongoing contract with no end date and with no guaranteed working hours (as usually irregular), having a specific, non-regular, employment contract with Campari Group.
[16] Agency worker: worker supplied to Campari Group by an employment (staffing/workforce resourcing) agency, with which they have an employment contract.
[17] The total workforce in 2022 comprised: 78 interns, 13 casual workers and 918 agency workers.

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Phase	Achievements
Attract	The Group aims at bringing new capabilities and diversify its global workforce while providing an exceptional candidate experience. The newly launched Campari Group career site serves as the initial point of contact. A culture-centric interview process has been developed to provide candidates with a fair and comprehensive assessment of their skills, capabilities, and values. This process involves the use of newly established tools, such as Hogan Assessments, in addition to in-house tools, as the new leadership model. Moreover, hiring managers are trained to enhance their interview skills. These efforts have yielded positive results, with an impressive 90% offer acceptance rate, highly favourable candidate feedback rated at 4.63/5, and an overall positive sentiment reported by 89% of new joiners during the Great Place To Work Survey for the 2022/2023 cycle. The Group upcoming goal for 2024 is to enhance the inclusivity of its recruitment process by minimising bias and actively striving to attract and hire a more diverse pool of candidates.
Onboard	A new on-boarding experience was launched in 2023. New Camparistas are guided through a self-led journey from preboarding until their first 90 days in Campari Group through which they can learn about the Group history, brands, values and behaviours. A digital process streamlines administrative procedures, saving time for social and work connection.
Engage	To better engage Camparistas, a new global culture activity, The Signature Mix, has been designed as a creative way to explore, navigate and toast the Campari Group culture. It is an innovative gamified solution through which new joiners can explore values and the Group's ways of working, while managers and leaders can amplify their role in shaping and disseminating the Group culture. In 2023 leaders and Camparistas learned from the Global Camparista Survey insights, rolled out in 2022 in partnership with the Great Place To Work® Institute, and worked together on detailed analysis and action plans for improvement. Task forces and groups formed by volunteers from different functions, seniority levels and locations acted on the local relevant topics from different perspectives. At global level, improvements around work-life balance, flexibility for office-based employees, recognition, prioritisation and development opportunities, with specific investment to improve the working environment in the plants, are among the main priorities. Employees feedback in the Great Place To Work survey and in-depth analysis and discussion resulted in a dedicated Supply Chain action plan which focuses on front-line leadership and capabilities development, investments and productivity for a sustainable growth, and organisational development and production operators' engagement. Another key area of focus is flexibility and work-life balance and a new Group smart working approach, defining policies, procedures, facilities, technology, activities and communication, establishes new ways of working in the post-pandemic reality. The Group has been certified by the Great Place To Work® Institute as a great place to work in 24 markets.
Develop	In 2023, the first development programmes designed by the new Campari University were launched, the HQs hosted the first Campari Group Career Week, and the range of Leadership and Management Development solutions was significantly expanded. For more information on learning and professional development in the workplace, please refer to the paragraph 'Capability Building and People Development' of this Sustainability Disclosure.
Recognise and Reward	As a key first step in the compensation transparency journey, the Group focused this year on the two below initiatives: • To portray in a clear and impactful way each Camparista's total compensation package, a new page in the internal intranet has been launched allowing Camparistas to access at any time their compensation details, all relevant policies, documents and information detailing the Group compensation plans. • A communication campaign has been launched to increase the understanding of the Group Short Term Incentive plan aimed at educating eligible Camparistas around the changes implemented in 2023, the financial KPIs included in the plan, as well as providing an indication of the Group's targets achievement over the year. For more information on remuneration, please refer to the paragraph 'Remuneration system' of this Sustainability Disclosure.

1.3. DIVERSITY, EQUITY AND INCLUSION

TARGET	2023 ACHIEVEMENTS	NEXT STEPS
• Consistent and intentional strategy on Diversity, Equity and Inclusion that will sustain and enable continuous workplace improvement and business results. • Quantitative gender targets for Executive Directors, Non-Executive Directors, and Management.	• Compensation and Benefits policies revised, resulting in the development of key equity programs: Gender Fair Pay and Parental Leave policy. • Growing Employee Resource Groups. • Global priorities guide the implementation of local actions.	• Learning journey to raise further awareness and behaviour change through targeted training solutions at different levels (HR, leaders, people managers, employees). • Regular open conversations with experts, leaders, managers and employees on DEI topics. • Continue to revise people policies, focusing on Talent Acquisition and Talent Management.

Diversity, Equity and Inclusion ('DEI') is seen as one of the key enablers for engagement and culture. The Group's goal remains to continue to nurture a Group corporate culture in which people, bonded by the Group's values, feel welcome, trusted and encouraged to bring their whole self to work so they can truly feel that they belong. This is even more important in the context of ongoing internal and external changes and the Group's ability to continuously adapt and properly integrate new mixes of capabilities, people and acquired business along with the Group's business strategy.

The Campari Group DEI strategy sets out the approach and provides a framework for ensuring that everyone within the Group working with Camparistas, business partners and communities is empowered and encouraged to contribute to this journey and support a culture of inclusion.

The Group's commitment is based on three areas of impact:

- For **Camparistas**: to promote a fair and equal employment lifecycle where everyone has opportunities to progress and experiences a sense of belonging.
- For **business partners**: to leverage diversity to foster creativity and innovation to better interpret consumer needs and boost business potential.
- For **communities**: to embrace and support equity by promoting education, culture and social inclusion.

When envisioning the Camparista Experience and its underlying touchpoints on a day-to-day basis in every single employee life-cycle, the aim is to monitor and identify the barriers to success and define concrete initiatives to break them down or to promote a more inclusive, equitable and diverse workplace.

The below model helps us to describe the Group beliefs and the way in which they guide Group action plans and efforts.

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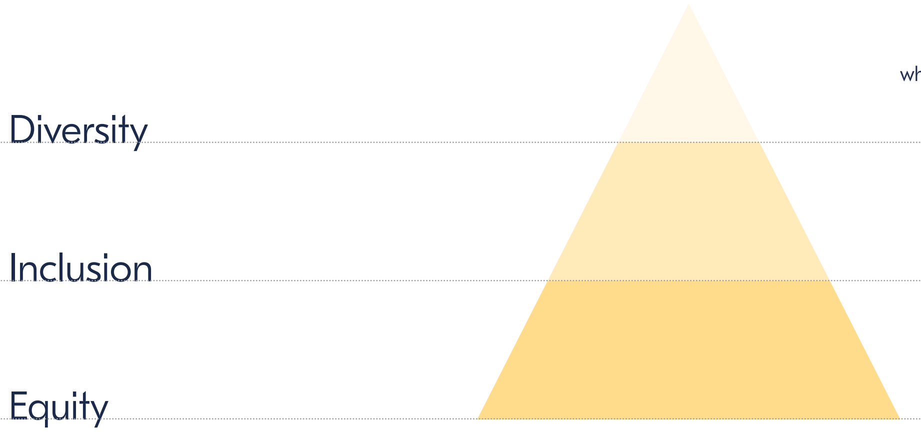


Diversity is the outcome of Equity and Inclusion where society is represented. The Group understands diversity in a broad sense, not just visible diversity.

Inclusion is the Group focus. The objective is to create an environment where everybody feels welcome, free to be themselves and can thrive.

Equity is the Group foundational value. All Camparistas need to be treated with equity and fairness, while driving meritocracy.

2023 APPROACH TO ACTION

GOVERNANCE

The Global DEI Committee and the Global Advisory Board (made up of Camparistas from different markets, functions and seniority levels) have been guiding the Group actions, bringing together the perspectives and efforts in rolling out action plans, both globally and locally. As of 2023, a newly created global centre of excellence will bring more professional expertise to the organisation, driving the DEI agenda across the globe.

GLOBAL PRIORITIES AND ACTIONS

Within the described strategy and positioning, while the Group will lead the following global priorities in the upcoming years, each local organisation and functions within the Group have the freedom to identify, design and introduce local strategies to improve DEI based on their context, needs and priorities.

- **Equity**: Equity being a founding value of the Group, global efforts have been focused on addressing gender inequality in a changing society, closing the pay gap and supporting employees who become parents.
    - **Gender Fair Pay**: in 2023 one of the industry's top workplace equity analysis platforms was implemented to address pay fairness and equal opportunities. This innovative platform, along with its underlying methodology, makes it possible to conduct more comprehensive, frequent, and efficient analyses of pay equity and to monitor both unadjusted and adjusted pay gaps. More information about the Gender Fair Pay project deliverables can be found in the 'Remuneration system' paragraph of this Sustainability Disclosure.
    - **Parental Leave Policy**: the Group has been working on a powerful platform to meet new expectations and needs, while addressing gender inequality and fighting parenting bias to create a more equitable and inclusive workplace. The new comprehensive Parental Leave policy will introduce a minimum parental leave standard for primary and secondary caregivers that includes all types of families going through the same life stage, including those with two mothers or two fathers, gender non-conforming parents, adoptive families, etc. This will also help attract and retain high-quality talent in all markets on a global scale.

- **Inclusion**: establishing an inclusive ecosystem where everyone feels welcome and has a fair opportunity to succeed remains the Group's focus. The Group is thus working with markets on several learning initiatives to support Camparistas, people managers and the entire organisation to develop and sustain an inclusive mindset leading to the creation of an environment where practices and policies are aimed at a more equitable workplace. This ranges from unconscious bias to inclusive leadership programs, which are in line with the learning and development framework described further in the following chapters. In 2024, more Camparistas will participate in this learning journey to increase awareness and behavioural change through targeted training solutions and regular open conversations with experts on various Diversity, Equity and Inclusion topics: Gender Equality, Neurodiversity and Autism, Cultural Diversity, LGBTQIA+, Mental Health and Disability.
To promote more inclusive advertising and communication, the Group continues to leverage on its key partner Unstereotype Alliance which offers Camparistas an interactive e-learning program to deeply embed unstereotyped marketing and advertising principles within the organisation.

- **Diversity**: the Group aims at improving female gender representation at all management levels[18]. Specifically in relation to the Diversity pillar, pursuant to the new Dutch Act on gender diversity (Wet inzake evenwichtige man vrouwverhouding in de top van het bedrijfsleven), on 21 February 2023 the Board of Directors of Davide Campari-Milano N.V. set appropriate and ambitious gender diversity target figures drawing up a plan to achieve them. Specifically:
    - **executive Directors**: at least 33.33% female and 33.33% male by the Board of Directors' renewal in 2028;
    - **non-Executive Directors**: at least 40% female and 40% male by the Board of Directors' renewal in 2025;
    - **senior Management**: at least 40% female and 40% male members of Senior Management by the end of 2027.

  Within the above-specified timeframe, these targets will be pursued in the renewal of the Board of Directors and in the hiring and resources management process. However, diversity is considered to be a natural result of the Group's efforts to create a fair and inclusive working environment. Female representation in all categories of management roles has increased by 5.5% since 2019, growing faster than non-managerial categories (+1.6%).
  The Group achieved gender parity at regional level, while the positive trend at global level (46.5% of employees are women, +6.3% vs 2019) creates a cross-sectional impact. Growth in representation stems largely from internal promotions and development, with women recording +1.9% in promotions and +5% in moves compared to men, and an almost equal promotion ratio between genders.
  The Group has created a central Workforce and Diversity dashboard that integrates with HR master data systems in real-time allowing local business and HR teams to access and analyse historical trends and insights related to the composition of the Group's workforce across various dimensions of diversity. While the Group has traditionally monitored workforce metrics, this tool empowers local teams to implement informed strategies.
  To promote a culture of inclusion through employee engagement, Camparistas who are passionate about celebrating diversity are also encouraged to establish and lead Employee Resource Groups ('ERGs'), peer groups whose members and allies have common interests and goals, which are aligned with Campari Group's overall business and DEI strategies.
  With the aim to learn more as an organisation and as Camparistas, but also to contribute to a more diverse society, since 2022 the Group has been a Gold Corporate Partner of Leading Executives Advancing Diversity ('LEAD'), a European network of people and organisations from the consumer goods and retail industry that acts to advance diversity in the workplace. The Gold Partnership means Campari Group helps sustain the network and its purpose together with 65 other organisations, therefore having access to learning programs and best practices from others in the industry. 15 Camparistas have been enrolled in their Inclusive Leadership and Mentorship programs.

In 2022, also, Davide Campari Milano N.V. was included by Refinitiv in the World Top 100 for Diversity and Inclusion ('D&I'), and therefore part of the Diversity and Inclusion Refinitiv[19] Index.

[18] In the Campari Group internal classification management levels comprises four layers: Senior Executive, Executive, Senior Management and Management, and includes all positions from top management to all positions reporting to General Managers and Global and Regional Heads of Functions in all Group's markets.
[19] Refinitiv, a London Stock Exchange Group ('LSEG') business, is one of the world's largest providers of financial markets data and infrastructure.

Campari Group nationalities[20].

	2021	2022	2023
Nationalities	59	65	**74**

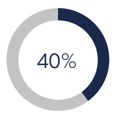
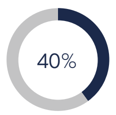
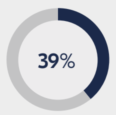
Over the past year, the count of nationalities has risen from 65 to 74, reflecting the ongoing international expansion of the company. This growth was driven by the establishment of new in-market companies (i.e., in New Zealand) and the strengthening of the Japanese market. With its expanding global presence, the Group is increasingly attracting and actively pursuing talent from diverse countries around the world.

Permanent Camparistas by region and gender[21] (2023).

Region	Men	Women	Not disclosed	Total	Women
Asia-Pacific	300	166	19	485	34%
Europe, Middle East and Africa	1,335	964	-	2,299	42%
North America	1,045	617	1	1,663	37%
South America	223	138	-	361	38%
Total	**2,903**	**1,885**	**20**	**4,808**	**39%**

With the exception of the corporate population working in the Product Supply Chain area (which includes production facilities), female Camparistas represented 46% of the total workforce.

Percentage of permanent female Camparistas-trend.

	2021	2022	2023
Female Camparistas			

[20] The number for the Group's nationalities does not include the US and Canada, for which figures cannot be traced due to local regulations.
[21] The categories *undeclared* and *unknown* present in the Hiring Report have been reclassified in the category *not disclosed* in all the tables of this report.
[22] The percentage is given by the ratio between new permanent employees hired during 2023 for each gender and region, and the total number of employees in the same category at 31 December 2023.

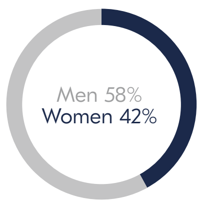
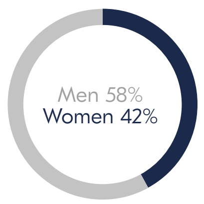
Permanent Camparistas by professional position and gender (2023).

Professional grade	Men	Women	Not disclosed	Total	Women
Senior management and above	226	95	-	321	**30%**
Management	284	202	1	487	**41%**
Senior professional	490	465	1	956	**49%**
Professional	716	562	4	1,282	**44%**
Specialist/generic staff	326	342	13	681	**50%**
Production operators	861	219	1	1,081	**20%**
Total	**2,903**	**1,885**	**20**	**4,808**	**39%**

New permanent Camparistas hired by region and gender, as absolute value and percentage of the total permanent workforce[22].

Region	Men		Women		Not disclosed		Total		Women
	N.	%	N.	%	N.	%	N.	%	
Asia-Pacific	*99*	*33%*	63	**38%**	**26**	**137%**	*188*	*39%*	*34%*
Europe, Middle East and Africa	*203*	*15%*	175	**18%**	**-**	**-**	*378*	*16%*	*46%*
North America	*208*	*20%*	102	**17%**	**1**	**100%**	*311*	*19%*	*32%*
South America	*55*	*25%*	31	**22%**	**-**	**-**	*86*	*24%*	*36%*
Total	**565**	*19%*	**371**	*20%*	**27**	*135%*	**963**	*20%*	**38%**

Percentage of new permanent Camparistas hired by gender-trend.

2021	2022	2023
		

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Turnover and turnover rate of permanent Camparistas by region and gender[23].

Region	Men		Women		Not disclosed		Total		Women
	N.	%	N.	%	N.	%	N.	%	%
Asia-Pacific	50	17%	30	18%	7	37%	87	18%	34%
Europe, Middle East and Africa	113	8%	96	10%	-	-	209	9%	46%
North America	147	14%	61	10%	-	-	208	13%	29%
South America	42	19%	22	16%	-	-	64	18%	34%
Total	**352**	**12%**	**209**	**11%**	**7**	**35%**	**568**	**12%**	**37%**

Voluntary turnover[24] of permanent Camparistas-trend.

	2021	2022	2023
Voluntary turnover	6.7%	9.2%	**7.4%**

In 2023, the voluntary turnover rate showed a slight decrease compared to the previous year. This is in line with global trends which have seen a slowdown of the so-called 'Great Resignation' phenomenon, but is also due to the effective people strategies put in place by the Group as part of the ongoing HR Transformation strategy and in response to employee-listening initiatives (i.e., engagement surveys).

New permanent Camparistas hired by region and age bracket, as absolute value and percentage of the total permanent workforce (2023).

Region	Lower than 30		30-50		Higher than 50		Total	
	N.	%	N.	%	N.	%	N.	%
Asia-Pacific	30	65%	130	35%	28	42%	188	39%
Europe, Middle East and Africa	88	26%	273	18%	17	4%	378	16%
North America	95	37%	190	17%	26	9%	311	19%
South America	18	37%	67	25%	1	2%	86	24%
Total	**231**	**34%**	**660**	**20%**	**72**	**8%**	**963**	**20%**

23 The percentage is given by the ratio between new permanent employees hired during 2023 for each age bracket and region, and the total number of employees in the same category at 31 December 2023.
24 Voluntary turnover means leaving the company through voluntary resignation.

Turnover and turnover rate of permanent Camparistas by region and age bracket, as absolute value and percentage of the total permanent workforce.

Region	Lower than 30		30-50		Higher than 50		Total	
	N.	%	N.	%	N.	%	N.	%
Asia-Pacific	9	20%	60	16%	18	27%	87	18%
Europe, Middle East and Africa	36	11%	137	9%	36	8%	209	9%
North America	49	19%	138	12%	21	7%	208	13%
South America	8	16%	47	17%	9	22%	64	18%
Total	**102**	**15%**	**382**	**12%**	**84**	**9%**	**568**	**12%**

Turnover rate of permanent Camparistas-trend.

	2021	2022	2023
Turnover	12%	13%	**12%**

Permanent Camparistas by professional position and age bracket.

	2021				2022				2023			
Professional grade	Lower than 30	30-50	Higher than 50	Total	Lower than 30	30-50	Higher than 50	Total	Lower than 30	30-50	Higher than 50	Total
Senior management and above	-	175	84	259	-	186	92	278	-	203	118	321
Management	1	317	67	385	2	358	73	433	-	402	85	487
Senior professional	31	568	86	685	54	628	95	777	67	775	114	956
Professional	139	639	132	910	165	705	141	1,011	214	898	170	1,282
Specialist/generic staff	138	465	134	737	154	456	133	743	147	397	137	681
Production operators	157	462	236	855	225	507	248	980	259	559	263	1,081
Total	466	2,626	739	3,831	600	2,840	782	4,222	**687**	**3,234**	**887**	**4,808**

Although not a policy, the Group tends to favour hiring managers who live in the countries in which it operates. Senior permanent and temporary Camparistas managers who are part of the local communities in the main countries are reported below.

	2021			2022			2023		
Countries[1]	**Senior Managers**	**Senior Managers who are part of the local community**		**Senior Managers**	**Senior Managers who are part of the local community**		**Senior Managers**	**Senior Managers who are part of the local community**	
Argentina	5	5	100%	8	8	100%	8	7	88%
Australia	5	4	80%	6	5	83%	8	6	75%
Austria	3	3	100%	4	3	75%	4	2	50%
Belgium	1	0	0%	1	0	0%	2	1	50%
Brazil	6	4	67%	7	6	86%	7	7	100%
Canada	8	4	50%	7	6	86%	5	4	80%
China	3	2	67%	2	1	50%	4	3	75%
France[2]	16	15	94%	16	14	88%	18	16	89%
Germany	8	7	88%	8	8	100%	7	6	86%
Greece	1	1	100%	1	1	100%	3	3	100%
Italy	116	84	72%	121	88	73%	137	101	74%
Jamaica	14	8	57%	12	10	83%	13	9	69%
Japan	-	-	-	-	-	-	3	3	100%
Korea (the Republic of)	1	1	100%	1	1	100%	1	1	100%
Mexico	4	3	75%	8	7	88%	10	7	70%
New Zealand	-	-	-	1	1	100%	1	0	0%
Russian Federation	5	2	40%	5	5	100%	5	4	80%
Singapore	9	1	11%	8	0	0%	9	1	11%
South Africa	1	1	100%	1	1	100%	1	1	100%
Spain	1	0	0%	1	0	0%	2	0	0%
Switzerland	3	1	33%	2	2	100%	1	0	0%
Ukraine	1	1	100%	1	1	100%	1	1	100%
UK	10	3	30%	18	13	72%	25	13	52%
US	38	27	71%	38	36	95%	44	33	75%
Total	259	177	68%	277	217	78%	319	229	72%

[1] To comply with local regulations, data for Canada and the United States refer to managers' citizenship and not to their nationality.
[2] Martinique is not included since the positions and roles have not been aligned yet to the Group's internal standards.

1.4. CAPABILITY BUILDING AND PEOPLE DEVELOPMENT

TARGET

- Development culture: establishing integrated process across the organisation to support the development of Camparistas at individual and company level.

2023 ACHIEVEMENTS

- Launched the first development solutions designed by the newly established Campari University.
- Launched the first Campari Group Career Week.
- Expanded the range of Leadership and Management Development solutions available to Camparistas including a program targeted specifically at plant supervisors in Supply Chain.

NEXT STEPS

- Refine and embed Train the Trainer approach to better leverage internal resources.
- Design and release two new signature learning experiences-Value Generation and Brand Building Academies-to accelerate organisational capability in these critical growth drivers.
- Promote a new action learning development solution for high-potential Camparistas.

Campari Group believes in focusing capability building across all levels of the organisation as a critical component for its long-term success. Indeed, its HR strategy outlines a program of functional transformation designed to increase HR functional expertise and the effectiveness of the organisation's people processes to drive development in three ways:

- developing Great Camparistas who have the skills and opportunities they need for professional growth;
- building critical capabilities to help Campari Group continue its successful growth agenda;
- growing the next generation of leaders who know how to engage and develop employees.

The main initiatives developed in 2023 are detailed below.

Developing Great Camparistas

- 360 Feedback: to ensure the best development outcomes identifying the best opportunities for a leader's growth and change, the 360 Feedback questionnaire and the end-to-end experience has been revised.
- Hogan Assessment: for selected cohorts (managers and above), the Group continues to rely on Hogan assessment with 23 internal certified assessors, providing a library of complementary personality assessments with the key goal of facilitating strategic self-awareness in leaders so that they understand how to better manage their own behaviour to increase their workplace success and effectiveness.
- Insights Discovery: the assessment tools portfolio has been enriched with Insights Discovery, a psychometric tool, suitable for all levels, aimed at giving participants the foundation of self-awareness they need to be successful for developing themselves, working as part of an effective team, or leading others.
- Career Week: a full week was dedicated to career and development talks, sessions and workshops focused on 'People and Personal Brands' have been developed, with more than 700 Camparistas participating.
- Campari Group University: CAMPUS, the Campari Group University, became fully operational in 2023. The aim is to increase the level of organisation alignment behind capability building programs and initiatives, to continuously improve the overall quality of development solutions offered, and to implement a development system flexible enough to be adapted to the continuous growth of the Group.
- Learning Distillery: Campari Group's 'Learning Distillery', the learning management system delivering online learning experiences to all office-based Camparistas, continues to be an important driver of Group commitment to a development culture. Camparistas have access to bespoke learning activities (such as Group cultural induction interactive courses, DEI e-workouts, or Finance for non-Finance intro course), as well as to the vast catalogue of courses offered by LinkedIn Learning.

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Building critical capabilities	• Train the Trainer ('TTT') model: a new TTT model aimed at developing learning solutions in house rather than outsourcing them has been launched in 2023 and will continue to evolve in 2024 to reflect specific needs of local markets and accelerate growth in specific skills. • Commercial capabilities, Product knowledge and Rare: Campari Group's Commercial Academy was renovated in the areas of communication, project planning and tracking. • Functional Academies: Academies dedicated to the Functional Development aim to grow the functional knowledge and expertise required to support business strategy through learning activities that increase business awareness, technical skills and knowledge. To date, five Functional Academies have been established: Marketing Academy, Finance Academy, Commercial Academy, Supply Chain Academy, HR Functional initiatives. Also, the Finance-For-Non Finance programme empowers all Camparistas to understand the basics of financial language and tools, the mechanics of finance and value creation and how this is embedded across the organisation.
Growing the next generation of Leaders	• Hiring skills for managers: a new approach to a 'Campari way of hiring' has been defined to train managers on conducting fair and evidence-based interviews and providing equitable and objective feedback. A pilot for the new Hiring Skills for Managers program debuted for a small population of managers in 2023, with a massive rollout starting in the last quarter of the year and continuing in 2024. • Spirit of Management: 2023 saw the rollout of a redesigned people management training program, the 'Spirit of Management', continuing the success of the 2022 pilot and scaling to hundreds more Camparistas. • Front Line Supervisors Management Training: the new 'Spirit of Management for Front-Line Leaders' training program has been designed actively involving and giving voice to a heterogeneous group of employees from all plants worldwide to uncover their specific needs and upskilling workshops for key leaders were deployed in the plants in Lawrenceburg (Kentucky), Arandas (Mexico), Novi Ligure and Canale (Italy), Kingston (Jamaica), and Derrimut (Australia). • New Leadership Model: a new Leadership Model has been defined identifying five main traits of leadership (purposeful leaders, inspiring leaders, authentic leaders, agile leadership, inclusive leaders) and the new 360 Feedback Assessment has been built based on the five Leadership styles. • Value Generation: the Value Generation Signature Experience was launched for Country Managing Directors to challenge their current leadership perspectives, uncover new opportunities to ignite innovation and foster valuable connections with peers and experts through an 18-month learning experience.

Training hours by region, gender and professional category[25].

	Asia-Pacific	Europe, Middle East and Africa	North America	South America	Total
Men (hours)	1,286.8	29,461.3	16,047.2	2,952.7	49,747.9
Women (hours)	906.4	15,054.1	8,217.0	3,806.6	27,984.1
Management (hours)	594.8	7,717.6	1,466.4	1,212.5	10,991.2
Men (hours)	338.5	5,139.7	938.1	529.6	6,945.9
Women (hours)	256.3	2,577.9	528.3	682.9	4,045.3
Non-management (hours)	1,598.4	36,797.8	22,797.8	5,546.8	66,740.8
Men (hours)	948.3	24,321.6	15,109.1	2,423.1	42,802.1
Women (hours)	650.1	12,476.2	7,688.7	3,123.7	23,938.7
Total (hours)	2,193.2	44,515.4	24,264.2	6,759.3	**77,732**

Average hours of annual training per employee-trend.

	2021	2022	2023
Average hours of annual training per employee (man hours)	16.9	18.2	**15.8**
Men (hours)	19.1	19.3	16.6
Women (hours)	13.6	16.5	14.6
Management (hours)	19.6	16.8	13.6
Non-Management (hours)	16.4	19.2	16.3

The data above does not include the Modern Workplace training hours, for which a precise count could not be tracked. The program was delivered in 2023 in Australia, Singapore, France and Martinique, New Zealand and the United States (Wilderness Trail).

€ million	2021	2022	2023
Trainings	3.5	5.2	**5.6**
Training costs per employee			**€ 1,139.8**[26]

1.5. REMUNERATION SYSTEM

Campari Group Total Rewards strategy is aimed at sustaining engagement and retention, contributing to the development of Camparistas, as well as ensuring productivity and business performance. Four elements are considered in the remuneration of Camparistas: their performance in recent years, their potential for further development, critical capabilities owned by the individual, and strategic importance of the role covered. Coherently with this overall philosophy, the remuneration policy for Executives, Directors and other Managers with strategic responsibilities is aimed at being competitive and encouraging top management's retention, through four different rewards tools: a fixed salary; an annual variable performance-based bonus; a medium-term incentive; a long-term incentive to ensure alignment with long-term results.

To continue fostering the sense of ownership and entrepreneurship of Camparistas in line with our values, the Employee Stock Ownership Plan ('ESOP') and Restricted Stock Units ('RSU') Mid-Term Incentive Plan ('MTI') remain in place. Breaking down remuneration in this way ensures a balance between the employees' interests and the short and long-term outlook for the Group. The two medium and long-term schemes apply to all managerial remuneration throughout the Group. To ensure that the remuneration system for all Camparistas is based on the criteria of fairness, equity and transparency, Campari Group adopted the internationally recognised International Position Evaluation ('IPE') methodology.

Ratio between the standard salary (Annual Base Gross Salary) of newly hired employees and the local minimum wage broken down by country and gender.

25 The tables on training hours, including the average training hours per employee, have been calculated considering a population of 4,913 Camparistas which refers to permanent and temporary employees but does not include those employees (20 in total) that do not declare their gender for personal reasons or according to specific local regulations.

26 In continuity with the tables on training hours, the training costs per employee have been calculated considering a population of 4,913 Camparistas which refers to permanent and temporary employees but does not include those employees (20 in total) that do not declare their gender for personal reasons or according to specific local regulations.

	2021		2022		2023	
Countries	Men	Women	Men	Women	Men	Women
Argentina	320.0%	374.5%	307.5%	369.6%	337.4%	400.4%
Australia	125.7%	125.7%	123.1%	123.1%	114.7%	114.7%
Brazil	148.7%	271.9%	135.4%	228.5%	181.0%	181.0%
Canada	103.4%	103.4%	100.0%	100.0%	100.0%	100.0%
France	106.2%	106.2%	109.6%	109.6%	108.8%	108.8%
Germany	178.1%	178.1%	179.4%	179.4%	179.4%	179.4%
Italy	110.1%	110.1%	105.7%	105.7%	100.0%	100.0%
Jamaica	196.0%	196.0%	121.3%	121.3%	110.7%	110.7%
Mexico	223.5%	223.5%	196.7%	196.7%	177.0%	177.0%
Russia	415.3%	449.5%	385.3%	456.1%	336.9%	366.8%
Singapore[1]	N/A	N/A	N/A	N/A	N/A	N/A
Spain	125.3%	125,3%	125.3%	125.3%	116.1%	147.8%
United Kingdom	146.5%	110.5%	102.1%	102.1%	117.5%	113.3%
United States	132.8%	149.4%	134.9%	134.9%	144.7%	144.7%

(1) Singapore has no minimum wage laws or regulations.

Achieving pay equity and closing the pay gap are also an integral part of the Group's system of values. To honour this commitment, this year, Campari Group began to employ one of the industry's leading workplace equity analytics platforms to address pay and opportunity equity. Campari Group is now able to run multivariate regression analyses, taking into account the Group's pay policies and pay practices, to identify systematic differences in pay within employee groupings in accordance with skill, effort, responsibility and working condition. This new platform and the underlying methodology make it possible to conduct more comprehensive, frequent, and efficient pay equity analyses to monitor both unadjusted and adjusted pay gaps[27].

According to the GRI standard, the percentage ratio between the average remuneration of female Camparistas with a permanent contract[28] as compared to men (unadjusted gender pay gap), with a breakdown by key country and professional classification, is given below.

						2023
Countries	Senior Management and above	Management	Senior Professional	Professional	Specialist/ General Staff	Prod. Operator
Argentina	67.5%	103.6%	98.2%	89.0%	93.2%	-
Australia	87.2%	97.7%	86.8%	89.7%	98.0%	92.5%
Brazil	140.7%	99.7%	88.9%	102.4%	107.3%	67.5%
Canada	-	97.9%	102.7%	106.9%	92.1%	85.5%
France	79.5%	87.4%	89.4%	98.6%	108.7%	87.9%
Germany	88.0%	86.6%	93.7%	99.5%	125.6%	-
Italy	89.1%	96.1%	96.2%	89.2%	107.8%	97.4%
Jamaica	67.3%	99.8%	104.8%	99.0%	105.6%	116.9%
Mexico	73.6%	71.9%	88.8%	95.9%	97.2%	90.1%
Russia	89.4%	89.6%	101.3%	103.3%	93.6%	-
Singapore	124.9%	95.7%	119.0%	97.5%	116.7%	-
Spain	73.9%	93.1%	101.8%	97.0%	105.7%	-
United Kingdom	101.2%	96.9%	91.5%	99.8%	-	56.7%
United States	111.0%	104.7%	101.6%	110.6%	119.7%	99.2%

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

In 2023, Campari Group also started to monitor the adjusted pay gap for the key countries in terms of number of employees. It refers to the difference between average gross hourly earnings of male paid employees and of female paid employees expressed as a percentage of average gross hourly earnings of male paid employees without considering other factors (i.e., level of experience, job content and responsibility, performance and geography) affecting pay.

27 Unadjusted gaps are the pay differences between men's and women's average or median pay, regardless of the type of role, level of responsibility, or experience. Adjusted gaps control for these factors and other pay policies with the goal of comparing employees doing substantially similar work with similar characteristics.
28 Remuneration: ABGS (Annual Base Gross Salary) + bonus (i.e., short-term incentives, sales incentives, local bonuses). Annual Base Gross Salary (ABGS): fixed minimum amount paid to an employee for the performance of their duties, excluding any additional compensation.

		2023
Countries	**Unadjusted Pay Gap**	**Adjusted Pay Gap**
Argentina	117.4%	97.6%
Australia	115.8%	97.8%
Brazil	110.5%	97.3%
Canada	95.0%	103.0%
France	86.0%	96.0%
Germany	96.0%	98.0%
Italy	96.0%	100.0%
Jamaica	117.0%	94.0%
Mexico	86.7%	96.2%
Russia	95.2%	99.2%
Singapore	87.0%	100.1%
Spain	94.0%	97.0%
United Kingdom	89.9%	99.2%
United States	122.0%	101.0%

According to the GRI Standards Disclosure 2-21, the Annual total compensation ratio is calculated as the ratio of the annual total compensation for the organisation's highest-paid individual to the median annual total compensation for all employees at end of the year (excluding the highest-paid individual).

Median remuneration of all employees[29].

[29] The Group's employees' median remuneration is calculated taking into account the base salary and the short-term incentives. The other components of the remuneration (mid-term incentives and long-term incentives) are excluded from the calculation due to the impossibility of retrieving the information.

[30] The Chief Executive Officer's remuneration is calculated taking into account the base salary and the short-term incentives. The other components of the remuneration (mid-term incentives and long-term incentives) are excluded from the calculation due to the impossibility of retrieving the information for all employees at end of the year.

	2022	2023
Median remuneration of employees (€)	48,545	**50,715**

Annual compensation ratio Chief Executive Officer[30].

(Times)	**2022**	**2023**
Robert Kunze-Concewitz Chief Executive Officer and Executive Director	56.50	**62.8**

The CEO internal pay ratio, calculated in line with Article 2:135b subsection 3 of the Dutch Civil Code and Best Practice Provision 3.4.1 DCGC at 31 December 2023 and equivalent to 40.7 times, is disclosed in the Governance section in this Annual report to which reference is made.

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

Campari Group's activities to improve Camparistas' well-being and their work-life balance continue. Programs are continually introduced at the Group's offices and facilities to encourage a healthier lifestyle and a better work-life balance by offering essential support to working women and new parents such as day care services in partnership with local structures and organisations and childcare subsidies. In this regard, the Group has implemented a smart working policy that, based on the policies adopted at local level, allows the majority of Camparistas to work remotely, wherever permitted by labour, environmental and security conditions. More flexible working methods are promoted to bring benefits for both Camparistas and the Group, encouraging a better work-life balance, helping employees in managing daily routines, especially those that are parents of young or disabled children and carers of adults. Smart working is thus a more effective working solution, based on trust and responsibility, collaboration and flexibility.

Photo submitted by Lydia Wang. Finalist of the 2023 Annual Report Photo Contest

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1.7. HEALTH AND SAFETY IN THE WORKPLACE

TARGET

Sustainable improvement in the health and safety management system through the realisation of initiatives within the following fundamental areas:

- Common approach to high-risk processes and tasks;
- Functional Excellence;
- Culture and Leadership;
- Common Performance Metrics;
- Continuous Improvement.

2023 ACHIEVEMENTS

- Initiated Hazard and Operability ('HAZOP') assessments to ensure design safety for new equipment and processes across multiple manufacturing sites (Mexico, Jamaica, France).
- Launched a global Incident Management and Root Cause Analysis Training Program.
- Expanded the Behavioral Observation ('BOW') program to include front line workers.
- Created a PBI dashboard to increase visibility for safety performance.
- Initiated a Safety Alert program to share event information across sites and track corrective and preventive actions.

NEXT STEPS

- Release of a new HS platform to all plants and offices (currently in active use at 4 plants), to achieve a common system for HS data reporting.
- Development of a Process Safety Management guideline to formalise safety process design for hazardous processes.
- Build out Functional Excellence fundamental with formalised safety course completion for specific roles.
- Deployment of additional functional excellence trainings to further improve capabilities.

Campari Group considers the health, integrity and well-being of its employees, contractors, visitors and the communities in which it operates to be of primary and critical importance. Risk awareness and mitigation along with training, engagement and empowerment of Camparistas are critical elements to the Group health and safety ('HS') management program.

ACCIDENTS

The Group's primary reporting group included in its injury statistics is 'Permanent Workers', which refers to Camparistas and permanent contractors . Injury and near-miss events involving these groups are measured and investigated in the same manner and in the sections below, primary comparisons regarding injury and near miss event performance will be based on this permanent worker population.

Compared to the previous year, there was a slight increase in the total number of accidents involving Camparistas (+1%). While the total number of injury incidents for Camparistas increased, the injury frequency index (injury incidents per million hours worked) and severity index (lost workdays due to injury per thousand hours worked) declined by 11% and 26%, respectively. A larger increase in contractor injuries was seen in 2023 (+30%), but with an overall reduction in injury severity index (-67%). One additional manufacturing site was added to the reporting perimeter compared to 2022. This site had 4 total injury incidents in 2023. The overall injury incident increase was concentrated in sites in Mexico, Jamaica and Australia. Among all manufacturing sites, 4 worked the entire year with zero injury incidents and an additional 7 had year over year injury incident reductions. Comparing the performance of just manufacturing sites, while total injury incidents increased by 5%, injury frequency and injury severity both declined by 3% and 36%, respectively.

Employee injuries	2021		2022		2023	
Total accidents involving Camparistas (number and annual variation)	**85**	**+2%**	**97**	**+14%**	**98**	**+1%**
Frequency index for Camparistas[1]	13.27		14.76		13.06	
Accidents involving male Camparistas (number and annual variation)	54	+10%	69	+28%	52	-25%
Accidents involving female Camparistas (number and annual variation)	16	-30%	18	+13%	21	+17%
Injuries without absence from work for Camparistas (number and annual variation)	62	+0%	66	+6%	73	+11%
Injuries with absence from work for Camparistas (number and annual variation)	23	+10%	31	+35%	25	-19%
Lost days due to accidents for Camparistas (number and annual variation)	418	-1%	983	+135%	826	-16%
Severity index for Camparistas[2]	0.07		0.15		0.11	
Occupational diseases involving Camparistas (number and annual variation)	3	-	8	+167%	1	-88%
Mortality at work for Camparistas (number and annual variation)	-	=	-	=	-	=

[1] The frequency index for any category is calculated applying the following formula: (Total injuriesx1,000,000)/worked hours.
[2] The severity index for any category is calculated applying the following formula: (Lost days due to accidentsx1,000)/worked hours.

Frequency and severity indexes for Camparistas by region.

	Europe, Middle East and Africa			North America			South America			Asia-Pacific		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Frequency index for Camparistas	10.34	15.88	10.30	17.34	15.15	17.30	1.62	3.30	6.03	25.92	21.83	17.56
Severity index for Camparistas	0.13	0.24	0.16	0.01	0.007	0.09	0.013	0.18	0.008	0.009		0.03

	2021		2022		2023	
Accidents involving contractors						
Total accidents involving contractors (number and annual variation)	**28**	**-20%**	**20**	**-29%**	**26**	**+30%**
Contractor accident frequency rate	18.23		13.37		18.14	
Lost days due to accidents for contractors (number and annual variation)	147	-14%	398	+171%	136	-66%
Contractor accident severity rate	0.09		0.27		0.09	
Mortality at work for contractors (number and annual variation)	-	=	-	=	-	=
Accidents involving suppliers and visitors						
Total supplier-related accidents (number and annual variation)	4	-43%	10	+150%	**11**	=
Total visitor-related accidents (number and annual variation)	1	-	2	+100%	**-**	**-100%**

There were 5 accidents involving journeys to or from work, of these, 4 involved employees and 1 involved a contractor. In 2023 there was one high-consequence work-related injury[32].

NEAR MISSES

The attention of each Camparista is increasingly being focused on proactivity, prevention and mitigation of potential risks. The Group continues to focus on near misses, unsafe behaviour and conditions (collectively referred to as unsafe situations). This information is measured and evaluated at plant level as part of a safety pyramid, a visual health and safety indicator that shows site-level health and safety performance for lagging indicators[33] (level 1, 2 and 3 injuries) and leading indicators[34] (unsafe behaviour, unsafe conditions, safe activities). This is designed to help educate Camparistas about the relationship between leading and lagging indicators and to motivate more on near miss, unsafe condition and unsafe behaviour awareness and reporting.

Near misses	2021	2022	2023
Health near-misses for Camparistas (number)	6	20	7
Safety near-misses for Camparistas (number)	97	89	94
Health near-misses for contractors (number)	13	18	1
Safety near-misses for contractors (number)	30	49	66
Health near-misses for suppliers (number)	0	2	0
Safety near-misses for suppliers (number)	3	2	118
Health near-misses for visitors (number)	0	0	0
Safety near-misses for visitors (number)	0	3	2

All the Group's production units have company-worker committees that represent 93% of workers on health and safety issues and 64% of workers on environmental issues. The dialogue between the parties is always open and constructive. A total of 3 health and safety sanctions were received in 2023. No fines or penalties were assessed in 2023.

Penalties, litigation and complaints	2021	2022	2023
Monetary fines-Health and safety (number)	0	2	0
Non-monetary penalties-Health and safety (number)	0	3	0
Litigation settled-Health and safety (number)	0	0	0
Complaints-Health and safety (number)	0	0	3

The performance of Health and Safety Certification rate (%), as bottles produced in production units certified according to international standards for health and safety, increased in 2023.

Health and Safety certifications	2021	2022	2023[(1)]
Bottles produced in production units certified in accordance with international occupational health and safety standards (BS OHSAS18001/ISO45001) (%)	69%	71%	**85%**

(1) The figure only includes bottles produced in Campari Group-owned plants, while bottles produced by co-manufacturers have not been considered in the calculation.

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

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2. Responsible practices

RESPONSIBLE PRACTICES-COMMITMENTS

EDUCATION AND INVOLVEMENT WITH REGARD TO RESPONSIBLE DRINKING

- The Campari Group's Global Strategy on Responsible Drinking was formalised in 2020, identifying internal and external initiatives to be implemented in the following years.
- Educational sessions on responsible drinking for 100% of Camparistas, especially for new hires.
- Continuous training for the global marketing community, going into digital communication in great depth.
- Responsible serving project for bartenders further reinforced at global level.

RESPONSIBLE PRACTICES-PERFORMANCE

2.1. RESPONSIBLE SOURCING

The Group's focus on ensuring and developing good business practices applies to its suppliers and distributors as well as its own activities and business units. Campari Group is increasingly committed to making responsible sourcing an integral part of its processes. Through the implementation of its Supplier Code and leverage of Supplier Ethical Data Exchange ('Sedex') in all geographies, the Group enforces responsible and transparent behaviours as a pre-requisite to its sourcing practices. Campari Group's membership of Sedex is a further confirmation of the Group's commitment to managing its supply chain more responsibly and transparently. Sedex is the largest shared platform in the world through which member users report and share their commercial practices in the following four key areas: labour law, health and safety, environment, business ethics. For more information on the Supplier Code, please refer to the 'Sustainability Governance and Policies' paragraph of this Sustainability Disclosure. With the aim of reducing its environmental impact along the supply chain, Campari Group-all other commercial parameters being equal (i.e., competitiveness, quality and availability of materials)-continues to look for local sourcing options.

Since 2019, Campari Group has engaged local farmers in a co-investment model to grow agave in its lands of origin. The model enables farmers to grow agave with long-term predictability of commercial conditions and volume requirements and fosters continuous improvement of field operations. This testifies to Campari Group's increasing commitment to supporting local agricultural businesses and communities while developing long-term relationships with selected partners. The foundation in place will help in managing the fast-moving agave market dynamics fostering strategic relationships beyond short-term commercial turmoil.

2.2. QUALITY AND FOOD SAFETY OF BRANDS

Campari Group ensures the quality and food safety of its brands by meeting all applicable Food Safety and Quality standards and assures brand consistency through standardisation and rigorous inspection controls. To develop and retain its brands trust amongst consumers and customers is one of the Group's main goals and therefore it put in place a series of proactive and preventive programs which aim at risk mitigation across end-to-end operational activities, from ingredients and packaging material supply to finished products reaching consumers:

- standard Quality Control Requirements program in manufacturing processes, warehousing and transportation;
- robust External and Internal Audit Program;
- robust Supplier Quality Assurance Programme, designed to ensure that the Group consistently purchases source materials from approved suppliers, and acquires services from approved co-manufactures, which meet agreed specifications and Group requirements;
- investment in technology and automation for in-process control, data collection and management. In 2023 Campari Group invested in the design and implementation of a new system to manage consumers and customers complaints; the implementation of a revamped Artwork Management process and system to ensure regulatory compliance; installation of Automatic Empty Bottle Inspection systems in different bottling lines across Americas and EMEA Regions covering 67% of Group plan;
- global Traceability programme which continued in 2023 with deployment in the EMEA and Americas Regions and the design of the plan for further deployment in both Regions starting from 2024;
- deployment of Global Sensory and Analytical Methods Programs to ensure a consistent consumer product experience.

The Campari Group Food Safety GFSI Certification program started with the company-owned manufacturing sites and has been extended to Campari Group's third-party manufacturing sites. The performance is being tracked through the Food Safety Certification rate[35] (%) and in 2023 was 87%.
Campari Group's consumer and customer experience is measured in complaints per million (CPM), i.e., the number of complaints received per million bottles produced. The Group tracks its performance daily and acts immediately on any claim by taking the appropriate actions to eliminate root causes and avoid recurrences. In 2023 the Group achieved a CPM index of 0.562.
No withdrawals or recalls from the market were recorded in 2023. As was the case in the previous year, there were no fines or disputes relating to Food Safety in 2023.

[35] Bottles produced in production units that are certified in accordance with international standards for food safety (BRC/IFS/FSSC22000).

2.3. GLOBAL STRATEGY ON RESPONSIBLE DRINKING

TARGET	2023 ACHIEVEMENTS	NEXT STEPS
• Ad hoc and continuous training for the global marketing community, going into digital communication in great depth. • Educational sessions on responsible drinking for 100% of Camparistas. • Responsible serving project for bartenders to be leveraged at global level.	• Mandatory training on the revised Code on Commercial Communication for 100% of Camparistas involved in the communication and marketing of the Group's brands, including new hires; • New digital brand' campaigns on responsible drinking; • The specific section on camparigroup.info aimed at increasing transparency for consumers and dedicated to Responsible Drinking Messages ('RDMs') has been expanded; • Continuing to ensure 100% communication with RDMs; • Local initiatives promoted independently or in collaboration with the main trade associations. • Following the Internal policy on Responsible Alcohol Consumption release, specific training was deployed in five more markets. • Bartenders' training global program (Bartender Hero) has been further promoted in partnership with the International Bartender Association ('IBA').	• Continue to promote digital campaigns on responsible drinking for more brands; • Continue to heighten the transparency commitment to consumers, enhancing the new Information to Consumers section. • Deliver Responsible Alcohol Consumption training in more markets; • The internal communication and engagement project on sustainability, The Sustainable Mix, will be further promoted with a focus on responsible drinking; • A new global project on responsible consumption will be developed starting from 2024 to target consumers. • Reinforcement of the Bartender Hero project leveraging on the IBA network of bartenders.

Promoting responsible drinking is a key priority for Campari Group which was formalised in 2020 through a Global Strategy on Responsible Drinking, embedded in the Group's Sustainability Roadmap, setting short to medium-term commitments together with internal and external initiatives. Specific educational training courses on responsible drinking are also part of the internal process for Camparistas and new hires. Specific training for the global marketing community ensures that the Group's online presence and web communication through digital platforms would be based on a common path of main responsible standards which are at the core of the external communication of the Group's brands. On top of these activities, a project on responsible serving for bartenders has been deployed globally and will be further reinforced leveraging on the partnership with International Bartender Association ('IBA'). With regard to external communication, the Group also continues to promote digital brand campaigns on responsible drinking, thus reaching a greater audience of final consumers.

RESPONSIBLE COMMUNICATIONS AND CONSUMPTION

Commercial communication, sponsorships and promotional activities are important tools through which Campari Group conveys messages and behaviour that are always attentive to the responsible consumption of its products. The Group strongly condemns binge drinking, or any excessive or inappropriate consumption of alcoholic beverages, and is committed to commercial communication as a responsible player within the spirit industry. The Code on Commercial Communication represents a reference document guiding all Group advertising and marketing initiatives, according to its core values and meeting the highest standards of responsible commercial communication. A global mandatory e-learning program on the Code's principles, dedicated to all Camparistas involved with commercial communication is provided. Every year, including in 2023, the Group monitors the signing by and compliance with the Code by all marketing, sales and PR teams, as well as by the external agencies it collaborates with. Furthermore, the marketing managers of the Group review the main principles of the Code together with their teams on a regular basis.
In line with the provisions of the Code, above-the-line ('ATL') and below-the-line ('BTL')[36] communications and the social profiles of alcoholic brands must carry RDMs. In 2023, Campari Group also continued to voluntarily include pregnancy logos or equivalent messages on the packaging of its alcoholic products, with the aim of discouraging pregnant women from consuming them. Also, specific digital brand' campaigns have been launched to raise consumer awareness of responsible drinking issues. To further increase its effectiveness, the Code establishes an internal Approval Code Committee aimed at monitoring the compliance of commercial communications with the principles of the Code. No cases of non-compliance with the Code have to be reported. As further evidence of its commitment to ethical communication, in 2023 Campari Group continued its partnership with the Unstereotype Alliance convened by UN Women and leveraging the UN's global reach of 193 member states.
Finally, Campari Group continues to promote a culture of quality and responsibility locally, through projects and actions carried out independently or in collaboration with the main trade associations. Working with the key trade associations and major industry leaders, and thus addressing a wider audience, Campari Group promotes and disseminates responsible messages and a moderate style of consumption of alcoholic beverages. The Group is currently a member of 61 trade associations, consortia and social aspect organisations in 25 countries, and its managers play a key role in most of them.

INFORMATION TO CONSUMERS

Over the course of 2023, Campari Group has further heightened its transparency commitment to consumers though camparigroup.info, the Group's own digital labelling solution dedicated to relevant products' information and responsible consumption, which has been launched in a bid to providing meaningful voluntary information to consumers online. This year, Campari Group undertook to gradually display QR codes on its physical labels worldwide to redirect consumers to camparigroup.info. Information provided includes alcohol content, energy values per serving size of consumption, possible presence of allergens, country-specific particulars required by local legislation (i.e., waste and recycling information in Italy and France), together with relevant education and awareness messages to better inform consumers on responsible drinking principles. Also, and based on their location, consumers are now instructed where to find additional information on responsible drinking in their country or state of residence, such as responsible drinking guidelines issued by their country's government authorities. In 2024, Campari Group will continue to strengthen its transparency commitment to consumers, enhancing camparigroup.info with additional products, countries and information.

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

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RESPONSIBLE SERVING

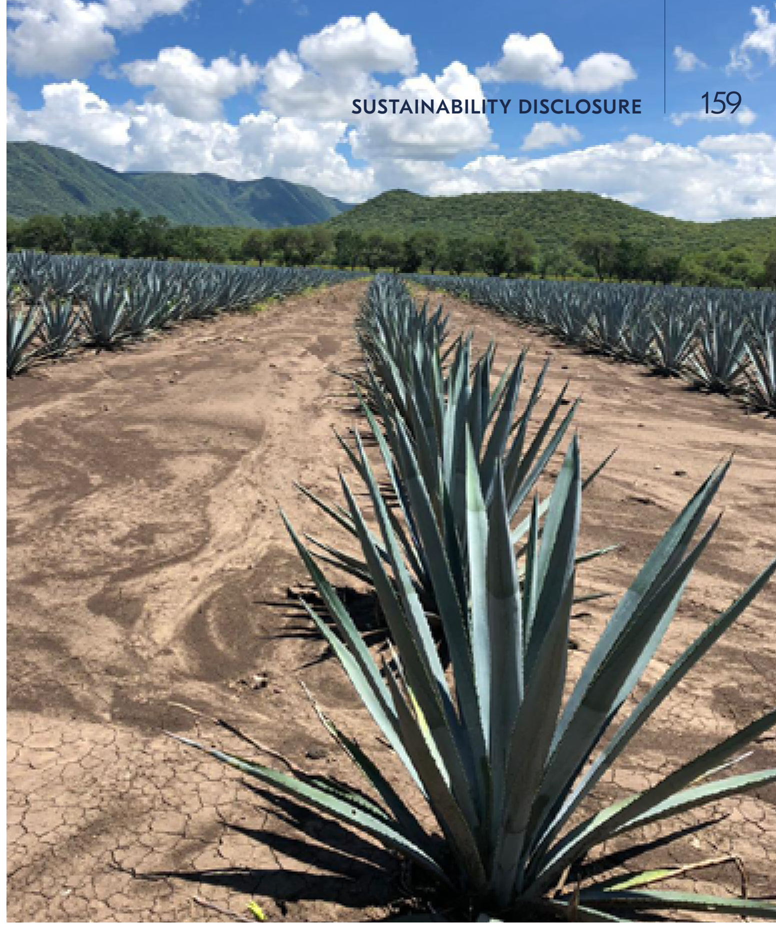
Campari Academy is Campari Group's training school of excellence for the global bartending community. Founded in 2012 in Sesto San Giovanni (Milan), in recent years Campari Academy has expanded globally with a network of 20 physical hubs in key markets around the world. Excellence in a drink becomes a broader experience, requiring not only premium products but also equally excellent service. Campari Group has therefore drawn up the 10 Golden Rules for Responsible and Quality Serving, a document offering bartenders ten essential recommendations for responsible serving of alcoholic drinks. The guidelines are shared with participants on all training courses at the Group's Academies and with bartenders who take part in its events, and with all participants of the online awareness-raising course Bartender Hero, so that they can communicate the message of responsible drinking directly to the end consumer. Campari Academy continues to convey a message of responsible and quality drinking through its training courses and in all the activities promoted, i.e., a masterclass devoted to low ABV[37] and a 'perfect serve' made without the use of plastic straws.

In 2023 the partnership with International Bartender Association ('IBA') was reinforced with Campari Academy as the main sponsor of their World Championship in Rome. In 2022, Campari Group and the IBA launched Bartender Hero, a project designed to engage and familiarise the bartender community with responsible serving practices, and to educate them regarding the properties and effects of alcohol, thus empowering bartenders and mixologists to guide consumers towards responsible consumption.

LOW AND NO ALCOHOL

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

37 Alcohol by Volume: This is a standard measure used to quantify the amount of alcohol (ethanol) contained in a beverage, expressed as a percentage.
38 Scope 1 and 2.
39 Scope 1, 2 and 3.
40 Former targets of -20% by 2025 and -30% by 2030 for Scope 1 and 2, and -25% by 2030 for the Value Chain were revised in 2023 following very positive environmental goals progression made in 2022.
41 The previous target of 100% renewable energy for EU production sites was reached in 2021.
42 Water withdrawal/litres produced.
43 Former targets of -40% by 2025 and -42.5% by 2030 were revised in 2023 following very positive environmental goals progression made in 2022.



3. Environment

ENVIRONMENT-PERFORMANCE

3.1 MANAGEMENT OF RESOURCES AND ENVIRONMENTAL IMPACT

The responsible use of resources and reduction of the environmental impact of production activities are practices that guide the Group's activities with the aim of pursuing sustainable development. Campari Group recognises that climate change is one of the greatest challenges for the future of the planet and it acknowledges the need to limit global temperature rises to no more than 1.5°C, in accordance with the Paris Agreement. The Group is thus committed to achieving net zero emissions by 2050, or hopefully, sooner.
Following the positive 2022 environmental performance, Campari Group has reviewed its environmental targets with more ambitious commitments, which have been publicly disclosed within the announcement of the first quarter 2023 results on 2 May. The targets are aligned with the UN Sustainable Development Goals to protect the planet and aim to reduce emissions and water consumption at the Group's production sites and minimise waste to landfill from direct operations. The new set of targets cover short-term (2025) and medium-term (2030) commitments, and the Group monitors and reports on its performance in a transparent manner, adhering to internationally recognised protocols.

Targets and Achievements

ENERGY AND GHG EMISSIONS

Achieve net-zero emissions by **2050** or, hopefully, sooner. **2050**

Reduce greenhouse gas ('GHG') emissions intensity (kg of CO_2/L) from direct operations: By **55**% by **2025** **2025**

By **70**% by **2030** **2030**

By **30**% from the total Supply Chain[40] by **2030**, with 2019 as a baseline[41]. **2030**

90% renewable electricity in all Group production sites **by 2025**[42]. **2025**

WATER

Reduce water usage intensity (L/L):[43] By **60**% within **2025** **2025**

And by **62**% by **2030**, with 2019 as a baseline[44]. **2030**

Continue to ensure the safe return of wastewater from direct operations to the environment.

WASTE

Zero waste to landfill from direct operations by **2025**. **2025**

As of 2023, Campari Group has achieved the following results:

Reduction of GHG emissions intensity from direct manufacturing operations (kg of CO_2/L) by **-47**% compared to **2019**; **-47%**

Reduction of GHG emissions intensity for total supply chain (kg of CO_2/L) by **-19**% compared to **2019**; **-19%**

Use of **93**% renewable electricity across all its production sites worldwide; **93%**

Reduction of water usage intensity by **-54**% (L/L) compared to **2019**; **-54%**

Reduction of waste to landfill by **-83**% compared to **2022**. **-83%**

Target	Baseline year 2019	2023
GHG emissions intensity Scope 1+Scope 2 market-based (kg of CO2 e. / L manufactured)	0.154	0.082
GHG emissions intensity, Total Supply Chain (kg of CO2 e. / L manufactured)	1.284	1.037
Water usage intensity (L/L manufactured)	19.6	9.1

In 2023, Campari Group reported publicly on its climate-related progress, disclosing for the second time to the Carbon Disclosure Project ('CDP')[44] framework. Campari Group received a 'A-' score (Leadership level) for the 2023 Climate Change questionnaire (based on 2022 data), which reflects the Group's commitment and the solid action plans to decarbonize its supply chain direct operations, improve the engagement with its suppliers and service providers to reduce its Scope 3 emissions and embed sustainability into the day-to-day activities.

NET ZERO JOURNEY

Campari Group continues on its energy efficiency path through its global multi-year program launched in 2020, committing to promote energy-saving initiatives, implement sustainable solutions, and decarbonise production activities. In addition to the continuous and robust commitment in reducing the carbon emissions from its direct operations, Campari Group has extended its efforts to the broader supply chain, aiming at reducing total Supply Chain GHG emissions' intensity (Scope 1, 2 and 3) by 30% by 2030 and achieving net-zero emissions by 2050 or sooner.

Campari Group GHG Emission footprint is divided as follows: 8% for Scope 1 and 2 emissions and 92% for Scope 3 emissions. With regard to methodology, as in 2022, the Group applied the conversion factors provided for under the GHG Protocol[45].

	2021	2022	2023
GHG emissions (direct operations)[(1)]			
GHG emissions, Scope 1 (t of CO_2 e.)	78,108	72,542	73,323
GHG emissions, Scope 2 location-based (t of CO_2 e.)	15,431	17,261	18,097
GHG emissions, Scope 2 market-based (t of CO_2 e.)	11,325	2,041	2,001
GHG emissions, Scope 1 + Scope 2 market-based (t of CO_2 e.)	89,432	74,583	**75,323**
GHG emissions intensity Scope 1 + Scope 2 market-based (kg of CO_2 e. / L manufactured)	0.115	0.084	**0.082**
GHG emissions intensity, Scope 3 (kg of CO_2 e. / L manufactured)[2]	0.974	1.020	0.954
GHG emissions intensity, Total Supply Chain (kg of CO_2 e. / L manufactured)	1.088	1.105	1.037
GHG emissions by type			
Combustion in thermal plants (t of CO_2 e.)	77,461	72,085	72,628
Refrigerants (t of CO_2 e.)	647	457	694
Purchased electricity location-based (t of CO_2 e.)	15,431	17,261	18,097
Purchased electricity market-based (t of CO_2 e.)	11,325	2,041	2,001

(1) GHG emissions Scope 2 market-based related to HQs office in Sesto San Giovanni has been offset through the purchasing of Guarantee of Origin (GO) certificates.

As a result of this activity, in 2023 the Group defined its first high-level Net Zero roadmap including actions to deliver the 2025 and 2030 commitments, as well as directional activities reaching beyond the 2030 target.

44 CDP is the most important global questionnaire for collecting climate-related data, in which companies gather and externally disclose their strategy, targets and projects aimed at managing and mitigating climate change aspects. Investors and companies use the CDP to make informed decisions, to reward companies that demonstrate leadership and to lead collective climate action.

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

ENERGY EFFICIENCY AND SCOPE 1&2 GHG EMISSIONS

TARGET

- Reduce greenhouse gas ('GHG') emissions intensity (kg of CO2/L) from direct operations (Scope 1 and Scope 2 market-based) by 55% by 2025 and by 70% by 2030, with 2019 as a baseline.

- 90% renewable electricity for all Group production sites by 2025.

2023 ACHIEVEMENTS

- Local interventions and investments in the Group's plants according to the energy efficiency and decarbonisation project launched in 2020;
- Energy Performance (MJ/L) reduced by 40% compared to 2019;
- GHG emissions intensity performance (kg of CO2/L) from direct manufacturing operations reduced by 47% compared to 2019;
- Greenhouse gas ('GHG') emissions intensity performance (kg of CO2/L) for total supply chain reduced by 19% compared to 2019;
- Funds deriving from the outperformance in the purchase cost of the shares during the share buyback program have been allocated to the installation of photovoltaic panels at the Jamaican plants;
- CDP-Climate Change questionnaire participation, in which Campari Group received the A- score ('Leadership').

- Extension of photovoltaic systems installation on several Group production sites;
- Attainment of a Guarantee of Origin in all European and Americas plants;
- Activation in Italy of the first Group Power Purchase Agreement[1];
- 93% of the total electricity used by Group production sites from renewable sources.

NEXT STEPS

- Further reduce emissions in the Group's production sites and operations through energy efficiency projects, including energy recovery;
- Gradually replace the usage of fossil fuels with more sustainable alternatives.

- Enlarge the perimeter including more plants in other Regions.

[1] A corporate PPA is an upfront contractual agreement between a buyer and a seller for the exchange of an amount of electricity from a renewable generator for an agreed price (fixed or market-related). Source: https://resource-platform.eu/what-are-ppas/

In 2023, the Group continued the extension of photovoltaic program installation in its production sites in Italy and Greece. Further implementations are being planned for 2024 in France, Mexico, Jamaica and Australia. At the end of 2023, the purchase of Guarantees of Origin ('GO') covered all production sites in Europe and the Americas. Moreover, in line with its decarbonization strategy and with the goal of contributing to the achievement of its 2030 emission reduction targets, in December 2023 the Company signed its first multi-year contract for the purchase of electric energy from wind renewable sources (i.e., Off-site Power Purchase Agreement, 'PPA'), active from 1 January 2024. The scope of the agreement is the Italian perimeter (all plants and headquarters are included) covering about 30% of the Group's electricity needs in the country. With this agreement, the Company will support the renewable producer by contributing to the construction of new generators, specifically wind farms in Italy, and will receive from the seller the amount of Guarantee of Origin related to the energy purchased. As part of its Scope 1 and Scope 2 GHG emissions reduction strategy, in 2023 the Group also invested in local energy efficiency projects aimed at decreasing the energy demand of its manufacturing sites, such as utilities optimisation, boiler replacement, insulation and LED lighting systems.

In addition to increasing energy efficiency, Campari Group is seeking for technology solutions empowering its transition to greener energy. In this direction, the Group is implementing a Thermal Vapour Recovery ('TVR') system at the GlenGrant distillery in Scotland to reduce thermal energy consumption and water withdrawal, contributing significantly to the decarbonisation of the distillery and to the achievement of Campari Group's CO2 emission and water use intensity target. By reducing the amount of water required, the TVR project is also an opportunity to respond to the possible risk of drought in the region.

Energy consumption (direct manufacturing operations)[48]	2021	2022	2023
Total energy consumption (GJ)	**1,506,496**	**1,515,453**	**1,467,016**
Performance of energy consumption (MJ/L manufactured)	1.93	1.72	**1.61**

	2021	2022	2023
Total energy consumption (GJ) in Sesto San Giovanni HQs (excluded from direct manufacturing operations)	11,901	14,152	**13,949**
Total energy consumption (GJ) (direct manufacturing operations and Sesto San Giovanni HQs)	1,518,397	1,529,605	**1,487,965**

Consumption of energy by renewable /non-renewable sources'	2021	2022	2023
Consumption of energy from renewable sources (GJ)	62,020	199,881	**206,772**
Consumption of energy from non-renewable sources (GJ)	1,456,377	1,329,725	**1,281,192**

Consumption of energy by source (direct manufacturing operations)	2021	2022	2023
Consumption of electricity drawn from the grid (GJ)	155,125	176,981	**185,679**
Total heating consumption (GJ)	0	0	**0**
Total cooling consumption (GJ)	0	0	**0**
Total steam consumption (GJ)	0	0	**0**
Petroleum distillate fuels (GJ)	328,775	332,797	**339,193**
Purchased natural gas (GJ)	1,017,010	979,409	**912,271**
Fuels from natural gas processing and oil refining (GJ)	3,787	4,037	**4,256**
Purchased wood (GJ)	0	0	**0**
Energy produced and consumed from renewable sources (GJ)	1,800	22,230	**32,616**

Consumption of energy by source in Sesto San Giovanni HQs (excluded from direct manufacturing operations)	2021	2022	2023
Consumption of electricity drawn from the grid (GJ)	9,817	12,427	**11,999**
Total heating consumption (GJ)	2,084	1,724	**1,950**

(1) The data in this and subsequent tables have been restated for direct manufacturing operations in line with Campari Group's environmental sustainability targets, thus excluding central offices (Sesto San Giovanni HQs). Data include the recently integrated distillery Wilderness Trail, Kentucky (US), acquired in late 2022.

SCOPE 3 GHG EMISSIONS

In 2023, Campari Group carried out the annual Scope 3 emissions analysis screening the fifteen categories listed by the GHG Protocol standard. As a result of the analysis, the categories that contribute most are Purchase of goods and services (71%), Transport and upstream and downstream distribution (12%) and Capital goods (10%), which account for 93% of the total Scope 3 impact.
In 2023, the Group has enhanced its engagement process with the most emissions relevant suppliers for Packaging and Raw Materials (glass, closures, aluminium cans, sugar, alcohol) and Logistics. This process has made it possible not only to gather information about specific emission reduction initiatives of the suppliers involved, but also to set the standards for the smaller and less mature ones. Campari Group plans to implement specific emissions reduction initiatives across its value chain in collaboration with its suppliers.
The Group established a cross-functional Steering Team to drive this Scope 3 reduction program. The areas of focus identified are Purchased Goods and Services and Logistics. A dedicated budget has been allocated to support the implementation of emissions reduction initiatives with projects covering product redesign and optimisation, recycled content and closed loop initiatives, and logistics optimisation.
Campari Group's climate-related supplier engagement strategy is focused on suppliers' emissions reduction, starting from top contributors based on their CO2 emissions. The engagement activity is conducted by partnering and collaborating with the target suppliers to define specific decarbonisation roadmaps that include energy efficiency and renewable sourcing programs, packaging material optimisation and sustainable redesign.
In 2023, 71% of Campari Group suppliers CO2 footprint were analysed and introduced in this supplier engagement process.

46 The indicators reported refer to a partial coverage of packaging materials purchased; in particular, the perimeter covered in the analysis is 82% for glass, 68% for metal and 56% for cardboard.

PURCHASE OF GOODS AND SERVICES CATEGORY

SUSTAINABLE DESIGN

In 2023, Campari Group developed and formalised its own 'Sustainable Design Guidelines', a set of principles and rules to be followed and complied with for any product-related development initiative, and covering the following key areas: material intensity, recyclability grade, recycled content, design for disassembly, and mono-material criteria inspired by *Reduce, Reuse, Recycle* principles. The guidelines have been shared with Campari Group's suppliers and are defining the baseline for any new development as well as triggering re-designs and initiatives to optimise the existing portfolio and products already on the market. Product redesign for material intensity (lightweight and material reduction) and increase of recycled content are the main areas Campari Group and its suppliers are working on.
In the Product-Related area, priority has been given to the Glass, Closures, Alcohol and Sugar categories. In the Non-Product-Related area, Point of Sales Materials and Business Travel categories remain priority categories.

GLASS, CLOSURES, ALCOHOL AND SUGAR

The Group engaged 28 suppliers covering all geographies where it operates, representing 71% of its Product-Related carbon footprint.
Engagement workshops have been carried out with main suppliers based on their CO2 profile, intended to:

- position Campari Group's sustainability ambition;
- understand suppliers' sustainability agenda;
- measure the effects of suppliers' sustainability initiatives on the Group portfolio;
- define future joint sustainability developments and targets;
- implement actions and report progress to drive CO2 down annually to meet long-term objectives, including redesigning materials, optimising packaging weight, increasing recycled content, switching to greener energy and technologies.

Considering the most important materials used in the packaging of the Group's product, the following recycled input materials were used[46].

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	2022	2023
Glass (% of recycled content)	32%	35%
Metal (% of recycled content)	57%	58%
Cardboard (% of recycled content)	65%	63%

POINT OF SALES ('POS') MATERIALS

Following the recent assessment of POS items using a Green Design Tool, from 2023 onwards improvements are being implemented for future orders. For example, the global POS supplier was asked to focus on Aperol and nine items in the range underwent specification changes, such as recycled content and recyclability. A contract renewal was also agreed, which will include new and improved KPIs related to sustainability, currently under development.

BUSINESS TRAVEL CATEGORY

A CO2 emissions report has been set up with the Group lead travel agency tracking emissions in cumulated terms and considering main travel categories (Air, Hotel, Car). A new sustainability strategy for the Business Travel category will be defined in 2024 considering: CO2 emission reduction targets; a review of the Global Travel Policy in line with sustainability objectives; assessment and renegotiation of travel category vendors, considering possible green standards and certification; assessment and configuration of a global booking tool which would embed sustainable policy checks and related KPIs. The new Travel Policy will be deployed within the whole organisation.

TRANSPORTATION AND DISTRIBUTION CATEGORY

In 2023, Campari Group further consolidated the initiatives already started in previous years to improve its environmental impact in logistics. The main levers were intermodal transport, sustainable pallet management and freight consolidation. We have seen good examples of multi modal use in Europe and reduction of less than truck load ('LTL', meaning the transportation of an amount of freight sized between individual parcels and full truckloads) freight in the United States, as well as a substantial decline in the use of air freight. The first half of 2023 still saw a level of disruption within the sector, characterised by high price volatility and poor service reliability due to the continuing consequences of the pandemic, the imbalance in logistics flows, inflationary factors, and the continued rise in fuel costs. However, the share of intermodal transport improved compared to the previous year, as the second half of the year was more stable, helping the Group to re-establish its ability and willingness to develop the share of intermodal transport and to investigate ways to improve the overall carbon footprint. The Group has extended its efforts in this regard especially in Europe and the United States, continuing to focus on optimising loading processes to maximise container and truck utilisation. In 2024, the Group will focus particularly on the implementation of more efficient loading configurations at its major plants, in-house facilities as well as third-party logistics providers. The number of direct to customer intercompany sea freight movements increased in 2023. When possible, the Group implemented alternative fuel trucks using liquefied natural gas ('LNG'), compressed natural gas ('CNG') or electric vehicle motor units with some suppliers, albeit still in small percentages.

Global travels broken down between road, intermodal and sea are shown below.

	2022				2023			
	Total journeys	**Road travel**	**Intermodal travel**	**Sea travel**	**Total journeys**	**Road travel**	**Intermodal travel**	**Sea travel**
Global Journeys	11,274	6,225	1,514	3,535	11,372	4,868	2,199	4,305
%		55%	13%	32%		43%	19%	38%

EUROPE-INTERMODAL TRANSPORT

Intermodal transport represents a significant opportunity in freight transport thanks to the use of multiple integrated modes of transport. In 2023, intermodal journeys accounted for 33% of journeys in Europe, a strong increase compared to 2022 thanks to a stable market situation and to the logistics team effort. Indeed, the Group continues to choose road/rail and road/ship intermodal transport wherever possible, as an alternative to road freight transport, always dealing with the service level requested by customers.

	2021			2022			2023		
	Total journeys	**Road travel**	**Intermodal travel**	**Total journeys**	**Road travel**	**Intermodal travel**	**Total journeys**	**Road travel**	**Intermodal travel**
Total	5,708	3,671	2,037	7,290	5,776	1,514	**6,456**	**4,313**	**2,143**
%		64%	36%		79%	21%		**67%**	**33%**

In Italy Campari Group prioritized sustainability, recovering from pandemic challenges and inflationary effects, embracing Liquified Natural Gas ('LNG')-powered vehicles, Battery Electric Vehicles ('BEVs'), and non-fossil biofuels in transport strategy. Collaborative efforts with suppliers ensured both environmental and financial sustainability: primary shipments increased by 30.4%, with a notable growth in LNG share by 4.9% and the new shares recorded with the Full Electric mode (0.8%). The combined use of alternative modes helps in reducing the Road/Diesel share by 2.6%, signalling a shift towards greener transportation.

EUROPE-SUSTAINABLE PALLET MANAGEMENT

In 2023, the Group continued its collaboration with the supplier PAKi, a partner operating in the pallet handling sector. Thanks to its extensive network, PAKi deals with picking up pallets at the unloading points and transferring them to the nearest depot, whether its own or that of another client, and simultaneously delivering the same type of pallet to loading points from its nearest collection points. This mechanism enables us to significantly reduce the number of kilometres travelled across Europe. In 2023, the number of pallets managed using the 'PAKi recovery and reused method' saw an overall increase in relation to previous years.

PAKi method	2021	2022	2023
Exports-Germany, Austria, Belgium, the Netherlands and Switzerland	103,424	129,181	159,517
Italy	85,838	104,235	103,761
Greece	12,516	6,732	5,610
France	2,340	3,420	1,980
Total	**204,118**	**243,568**	**270,868**

WATER

TARGET

- Reduce water usage intensity (litres withdrawn per litre manufactured L/L) by 60% by 2025 and by 62% by 2030, with 2019 as a baseline[1].
- Continue to ensure the safe return of wastewater from direct operations to the environment.

2023 ACHIEVEMENTS

- Local interventions and investments in the Group's plants according to its global water reduction program;
- Water usage intensity (L/L) reduced by 54% compared to 2019.
- No major incidents recorded in 2023.

NEXT STEPS

- Further reduce water usage in the Group's production sites through water usage projects.
- Continue to guarantee the safe return to the environment of wastewater from direct operations.

[1] Former target of -40% (L/L) in 2025 and -42.5% (L/L) in 2030 revised in 2023, following very positive performance results in 2022.

As part of its global Water Reduction program, Campari Group has further rationalised the use of water in its production processes in terms of quantity and quality of water used and is investing in water recovery systems to avoid waste in its processes and operations. As a result of climate change, the Group is facing increased frequency of droughts in Martinique. For this reason, in 2023, it started the new major irrigation project on its own land, which will be fully operational in 2026, aimed at reusing water to irrigate the land. This new water resource will be shared with the local community for other uses in the area (i.e., fire-fighting, municipal green spaces, etc.). Also in Mexico, in the Jalisco area, where Campari Group's tequila production site is located, water scarcity can affect both production continuity and the ability to supply agricultural materials. As a result, to reduce the environmental impact while managing the demand for water during peaks in production activity and ensuring business continuity, a new water storage system is being built from 2023 onwards, which includes the installation of a dedicated water tank. In addition, the Group is committed to implementing distillery sludge treatment plants in its tequila distillery in Guadalajara (Mexico) and, similarly, in its rum distillery in New Yarmouth (Jamaica). The outcome of the process is to ensure a safer return of the treated wastewater to the environment, including the recovery of solid residues as animal feed and natural fertiliser.

	2021	2022	2023
Water usage (direct manufacturing operations)[1] [2]			
Total volume of water withdrawn (m^3)	9,415,978	8,742,098	**8,343,728**
Water usage intensity (L/L manufactured)	12.1	9.9	**9.1**

[1] The data in this and subsequent tables have been restated for direct manufacturing operations in line with Campari Group's environmental sustainability targets, thus excluding central offices (Sesto San Giovanni HQs). Data include the recently integrated distillery Wilderness Trail, Kentucky (US), acquired in late 2022.

[2] All water withdrawal at Campari Group facilities can be categorised as fresh water, i.e. with a total dissolved solids concentration lower than 1000 mg/L.

	2021	2022	2023
Total volume of water withdrawn (m^3) in Sesto San Giovanni HQs (excluded from direct manufacturing operations)[1]	1,023,096	1,025,703	**1,006,038**

[1] Water usage in the central offices is predominantly circulated in a closed loop geothermal heating and cooling system based on heat pump technology (groundwater is abstracted and recharged back to the same aquifer).

Photo submitted by Federica Bortoluzzi. Finalist of the 2023 Annual Report Photo Contest

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	2021	2022	2023
Total volume of water withdrawn (m³) (direct manufacturing operations and Sesto San Giovanni HQs)	10,439,074	9,767,801	**9,349,766**

Water usage by source (direct manufacturing operations)	**2021**	**2022**	**2023**
Surface water-rivers (m³)	2,054,681	2,319,935	2,468,939
Groundwater (m³)	6,642,509	5,688,382	5,015,962
Rainwater (m³)	6,335	1,993	1,607
Municipal water supply (m³)	712,443	731,787	857,221

Water usage by source in Sesto San Giovanni HQs (excluded from direct manufacturing operations)	**2021**	**2022**	**2023**
Groundwater (m³)	1,020,696	1,016,767	999,825
Municipal water supply (m³)	2,400	8,936	6,213

Wastewater discharges and intensity (direct manufacturing operations)	**2021**	**2022**	**2023**
Total volume of wastewater discharged (m³)	**1,821,738**	**1,824,937**	**1,929,528**
Wastewater discharge intensity (L/L manufactured)	2.3	2.1	**2.1**

	2021	**2022**	**2023**
Total volume of wastewater discharged (m³) in Sesto San Giovanni HQs (excluded from direct manufacturing operations)	1,023,811	1,025,254	1,004,625
Total volume of water discharged (m³) (direct manufacturing operations and Sesto San Giovanni HQs)	2,845,549	2,850,191	2,934,153

Wastewater discharges by destination	**2021**	**2022**	**2023**
Wastewater discharged in bodies of surface water (m³)	487,752	595,383	**634,365**
Wastewater discharged into groundwater (m³)	420,519	340,798	**355,555**
Wastewater discharged into consortium plants (m³)	368,584	332,792	**294,824**
Wastewater discharged into municipal or other facilities (m³)	332,769	311,974	**274,359**
Total volume of wastewater reused by/sent to another organisation (m³)	212,115	243,991	**370,425**

Wastewater discharges by destination in Sesto San Giovanni HQs (excluded from direct manufacturing operations)	**2021**	**2022**	**2023**
Wastewater discharged into groundwater (m³)	1,021,411	1,017,737	**998,600**
Wastewater discharged into municipal or other facilities (m³)	2,400	7,517	**6,025**

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

Structure of wastewater and treatment	**2021**	**2022**	**2023**
Volume of physically treated water (m³)	20,593	30,474	18,077
Volume of chemically treated water (m³)	78,423	80,491	76,239
Volume of biologically treated water (m³)	232,427	270,345	237,119
Volume of chemically/biologically treated water (m³)	6,007	5,177	5,905
Volume of chemically/physically treated water (m³)	32,660	37,130	10,994

WASTE

TARGET

- Zero waste to landfill from direct operations by 2025.

2023 ACHIEVEMENTS

- Total waste increased by 11% compared to 2022 mainly related to the biomass produced in Martinique distillery and recovered as energy production.
- Waste to landfill reduced by 83% compared to 2022, equal to 3,861 tons of waste.
- The ratio between the total waste destined for landfill and the total volume of waste produced was reduced to 2%.

NEXT STEPS

- Continue the global reduction program towards the zero waste to landfill target by 2025.

Campari Group is committed to reducing total waste from its production sites, adopting a circular approach, through different local initiatives aimed at optimising the use and disposal of materials, improving efficiency, increasing recycling, recovery and reuse processes. As a continuation of the program launched in 2021 for the production sites in the Americas, which represent more than 95% of the total waste to landfill, the Group progressively reduced the volumes of waste destined for landfill by -83% compared to the previous year.
As a contribution to the global target, dedicated projects to improve waste management and separation at source, as well as circular economy initiatives, have been implemented at the Group's production sites.
Within the Italian perimeter, with the goal of being extended in the future, a virtuous glass circular economy project was launched in collaboration with one of the Group's most strategic glass suppliers.
An important contribution comes from the Zero Waste to Landfill Journey carried out over the years by the Jamaican plants, through which cross-collaboration with Martinique has been set up to support the neighbouring plant in the implementation of Zero Waste initiatives in difficult contexts where infrastructure is often lacking.

As an overall result of the activities carried out, in 2023 the ratio between the total waste destined for landfill and the total volume of waste produced dropped to 2% from 24% in 2019.
With regard to organic waste, production sites aim to increase the recovery and reuse rate of by-products generated in its production cycle, by using them as animal feed, bio-

mass or compost. As an example, the distillery in Martinique has increased by 23% the usage of biomass for internal energy recovery. Despite the low percentage of hazardous waste produced during manufacturing activities (0.13%), the Group continues to prevent and eliminate any such environmental impact through the identification of possible innovative treatment methods.

Hazardous and non-hazardous waste	2021	2022	2023
Hazardous waste produced (t)	83	60	75
Non-hazardous waste produced (t)	57,130	52,499	58,146
Hazardous waste produced (%)	0.15	0.11	0.13

Destination of total waste produced[55]	2021	2022	2023
Internal reuse (t)	0	0	0
External reuse (t)	11,171	13,887	22,053
Recovery, including energy recovery (t)	17,098	6,777	13,316
Composting (t)	11,096	21,000	16,461
Incineration (t)	10	68	20
Landfill (t)	8,481	4,652	791
On-site storage (t)	29	9	5
Fertilisation in agriculture (t)	5,108	1,049	0
Recycling (t)	3,206	3,570	4,077
Other destinations (t)	1,014	1,542	1,498

Destination of hazardous waste produced	2021	2022	2023
Internal reuse (t)	0	0	0
External reuse (t)	1	0	10
Recovery, including energy recovery (t)	21	20	37
Composting (t)	0	0	0
Incineration (t)	0	22	14
Landfill (t)	1	1	1
On-site storage (t)	6	8	0
Fertilisation in agriculture (t)	0	1	0
Recycling (t)	13	1	4
Other destinations (t)	41	3	10

Destination of non-hazardous waste produced	2021	2022	2023
Internal reuse (t)	0	0	0
External reuse (t)	11,169	13,887	22,043
Recovery, including energy recovery (t)	17,077	6,757	13,279
Composting (t)	11,096	21,000	16,461
Incineration (t)	10	46	6
Landfill (t)	8,481	4,651	790
On-site storage (t)	22	1	5
Fertilisation in agriculture (t)	5,108	1,048	0
Recycling (t)	3,194	3,569	4,072
Other destinations (t)	972	1,539	1,488

BIODIVERSITY AND AGRICULTURAL MANAGEMENT PRACTICES

Campari Group is also committed to protect the ecosystems in which it operates through several local initiatives.

In France, as part of a 5-year Sustainability Plan, Campari-Lallier is focusing on the creation of biodiversity zones with local species, the installation of hives and the development of two vineyard plots with installation of trees, hedges, headlands and embankments. Also, the plant is collaborating with suppliers to achieve the High Environmental Value ('HEV') certification, a voluntary approach which aims to identify and promote particularly environmentally friendly and climate-related practices applied by farmers. Campari Group in Bourg-Charente adopted the Cognac Environmental Certification ('CEC'), a collective approach to sustainable viticulture managed by the Bureau National Interprofessional du Cognac ('BNIC'). As of 2023, 17% of Campari Group's suppliers in the Cognac region are engaged in the CEC, with 58 winegrowers already holding the certification. The aim is to progress on engagement with winegrowers to reach 100% by 2028.

In Martinique, Campari Group is developing several best practices with positive climate-related impacts, including the selection of species to maximise carbon capture and the definition of a three-year plan for agroforestry from 2023 to 2026 to plant hedges on its owned hectares. It also financially supports and shares knowledge with its suppliers in the development of agricultural good practices with climate-related beneficial impacts.

Campari Group in Mexico requires its suppliers of agave to obtain the Environmentally Responsible Agave ('ARA') certification, with the goal to reduce deforestation by 100% by 2027 (considering plantations established from 2022) caused by the supply of agave to produce tequila. The Group is also promoting the use of compost to replace other chemical fertilisers.

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SPILLS

The total number of environmental spills is in line with the previous year. All issues were treated accordingly, eliminating the impact on the environment.

	2021	2022	2023
Total spills (number)	23	24	24
Spills by destination			
Ground spills (number)	8	14	12
Surface water spills (number)	6	8	8
Groundwater spills (number)	1	0	0
Industrial consortium wastewater spills (number)	1	0	4
Spills in municipal water supplies or other utilities (number)	0	1	0
Air spills (number)	7	1	0

PENALTIES AND FINES

In 2023 the Group received one surcharge and one notification of the breach of the trade effluent discharge conditions, and one production site received a notification for odour nuisance. The sites have taken the necessary corrective actions.

CERTIFICATIONS

The performance of Environmental Certification rate (%), as bottles produced in production units certified according to international standards for environment, increased compared with previous years. An important contribution was related to the achievement of the ISO14001 certification by the bottling operation in Derrimut (Australia) in 2023.

Environmental certifications	2021	2022	2023[1]
Bottles produced in production units certified in accordance with international environmental standards (ISO14001/EMAS/ISO50001) (%)	67%	67%	**95%**

[1] The figure only includes bottles produced in Campari Group-owned plants, while bottles produced by co-manufacturers have not been considered in the calculation.

EU TAXONOMY

The following disclosure complies with the reporting requirements of the EU Regulation 852/2020, hereafter referred to as 'Taxonomy Regulation' or 'Taxonomy', and subsequent delegated regulations and amendments, including Delegated Regulation 2021/2139 (Climate Delegated Act), Delegated Regulation 2021/2178 (Disclosure Delegated Act) and Delegated Regulation 2023/2486 (Environmental Delegated Act). On 27 June 2023, the European Commission approved the delegated acts relating to the remaining four environmental objectives and the amendments to the climate and disclosure delegated acts. The application of the acts is required in reports starting from 1 January 2024: for reporting year 2023 it is necessary to report eligibility and alignment regarding activities contributing to climate change mitigation and adaptation as well as eligibility regarding four new objectives (sustainable use of water and marine resources, transition to circular economy, pollution prevention and control and prevention and restoration of biodiversity and ecosystem). Campari Group is committed to the responsible use of resources and reduction of the environmental impact of production activities, as outlined in the targets set by the Group. The Taxonomy framework permeates directly into the way Campari Group operates, as it commits in the future to increasingly include the Regulation's requirements within its business conduct, both at strategic and operational level.

ELIGIBILITY ASSESSMENT

The Group carried out a screening of its activities and operations, with particular attention to capital expenditure, to determine the economic activities defined as eligible with respect to the objectives of mitigation and adaptation to climate change and the new four objectives published in June 2023. In line with the previous year, the only revenue-generating Group's activity identified as Taxonomy-eligible is the in-house museum, Campari Gallery, where guided tours are organised to explore the history of the brand. This activity could be associated with activity 13.2 *Libraries, archives, museums and cultural activities* and therefore be eligible to contribute to the objective of climate change adaptation. With regard to this topic, it should be noticed that revenues resulting from the ticket sales of Campari Gallery are indeed negligible with respect to the total revenues of the Group.
Capital expenditures ('CapEx') and operating expenditure ('OpEx') were analysed separately in order to map those connected with the acquisition of outputs from eligible economic activities or individual measures that reduce greenhouse gases emissions[47]. Such types of CapEx and OpEx will hereafter be referred to as *capital and operating expenditures in eligible (or aligned) economic activity*. Campari Group identified some capital expenditure in eligible economic activities, mainly in relation to construction of new buildings and renovation of existing ones, construction of a wastewater treatment plant, and instalment of equipment for renewable energy or energy efficiency. All the identified measures will be implemented and operational within 18 months from the recognition of the CapEx in the financial statement. It is also specified that the analysis of the remaining four environmental objectives also revealed a part of eligibility relating to projects for the provision of IT/OT data-driven solutions. Moreover, the analysis of the activities connected to Operating Expenditure for the new environmental objectives took into consideration a series of 'biodiversity-related' projects which aim at the promotion and protection of biodiversity within some sites; however it was not possible to consider them for calculating the OpEx eligible indicator as they were not connected with cost items enumerated in the restricted list proposed by the Regulation. No relevant operating expenditures in eligible economic activities have been identified during the analysis for the climate change objectives.
It should be noted that as the Group's core activities are not yet included in the Regulation and thus there are no specifications of what characteristics its core business activities must have to be taxonomy eligible or aligned, Campari Group is not investing in a 'CapEx plan', as defined by the Regulation, to expand Taxonomy-aligned economic activities or to allow Taxonomy-eligible economic activities to become Taxonomy-aligned with respect to its own core activities. Nevertheless, it is committed to considering and evaluating the integration of sustainability criteria as defined by the EU Taxonomy Regulation in its investments whenever possible.
CapEx considered eligible can be divided into the following activities, potentially contributing to the following objectives: Climate change mitigation ('CCM'), Climate change adaptation ('CCA') and Transition to a circular economy ('CE').

List of eligible activities and the related contribution objectives is detailed below.

[47] These capital and operating expenditures are defined by the Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021, Art. 8 Delegated Regulation-(Annex I) as *'related to the purchase of output from Taxonomy aligned economic activities and individual measures enabling the target activities to become low carbon or to lead to greenhouse gas reductions'*.

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Economic Activities	Activity objectives for eligibility	Percentage of eligibility (CapEx)
Construction of new buildings	**CCM 7.1**, CCA 7.1, CE 3.1	10.75%
Construction, extension and operation of wastewater collection and treatment	**CCM 5.3**, CCA 5.3	4.79%
Installation, maintenance and repair of renewable energy technologies	**CCM 7.6**, CCA 7.6	1.67%
Renovation of existing buildings	**CCM 7.2**, CCA 7.2., CE 3.2	1.05%
Construction, extension and operation of water collection, treatment and supply systems	**CCM 5.1**, CCA 5.1	0.47%
Installation, maintenance and repair of energy efficiency equipment	**CCM 7.3**, CCA 7.3	0.33%
Provision of IT/OT data-driven solutions	CE 4.1	0.06%
Total % of eligible projects		**19.11%**

ALIGNMENT ASSESSMENT

The identified capital expenditures in eligible economic activities CapEx have been investigated in order to assess whether they could be considered aligned. The assessment was conducted considering the projects' features and involving the most relevant suppliers that collaborated with Campari Group for the implementation of each project.

MINIMUM SAFEGUARDS

In line with the provision of the Taxonomy Regulation, the Group strives to carry out its activities in respect of the social minimum safeguards from globally recognised frameworks such as: the OECD Guidelines for Multinational Enterprises (OECD MNE Guidelines), the UN Guiding Principles on Business and Human Rights (UNGPs), including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organization on Fundamental Principles and Rights at Work and The International Bill of Human Rights.
Consistently with the previous reporting period, the Group adopted a two-level assessment approach, conducting a screening at both organisation level and supplier level in order to ensure compliance with the minimum safeguards within its operations and along the supply chain. The assessment focused on the topics of human rights (including labour and consumer rights), corruption and bribery, taxation and fair competition.

Regarding compliance within the organisation, Campari Group has adopted the Code of Ethics that summarises the guiding principles of the Group's conduct and implemented specific measures for each of the topics covered by the minimum safeguards. Detailed information about the Code of Ethics and the measures taken by the Group in the areas of human rights, corruption and bribery, taxation and fair competition can be found in the dedicated sections in this document. With the aim of enhancing transparency around diversity and inclusion within the Group, Campari monitors disparities in remuneration among genders by adopting the KPI of gender pay gap, as reported in the paragraph 'Remuneration system' of this document. Additional information on diversity and inclusion with regard to the composition of the Board of Directors can be found in the section 'The governance model'.
In line with the last year, Campari Group has not been convicted in court in cases related to human rights, corruption and bribery, taxation or fair competition, nor it has been involved in a case handled by an OECD National Contact Point (NCP) or questioned by the Business and Human Rights Resource Center (BHRRC). Moreover, in order to ensure proper conduct and compliance with minimum safeguards criteria throughout the supply chain, Campari Group is committed to implementing a due diligence process on human rights in the coming years.

Furthermore, in order to verify compliance across the value chain, a specific assessment has been conducted on the suppliers related to the projects considered aligned to the Taxonomy framework. The analysis has been conducted by directly questioning suppliers on the *procedural and outcome dimensions*. The analysis conducted made it possible to assess whether both Campari Group and the selected suppliers operate in compliance with all minimum safeguard criteria and therefore the activities specified below are considered in line with the Regulation.

SUBSTANTIAL CONTRIBUTION AND DO NO SIGNIFICANT HARM ('DNSH')

The alignment to Substantial Contribution and DNSH criteria was assessed through an investigation of the projects' features, conducted, when necessary, with the collaboration of the involved suppliers.
Details about the aligned projects and results of the assessment are presented below.

List of aligned projects and the related contribution objective is detailed below.

Project details	Objective	Activity	Percentage of alignment (CapEx)
Implementation of a wastewater treatment plant into the New Yarmouth distillery to ensure a safer return of treated wastewater to the environment	CCM	5.3	2.69%
Installation of photovoltaic panels in the New Yarmouth production site	CCM	7.6	0.57%
Installation of photovoltaic panels in the Novi Ligure production site	CCM	7.6	0.34%
Installation of photovoltaic panels in the Derrimut production site	CCM	7.6	0.20%
Total % of aligned projects			**3.80%**

It should be considered that the Group's core business is excluded from the Taxonomy, and therefore the absence of specific characteristics to define the activities as sustainable entails a difficulty in aligning the activities that emerged as eligible even though they have important elements of efficiency. An example is the eligible project of wastewater treatment of the Vinasse Treatment Plant the Group is implementing in its production plant in Arandas, Mexico. This Low-Rate Multiphase Treatment System allows to convert organic waste to recoverable biogas and reduce the volume of sludge and make it reusable.
This system makes the treated wastewater suitable for reuse or discharge in compliance with environmental regulations. Moreover, the methane from vinasse decomposition is prevented from spreading into the atmosphere and the generated biogas is recovered to be used by a new high efficiency multifuel steam boiler, therefore reducing the use of heavy fuel in favour of low-emitting renewable energy (Scope 1). Finally, the reduced volume of solid residues decreases the emissions from their transportation (Scope 3), entering the composting facility to be treated for the production of natural fertilizers and compost for local farmers.

Furthermore, a specific mention is dedicated to the 'Thermal Vapour Recompression' project ('TVR'), located at the Glen-Grant plant and which falls within the Group's eligible CapEx value for the first time in 2023 for the preliminary activities carried out during the year. The main project's development activities will be conducted in 2024, when the aim is to implement and report the alignment requirements. The main benefits deriving from the implementation of the project are the following:

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- Reduction of thermal energy consumption as a partial step towards the distillery's decarbonization path and contribution to the Group CO2 intensity target;
- Reduction of water withdrawals from the local river, given the local context of possible increased risk of drought and also as a contribution to global water intensity target.

The project, consisting of the installation of a TVR system on all four wash stills, is estimated to reduce the energy usage and cooling water by introducing a closed loop, allowing about 40% of water savings, 20% of energy savings and 20% of CO2 emissions savings.

Details about the projects aligned in 2023 are presented in the tables below.

ACTIVITY 5.3 CONSTRUCTION, EXTENSION AND OPERATION OF WASTEWATER COLLECTION AND TREATMENT

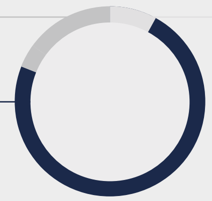
Requirements	Elements for compliance
Substantial Contribution (for Climate Change Mitigation)	The net energy consumption of the wastewater treatment plant is below the threshold set for its capacity. Moreover, the assessment of the direct GHG emissions was not required as it concerns a newly built plan.
DNSH Climate Change Adaptation	Campari Group does consider the relevant risks for its activity among the ones included in Appendix A and takes the necessary adaptation actions. More specifically, Campari Group performs a site-level assessment to evaluate both the physical climate-related and chronic risks taking into account three different climate change scenarios and developed the project taking into consideration the risks identified based on the type of activity and location according to the latest guidance and recommendations available. In this context, the details of the climate risk assessment are considered proportionate to the type of activity and the current assessment is sufficient to identify the physical climate risks that are material to the activity.
DNSH Use and protection of Water and Marine Resources	The environmental degradation risks related to preserving water quality and avoiding water stress are identified and addressed in accordance with applicable national law and a water use and protection management plan has been developed accordingly. The project was formally approved by and complies with the requirements of the Jamaican National Environmental Department regarding the preservation of water quality and the avoidance of water stress. The interaction with the Jamaican Agency could be considered as an element of compliance also for the DNSH Pollution Prevention and Control and Protection and Restoration of Biodiversity and Ecosystems. Furthermore, the treated water is not used for agricultural irrigation.
DNSH Pollution Prevention and Control	Discharges to receiving waters meet the requirements as laid down in national provisions stating maximum permissible pollutant levels from discharges to receiving waters.
DNSH Protection and Restoration of Biodiversity and Ecosystems	It was assessed that the site is not located in or near biodiversity-sensitive areas and all requirements set by the national legislation have been respected.

ACTIVITY 7.6 INSTALLATION, MAINTENANCE AND REPAIR OF RENEWABLE ENERGY TECHNOLOGIES

Requirements	Elements for compliance
Substantial Contribution (for Climate Change Mitigation)	The three projects under analysis involve the installation, maintenance and repair of solar photovoltaic systems and the ancillary technical equipment activity.
DNSH Climate Change Adaptation	Campari Group does consider the relevant risks for its activity among the ones included in Appendix A and takes the necessary adaptation actions. More specifically, Campari Group performs a site-level assessment to evaluate the physical climate-related risks and chronic risk taking into account three different climate change scenarios. Moreover, the Group developed the projects taking into consideration the risks identified based on the type of activity and location according to the latest guidance and recommendations available. In this context, the details of the climate risk assessment are considered proportionate to the type of activity and the current assessment is sufficient to identify the physical climate risks that are material to the activity.

RESULTS AND ACCOUNTING POLICY

The Group's result for full year 2023 related to Taxonomy-eligible but not aligned, Taxonomy-aligned and Taxonomy not-eligible activities are hereby reported in line with the provision of the Disclosure Delegated Act. The Group reports the eligibility and alignment results related to CapEx as the KPI's numerator for turnover and OpEx is equal to zero (more details are disclosed in the following paragraphs). The overview of CapEx KPI is shown in the graph below. More details on accounting rules and results are provided in the following section and in the templates.



TURNOVER

The Group, in line with the previous year, reports no eligible turnover, as shown in Table 1, where its total turnover is categorised as non-eligible. In particular, the total turnover refers to net sales as per the Consolidated Statement of profit and loss. For more information on total turnover please refer to note 'Net sales' of Campari Group consolidated financial statements at 31 December 2023.

CAPEX

The table 2 below shows the Group CapEx divided into Taxonomy-aligned, Taxonomy-Eligible but not aligned and Taxonomy-not-eligible activities. Most of the capital expenditures in eligible economic activities refer to construction of new buildings, construction of wastewater treatment plants, installation of solar photovoltaic systems and ancillary technical equipment, renovation of existing buildings and efficiency projects. The 2023 total Taxonomy-eligible activities amount to 19.11%, which is in line compared to previous year's value, namely 17.59%. Any differences in 2023 activities compared to previous year mainly concern contingencies in Campari Group's business activities. In 2023 the level of alignment of capital expenditures stands at 3.8% compared to 7.11% of the previous year. The decrease in the alignment percentage is attributable to the progress made towards completion and thus the decrease in capital expenditure related to the project of wastewater treatment plant at the New Yarmouth distillery reported as aligned last year, and is therefore consistent with the project timeline.

With reference to the results in Table 2, the total CapEx consists of additions to tangible and intangible assets during the financial year. In particular, it refers to the addition to *property, plant and equipment, right of use assets and intangible assets*. For more information on total Capex please refer to paragraph 'Capital expenditure' of the management board report in this annual report at 31 December 2023. As explained above, the capital expenditures in the numerator are those related to the purchase of output from Taxonomy-aligned economic activities. Therefore, these activities refer to the addition to property, plant, and equipment. Double counting was avoided by individually examining each of the items categorised as eligible and aligned, and filling in reporting templates in line with the provisions of the Regulation.

OPEX

Table 3 below shows the non-eligible OpEx calculated as the sum of direct non-capitalised costs related to research, development and innovation, as well as maintenance, repairs and renovation measures on property plant and equipment and short-term rental according to the Disclosure Delegated Act.

This item is part of the overall 'Selling, general and administrative expenses and Other operating income and expenses' disclosed under the respective note of the Campari Group consolidated financial statements at 31 December 2023. In 2023, no relevant OpEx related to the purchase of output from Taxonomy eligible and aligned economic activities and to individual measures enabling the Group's activities to become low-carbon or to lead to greenhouse gas reductions was identified. This is to be considered in line with last year's results.
It is also specified that the Group considered the provision of the Complementary Climate Delegated Act (Commission Delegated Regulation (EU) 2022/1214) relating to the reporting of the involvement in natural gas and nuclear-related economic activities, not identifying applicable activities. Table 4 of this document shows the template required by the Delegated Act.

For the purposes of tabular representation, the following legend applies:

1. Climate Change Mitigation ('CCM');
2. Climate Change Adaptation ('CCA');
3. Water and Marine Resources ('WTM');
4. Circular Economy ('CE');
5. Pollution Prevention and Control ('PPC');
6. Biodiversity and Ecosystems ('BIO').

For the reading of the alignment section of the templates, the following legend applies:

- Y-Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective;
- N-No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective.

For the reading of the eligibility section of the templates, the following legend applies:

- N/EL-not eligible, Taxonomy non-eligible activity for the relevant environmental objective;
- EL-Taxonomy eligible activity for the relevant objective;
- N/A-Not applicable.

Table 1 — Proportion of turnover from products or services associated with Taxonomy-aligned economic activities — disclosure covering year 2023.

Financial year 2023				**Substantial Contribution Criteria**						**DNSH criteria ('Does Not Significantly Harm')**									
Economic activities	**Code**	**Turnover**	**Proportion of Turnover, year N**	**Climate Change Mitigation**	**Climate Change Adaptation**	**Water**	**Pollution**	**Circular Economy**	**Biodiversity**	**Climate Change Mitigation**	**Climate Change Adaptation**	**Water**	**Pollution**	**Circular Economy**	**Biodiversity**	**Minimum Safeguards**	**Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) Turnover, year 2022**	**Category enabling activity**	**Category transitional activity**
		€ million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
N/A		-	0%																
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	0%	N/A	N/A	N/A	N/A	N/A	N/A								0%		
Of which Enabling		-	0%														0%		
Of which Transitional		-	0%														0%		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																	0%		
N/A			0%	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		-	0%																
A. Turnover of Taxonomy eligible activities (A1+A2)		-	0%	0%	0%	0%	0%	0%	0%								0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy- non-eligible activities		2,916.08	100%																
Total		2,916.08	100%																

Table 2 — Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities — disclosure covering year 2023.

Financial year 2023				**Substantial Contribution Criteria**						**DNSH criteria ('Does Not Significantly Harm')**									
Economic activities	**Code**	**CapEx**	**Proportion of CapEx, year N**	**Climate Change Mitigation**	**Climate Change Adaptation**	**Water**	**Pollution**	**Circular Economy**	**Biodiversity**	**Climate Change Mitigation**	**Climate Change Adaptation**	**Water**	**Pollution**	**Circular Economy**	**Biodiversity**	**Minimum safeguards**	**Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year 2022**	**Category enabling activity**	**Category transitional activit**
		€ million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Construction, extension and operation of wastewater collection and treatment	CCM 5.3	7.52	2.69%	Y	N	N/EL	N/EL	N/EL	N/EL	N/A	Y	Y	Y	N/A	Y	Y	6.69%		
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	3.10	1.11%	Y	N	N/EL	N/EL	N/EL	N/EL	N/A	Y	N/A	N/A	N/A	N/A	Y	0.42%	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		10.62	3.80%	100%	0%	0%	0%	0%	0%								7.11%		
Of which Enabling		3.10	1.11%	100%	0%	0%	0%	0%	0%	N/A	Y	N/A	N/A	N/A	N/A	Y	0.42%	E	
Of which Transitional		-	0.00%	0%						N/A	N/A	N/A	N/A	N/A	N/A	N/A			
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Construction of new buildings	**CCM 7.1**, CCA 7.1, CE 3.1	30.08	10.75%	EL	EL	N/EL	N/EL	EL	N/EL								0.00%		
Construction, extension and operation of wastewater collection and treatment	**CCM 5.3**, CCA 5.3	5.87	2.10%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.58%		
Renovation of existing buildings	**CCM 7.2**, CCA 7.2, CE 3.2	2.95	1.05%	EL	EL	N/EL	N/EL	EL	N/EL								0.22%		
Installation, maintenance and repair of renewables energy technologies	**CCM 7.6**, CCA 7.6	1.56	0.56%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.11%		
Construction, extension and operation of water collection, treatment and supply systems	**CCM 5.1**, CCA 5.1	1.31	0.47%	EL	EL	N/EL	N/EL	N/EL	N/EL								6.08%		
Installation, maintenance and repair of energy efficiency equipment	**CCM 7.3**, CCA 7.3	0.91	0.33%	EL	EL	N/EL	N/EL	N/EL	N/EL								2.67%		
Provision of IT/OT data-driven solutions	CE 4.1	0.15	0.06%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0.00%		
Manufacture of low carbon technologies for transport	CCM 3.3, CCA 3.3	-	0.00%	N/A	N/A	N/EL	N/EL	N/EL	N/EL								0.09%		
Renewal of water collection, treatment and supply systems	CCM 5.2, CCA 5.2	-	0.00%	N/A	N/A	N/EL	N/EL	N/EL	N/EL								0.43%		
Material recovery from non-hazardous waste	CCM 5.9, CCA 5.9	-	0.00%	N/A	N/A	N/EL	N/EL	N/EL	N/EL								0.01%		
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5, CCA 7.5	-	0.00%	N/A	N/A	N/EL	N/EL	N/EL	N/EL								0.05%		
Acquisition and ownership of buildings	CCM 7.7, CCA 7.7	-	0.00%	N/A	N/A	N/EL	N/EL	N/EL	N/EL								0.24%		
CapEx of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		42.83	15.31%																
A. CapEx of Taxonomy eligible activities (A1+A2)		**53.45**	**19.11%**	3.8%	0%	0%	0%	0%	0%								17.59%		
B. Taxonomy-non-eligible activities																			
CapEx of Taxonomy- non-eligible activities		**226.28**	**80.89%**																
Total		**279.73**	**100%**																

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Proportion of CapEx/Total CapEx[1]

	Taxonomy-Aligned per objective	Taxonomy-Eligible per objective
CCM	**3.8%**	**19.1%**
CCA	0.0%	19.1%
WTR	0.0%	0.0%
CE	0.0%	11.9%
PPC	0.0%	0.0%
BIO	0.0%	0.0%

[1] Where an economic activity contributes substantially to multiple environmental objectives, non-financial undertakings shall indicate, in bold, the most relevant environmental objective for the purpose of computing the KPIs of financial undertakings while avoiding double counting.

Table 3 — Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities — disclosure covering year 2023.

Financial year 2023				Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')(h)									
Economic Activities	**Code**	**OpEx**	**Proportion of OpEx, year N**	**Climate Change Mitigation**	**Climate Change Adaptation**	**Water**	**Pollution**	**Circular Economy**	**Biodiversity**	**Climate Change Mitigation**	**Climate Change Adaptation**	**Water**	**Pollution**	**Circular Economy**	**Biodiversity**	**Minimum safeguards**	**Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year 2022**	**Category enabling activity**	**Category transitional activity**
		€ million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
N/A		0	0%																
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%														0%		
Of which Enabling		0	0%																
Of which Transitional		0	0%																
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)		0	0%	0%	0%	0%	0%	0%	0%								0%		
N/A		0	0%	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
OpEx of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%																
A. OpEx of Taxonomy eligible activities (A1+A2)		0	0%	0%	0%	0%	0%	0%	0%								0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy- non-eligible activities		35.30	100%																
TOTAL		35.30	100%																

Table 4 - Nuclear and fossil gas related activities.

Row		**Yes/No**
Nuclear energy related activities		
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
Fossil gas related activities		
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

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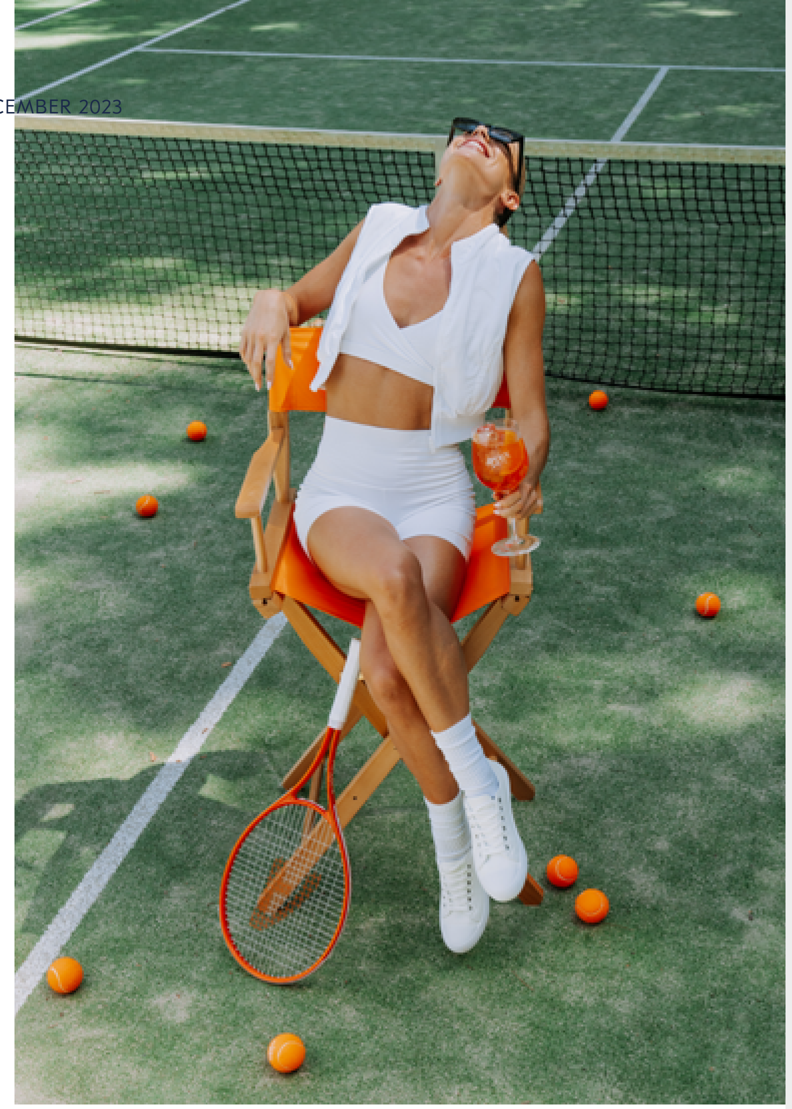
4. Community involvement



COMMUNITY INVOLVEMENT-COMMITMENTS

EXPORTING BEST PRACTICES ACROSS KEY MARKETS

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

COMMUNITY INVOLVEMENT-PERFORMANCE

Culture remained a key element of Campari Group's DNA in 2023. The 'Campari' name has always been associated with the world of art, design and cinema. The promotion of culture and its dissemination also means focusing on people's education and well-being. Work, education and culture will continue to be key areas in which the Group has decided it will concentrate its efforts, identifying local best practices to be exported to other geographies across the world. The Group is sensitive to the needs of the communities in the countries in which it has a significant presence. The principal community involvement projects that it has undertaken are described below.

4.1. ART AND CULTURE

Initiative	Description
Campari Gallery	Opened in 2010 on the 150th anniversary of the brand, Campari Gallery is an interactive and multimedia space, dedicated to the relationship between the Campari and Campari Soda brands and their communication through art and design. The Gallery exhibits a selection from its historical archives and offers different guided tours through which participants can discover the history of a great example of Italian entrepreneurship and learn about the activities of Campari Group today.
Cinzano Archive	The Archivio Cinzano (Cinzano Archive) preserves over 260 years of history of a brand which has managed to intertwine its development with the change in customs and traditions in Italy. With the rising importance of the digital world and in order to find a distinctive way to interact and engage with the local community, a digital strategy was developed to present the brand, which was founded in 1757, in a very authentic and modern way.
Campari and the cinema	Demonstrating the brand's continued commitment to championing film industry creatives and their Red Passions, Campari was for the sixth consecutive year the main sponsor of the Mostra Internazionale d'Arte Cinematografica-La Biennale di Venezia, the most important international festival for the promotion of cinema in all its forms, and also sponsored the 61th New York Film Festival for the fourth year running, the 76th edition of the world-renowned Festival de Cannes, the Locarno Film Festival and 73rd Berlin International Film Festival, the Berlinale, one of the largest public film festivals in the world. In 2023 Campari also supported the City of Milan in the reopening of the historic Cinema Orchidea, which, after 60 years of activity and the permanent closure in 2009, will be once again an important audio-visual hub and a cultural landmark enriching Milan's cinematographic art. Moreover, in 2023 Campari continued to promote Campari LAB, an educational film laboratory created in collaboration with Rome's Experimental Film Centre (Centro Sperimentale di Cinematografia), aimed at showcasing new talent on the Italian film scene and promoting experimentation with new visual languages and innovative storytelling methods. Campari LAB is a cultural incubator in which to discover and train new talent in all the professions that passionately bring the world of cinema to life.
Campari Soda and design	During the 2023 Milan Design Week, Campari Soda presented the new 'Design Connection' edition, realised in collaboration with the Italian design brand Qeeboo, aimed at reinforcing and making visible and concrete the strong link between Campari Soda and the world of design.

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4.2. SUPPORT TO LOCAL COMMUNITIES

Below are listed some examples of local projects developed for the benefit of communities. For more information, please refer to the Campari Group Sustainability Report.

Initiative	Description
Negroni Week	For the 11th year running, Campari and Imbibe Magazine promoted Negroni Week 2023, the annual international one-week fundraising campaign. Slow Food, a global movement of local communities and activists across more than 160 countries, was selected as the official charitable partner for the second year. The initiative has already raised over US$4.5 million for global causes over the years, of which about US$0.6 million was raised in 2023. The Slow Food Negroni Week Fund will support the cocktail community and help preserve cultural and biological diversity, promote food and beverage education and knowledge exchange, and foster equity and justice.
AdAstra Project	AdAstra Project-*Spazio al tuo futuro* (Space for your future) is a free training and work experience project aimed at young people in disadvantaged and vulnerable personal and economic situations that Campari Group has promoted for the third year through its Campari Academy in partnership with Fondazione di Comunità Milano, A&I Onlus, Heineken and Lavazza, and which provides a positive example of collaboration between profit and non-profit organisations. AdAstra project was also recognised as a National Winner in the European Enterprise Promotion Awards 2023 promoted by the European Commission, in the Responsible and Inclusive Entrepreneurship category.
Next Generation	Campari Group and Campari Academy, with the aim of promoting the training of new generations of professionals in the bar industry, launched the Next Generation project in 2023 offering 100 scholarships in the period 2023-2024 to students from hospitality schools wishing to pursue a career in bartending. The Next Generation project at the same time represents training, charity and commitment to the bar industry, confirming the support of Campari Academy to the professionals of today and tomorrow.
Wray Forward	Wray Forward is a free and inclusive program that focuses on supporting the sustainability and forward movement of black businesses in UK and is promoted in partnership with the social enterprise Foundervine. Two free bespoke programs are promoted: the Community Business program, aimed at community businesses to scale up, expand their network and discover new opportunities, and the Music Business Accelerator, a 3-month program helping Black business owners in music to scale up, increase visibility and pitch their business idea to investors.
Aperol for local communities	In 2023, Aperol carried out a series of initiatives in the spirit of giving back to its homeplace, Italy. It contributed to the protection of the Italian cultural landscape by donating €0.2 million to FAI-Fondo Ambiente Italiano, a non-profit foundation with the aim of protecting and enhancing the Italian historical, artistic and landscape heritage. It inaugurated 'Aperol Together With Venice', a series of long-term initiatives with economic, social and environmental impacts, through which Aperol commits to celebrating its strong bond with Venice and its citizens. Finally, through the concert Aperol Rockin'1000 Roma, Aperol contributed to support the Protezione Civile (Civil Protection department) after the recent devastating flood emergency in the Emilia Romagna Region.

THE FOUNDATIONS

FONDAZIONE CAMPARI

Fondazione Campari is a private law Italian foundation with the aim of pursuing social solidarity projects and, in particular, to promote assistance, training, education and charity in favour of all deserving individuals. This purpose may be pursued in Italy and/or abroad and mainly benefits employees and former employees of Davide Campari-Milano N.V., of the companies or entities controlling it or which are controlled by it ('Campari Group'), of their families and of all those who have contributed to the success of the 'Campari' name. In 2023, Fondazione Campari became part of ASSIFERO, the Italian association of foundations and philanthropic bodies and continued its philanthropic activity, providing philanthropic aid amounting to a total of €0.3 million and continuing to be close to Camparistas and their families all over the world, also supporting a major macro-project in a high school in Bologna, Italy.

Fondazione Campari

J. WRAY AND NEPHEW FOUNDATION

J. Wray and Nephew Foundation ('JWNF') is the vehicle used by the Group's subsidiary in Jamaica-J. Wray and Nephew ('JWN') to promote social inclusion, culture, education and infrastructural development in communities surrounding the operations. In 2023, JWNF carried out twenty-two targeted interventions under its three main pillars of education and infrastructural development, social inclusion and cultural expression, for a total value of €0.3 million, impacting 727,533 persons directly and 2,825,544 persons indirectly.

CAMPARI FOUNDATION MEXICO

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

4.3. CREATING VALUE FOR STAKEHOLDERS

Campari Group's goal is to create and share long-term value with stakeholders. On the one hand, the economic value generated and distributed provides an indication of how wealth is created, and on the other there are plenty of intangible resources and initiatives that derive from the Campari Group's Global Sustainability roadmap[48] and contribute to the value creation processes. In this regard, community engagement and involvement with the local territory are of fundamental importance, as described in the above and subsequent chapters.

ECONOMIC VALUE GENERATED

- Revenues from sales: +€2,918.6 million;
- Financial income collected (interest income): +€22.8 million.

ECONOMIC VALUE DISTRIBUTED

- **Operating costs:**
  - cost of sales: -€1,218.5 million (of which -€115.7 million for personnel costs);
  - advertising and promotional costs: -€494.1 million (of which -€4.9 million for personnel costs);
  - Selling, general and administrative expenses: -€587.3 million (of which -€381.5 million for personnel costs).

The previous costs include total personnel costs of +€502.1 million, taxes other than income taxes of -€16.9 million, and donations and gifts of -€1.3 million;

- **dividends distributed**: -€67.5 million;
- **financial expenses paid** (interest expenses paid)[49]: -€63.6 million;
- **direct taxes paid**: -€195.0 million.

During 2023, the economic value generated by the Group was +€2,941.3 million, while the economic value distributed during the year was +€2,625.9 million.
Also considering the amortisation of €110.2 million, and the write-downs of fixed assets, provisions net of utilisations totalling €0.8 million, the value retained, given by the difference between the economic value generated and the economic value distributed, was equal to +€426.4 million.

TAX TRANSPARENCY

APPROACH TO TAX

Davide Campari Milano N.V. has been operating since its incorporation in Italy, in first instance in Sesto San Giovanni (MI), at the historical production site, and now in Novi Ligure, Canale D'Alba, Alghero and Caltanissetta. In July 2020, the Company transferred its registered office to the Netherlands, without dissolution and liquidation, converted its legal form into a Naamloze Vennootschap (N.V.) governed by Dutch law, but maintained all its operations and assets and its tax residence in Italy.
Campari Group's approach to tax seeks to enable and support the Group business strategy, as well as balance the various interests of the stakeholders including shareholders, governments, employees, customers, consumers and the communities in which the Group operates.
Management and reporting of tax affairs ensure compliance with laws and consistency with international best practice guidelines, such as international accounting standards and the Organisation for Economic Co-operation and Development ('OECD') Guidelines for Multinational Enterprises, along with the respect of the Group Code of Ethics published on the Corporate website and inspired by cooperative and transparent behaviours, in order to minimise the impact of any tax and reputational risks. In particular, with respect to intercompany transactions the Group follows a Transfer Pricing Policy, in line with the arm's length principle, an international standard established by the Model Tax Convention and referred to in the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations (hereinafter also referred to as the 'OECD Guidelines'). Intercompany relations are structured at market prices and conditions, ensuring value creation in the places where the Group conducts its business. Based on the OECD Guidelines, the pricing method to be used to test the arm's length nature of a transaction between associated companies is one which is based on the facts and circumstances of the transaction under analysis and which is able to provide the most reliable measure in line with the market.

TAX GOVERNANCE, CONTROL AND RISK MANAGEMENT

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

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

Tax management is governed by the principles of transparency, collaboration, honesty, appropriateness and compliance with all tax legislation.
Specific tax disclosures are included in the Group annual report, including Group tax rate analysis ('Taxation' of Campari Group consolidated financial statements at 31 December 2023).
The choice of countries where the Group operates is guided by business assessments and not by tax reasons. As a general principle, tax compliance is considered a key area of the Group's ethical and responsible management and Campari Group's approach with tax authorities is always governed by transparency and collaboration principles, also in the case of tax audits, in line with the Group Code of Ethics and relevant regulations. So far, the Group has not received any solicitation from its stakeholders on tax issues. In recent years Campari Group was listed by the Italian Ministry of Economy and Finance among the Italian Solidarity Taxpayers, being one of the companies that waived the right to suspend tax payments during the Covid-19 emergency. Thanks to such contributions, the Group was able to support the Italian health system, workers and companies to withstand the impact of the pandemic.

[48] For more information on the Global Sustainability roadmap, refer to the paragraph 'Sustainability for the Group'.
[49] Starting from 2019 the financial charges include the notional interest payables for leases, following the application of IFRS 16-'Leases'.

2022 REPORTING (€ MILLION)

Data in columns 'Revenues', 'Profit (Loss) before income tax', 'Income tax paid (on cash basis)', 'Income tax accrued', 'Net tangible assets', 'Average number of employees' are stated taking into account the Country by Country Reporting approach, in line with GRI207 instructions.

For the list of legal entities that are part of Campari Group and a related brief activity description, refer to the table in 'Basis of consolidation' of the Campari Group consolidated financial statements at 31 December 2023.

Country	Revenues			Profit (loss) before income tax	Income tax paid (on cash basics)	Income tax accrued	Net tangible assets	Average number of employees	Employees remuneration	Wht on employees remuneration	Social contribution	Total Employees taxes (wht + social contribution)	Vat & other equivalent sales taxes	Excises
	Unrelated party	Related party	Total											
Argentina	78.5	2.6	81.2	(1.1)	0.8	0.1	10.3	129	5.3	0.5	1.0	1.5	-	11.2
Austria	60.0	0.0	60.0	3.3	0.5	0.8	0.0	20	2.2	0.9	0.5	1.4	6.1	8.3
Australia	126.0	2.9	128.9	5.7	0.9	3.2	15.3	197	20.6	6.0	0.0	6.0	-	103.0
Belgium	49.7	0.0	49.7	2.5	0.4	0.7	0.4	39	2.9	1.6	0.8	2.5	3.4	3.6
Brasil	68.5	2.6	71.1	5.3	1.6	0.0	9.2	171	6.1	2.6	1.7	4.3	19.2	13.2
Canada	80.5	2.5	83.0	1.3	0.9	0.4	12.7	138	9.9	3.9	1.0	4.8	1.9	0.2
Switzerland	37.3	-	37.3	1.1	0.2	0.1	0.6	33	3.4	0.4	0.6	0.9	1.9	14.6
China	12.9	3.9	16.8	0.5	0.9	0.7	0.1	29	2.9	-	0.4	0.4	0.4	-
Germany	209.4	1.0	210.4	10.2	2.9	3.5	1.3	132	11.2	(4.2)	1.7	(2.4)	42.0	65.6
Spain	31.0	-	31.0	0.7	0.6	0.0	0.1	59	4.0	1.1	1.0	2.0	4.5	5.7
France	277.7	149.1	426.8	34.2	12.7	26.2	58.1	430	25.4	2.6	13.0	15.6	23.5	6.2
United Kingdom	109.5	25.7	135.2	5.3	(0.2)	-	65.4	142	16.0	5.3	1.9	7.3	6.9	53.8
Greece	3.3	11.9	15.2	3.6	1.0	0.8	4.4	25	0.8	0.2	0.3	0.5	1.0	3.6
India	10.3	-	10.3	0.1	0.0	0.0	0.1	13	0.7	0.1	0.1	0.2	0.3	-
Italy	530.3	523.6	1,053.9	624.6	76.7	111.0	124.1	991	111.6	28.4	20.9	49.3	147.7	92.4
Jamaica	191.7	60.9	252.6	60.3	13.9	14.2	98.0	549	26.8	7.5	1.9	9.4	19.3	46.9
Mexico	54.6	143.4	198.0	(6.7)	0.1	-	107.3	296	12.4	3.9	1.4	5.3	0.0	16.2
New Zealand	11.6	-	11.6	(0.4)	0.0	-	0.0	6	0.7	0.1	0.0	0.1	2.2	10.0
Peru	35.1	-	35.1	1.6	1.5	0.8	0.5	31	1.4	0.3	0.2	0.5	0.4	2.0
Russia	103.8	0.8	104.6	9.7	3.4	3.8	1.1	121	6.9	2.0	1.1	3.1	3.2	-
Singapore	15.2	17.2	32.4	(0.7)	0.0	-	0.7	36	1.3	0.3	0.2	0.5	0.2	-
Ukraine	5.2	0.2	5.5	(3.4)	0.2	-	0.0	30	1.1	0.2	0.2	0.4	0.3	0.4
United States of America	811.9	52.6	864.5	104.8	27.8	10.9	227.5	481	79.6	0.9	4.4	5.3	0.1	127.2
South Africa	25.0	0.6	25.6	1.3	0.3	0.2	0.0	31	3.9	-	0.0	0.0	0.8	8.4
Hong Kong	0.0	-	0.0	(0.4)	-	-	-	3	0.2	-	0.0	0.0	-	-
Korea	24.8	0.0	24.9	2.6	0.0	0.5	0.3	34	2.4	0.6	0.1	0.7	2.6	7.2
Total	**2,964**	**1,002**	**3,965**	**866**	**147**	**178**	**738**	**4,166**	**360**	**65**	**54**	**120**	**288**	**600**

4.4. CAMPARI GROUP STAKEHOLDERS

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

STAKEHOLDER: **Consumers**
ENGAGEMENT AND CHANNELS OF DIALOGUE: Market research and customer satisfaction; tests and focus groups; social media; Group websites; events.
KEY ISSUES: Product quality and safety; transparency of information; responsible communication.

STAKEHOLDER: **Bartenders**
ENGAGEMENT AND CHANNELS OF DIALOGUE: Campari Academy courses; Campari Academy Truck; Campari Barman Competition; events; sustainability questionnaire.
KEY ISSUES: Professional, high-quality and responsible serving.

STAKEHOLDER: **Local communities**
ENGAGEMENT AND CHANNELS OF DIALOGUE: Corporate volunteering; Negroni Week; charity activities for NGOs; Covid-19-related supporting initiatives; visits to Campari Gallery; contributions to external shows and exhibitions.
KEY ISSUES: Investments and aid for the community; social and environmental impacts generated; job creation.

STAKEHOLDER: **Press**
ENGAGEMENT AND CHANNELS OF DIALOGUE: Press releases and PR material; websites; preparation and coordination of interviews with senior management; events.
KEY ISSUES: Timely and transparent communication, information/statements on the relevance of sustainability issues and their impact on the Group's strategy, targets and activities prepared, involvement of top management in business sustainability-related issues.

STAKEHOLDER: **Camparistas**
ENGAGEMENT AND CHANNELS OF DIALOGUE: Biennial survey on internal morale (Great Place To Work 2018); internal and external training courses; performance appraisal; internal communication tools (press review, intranet, mailing); 'Yammer' internal social network; internal events for Camparistas; business meetings; management committees.
KEY ISSUES: Business climate; career development and growth; remuneration and incentives; training; work/life balance; corporate welfare; equal opportunities; health and safety at work; internal communication.

STAKEHOLDER: **Suppliers, distributors and commercial partners**
ENGAGEMENT AND CHANNELS OF DIALOGUE: Supplier Code; Sedex; co-product development; innovation projects; business meetings; third-party verification; validation and certification of documents and reports.
KEY ISSUES: A solid and transparent negotiating relationship that is subject to continuous checks; contractual terms and conditions; order planning; compliance with Campari Group policies.

STAKEHOLDER: **Competitors**
ENGAGEMENT AND CHANNELS OF DIALOGUE: Participation in sector association conferences.
KEY ISSUES: Protection of sector interests; promotion of responsible consumer behaviours and models.

STAKEHOLDER: **Shareholders, investors and analysts**
ENGAGEMENT AND CHANNELS OF DIALOGUE: Shareholders' meeting; management board reports, press releases and investor presentations; analyst calls, investor meetings, road shows and investor conferences; dedicated email address investor.relations@campari.com.
KEY ISSUES: Dividends, stock performance; investor relations; capital base.

STAKEHOLDER: **Trade associations**
ENGAGEMENT AND CHANNELS OF DIALOGUE: Regular meetings; preparation and sharing of projects and best practices; participation in meetings and activities of associations.
KEY ISSUES: Protection of sector interests; promotion of responsible consumer behaviours and models.

STAKEHOLDER: **Trade unions**
ENGAGEMENT AND CHANNELS OF DIALOGUE: Collective and supplemental bargaining; meetings with company union representatives; conferences.
KEY ISSUES: Ongoing dialogue and fulfilment of obligations arising from collective bargaining with the trade union associations.

STAKEHOLDER: **Institutions**
ENGAGEMENT AND CHANNELS OF DIALOGUE: Participation in national and international conferences on issues facing the industry.
KEY ISSUES: Transparent communication; compliance with laws and sound business management.

STAKEHOLDER: **Schools and universities**
ENGAGEMENT AND CHANNELS OF DIALOGUE: Undertaking projects in partnership; graduate programs; company testimonials at educational institutions; guided tours for students at the Campari Gallery.
KEY ISSUES: Partnerships and projects; financing.

CAMPARI GROUP AND THE SUSTAINABLE DEVELOPMENT GOALS

Campari Group contributes to the achievement of 11 of the 17 Sustainable Development Goals ('SDGs')[50] established under the UN 2030 Sustainable Development Agenda, which promotes the active participation of all stakeholders (i.e., private sector, public sector, institutions and local communities).

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

SDGs	Campari Group topics[1]	Campari Group commitments
1 NO POVERTY	**Remuneration policies** **Relationships and initiatives for the community** Activities of the Foundations	**Exporting best practices across key markets** • Strong commitment to **work, education and culture** will continue to be key for Campari Group; • Best local practices will be **exported** to other geographies around the world.
4 QUALITY EDUCATION	**Employee training and development** **Relationships and initiatives for the community** Activities of the Foundations	**Capability building and people development, rewarding and engaging, health and safety** • Development culture: establishing integrated processes across the organisation to support the development of Camparistas at individual and company level; • Sustainable improvement in **the health and safety management system** through the realisation of initiatives within specific fundamental areas.
8 DECENT WORK AND ECONOMIC GROWTH	**Value generated and distributed to stakeholders** **Economic sustainability** Job creation **Diversity, equal opportunities and inclusion** **Training and employee development** **Human rights** **Recruitment, turnover and pension policies** **Talent attraction** **Remuneration policies** Industrial relations **Work-life balance** **Employee satisfaction** **Health and safety**	**Education and involvement on responsible drinking** • *Ad hoc* and continuous **training for the global marketing** community, going into digital communication in great depth. • Educational **sessions on responsible drinking for 100% of Camparistas market by market.** • **Responsible serving project** for bartenders leveraged at global level.
3 GOOD HEALTH AND WELL-BEING	**Health and safety** **Emissions** **Waste** **Water**	**Energy and GHG emissions** • Achieve **net-zero emissions intensity by 2050** or, hopefully, sooner. • **Reduce greenhouse gas (GHG) emissions** from direct operations (Scope 1 and 2) by *55%* **by 2025, by 70% by 2030 and by 30% for the total Value Chain by 2030.** • **90% renewable electricity** for European production sites by 2025.
6 CLEAN WATER AND SANITATION	**Water**	**Water** • **Reduce water usage** (L/L) **by 60% by 2025 and by 62% by 2030**; • **Return 100% of wastewater** from Campari Group operations to the environment **safely**.
7 AFFORDABLE AND CLEAN ENERGY	**Energy** Renewable energy	**Waste** • **Zero waste** to landfill **by 2025**.

[1] The material issues for the Group are highlighted in bold as reported in the materiality analysis.

[50] https://sdgs.un.org/goals

12 RESPONSIBLE CONSUMPTION AND PRODUCTION	**Emissions** **Energy** **Water** **Waste** **Materials** **Supply chain transparency and traceability** **Product quality** **Food safety**	
13 CLIMATE ACTION	**Emissions** **Energy** Suppliers-Qualification and evaluation with respect to environmental criteria	
5 GENDER EQUALITY	**Diversity, equal opportunities and inclusion** **Remuneration policies** **Human rights**	**Diversity, Equity and Inclusion** • **A strategy to foster DEI in the workplace** through consistent actions plans for global and local priorities, with a focus on reinforcing an inclusive culture that sustains diversity, and through equitable people processes that are designed for all. The Group's progress is monitored through an internally developed Campari Group DEI Index, based on an internal people survey, on GRI Standard Key Performance Indicators (KPIs), and on the DEI internal dashboards for several workforce metrics that are generated with real-life data from all locations.
10 REDUCED INEQUALITIES	**Diversity, equal opportunities and inclusion** **Remuneration policies** **Human rights** **Indirect economic impact on communities** **Initiatives for the community** Activities of the Foundations	
17 PARTNERSHIPS FOR THE GOALS	Business relations with responsible and transparent partners Relations with institutions Projects and initiatives on sustainability	**Exporting best practices across key markets** • **Continuous involvement in the world of art**, through sponsoring major events, collaboration with renowned artists and further developing iconic brand houses and the Campari Gallery; • **Strong support to business partners** through activations and events, being committed to playing a major role in the comeback of the on-premise channel.

CAMPARI GROUP- CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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CONSOLIDATED PRIMARY STATEMENTS

Consolidated statement of profit or loss[1]

	Notes	for the years ended 31 December	
		2023	2022
		€ million	€ million
Gross sales		**3,483.7**	**3,262.1**
Excise duties[2]		(565.1)	(564.5)
Net sales	**3 i.**	**2,918.6**	**2,697.6**
Cost of sales	3 iii.	(1,218.5)	(1,109.0)
Gross profit		**1,700.1**	**1,588.6**
Advertising and promotional costs	3 iv.	(494.1)	(479.0)
Contribution margin		**1,206.0**	**1,109.6**
Selling, general and administrative expenses	3 vi.	(665.8)	(598.1)
Operating result		**540.2**	**511.5**
Financial expenses	3 x.	(87.1)	(45.1)
Financial income	3 x.	21.8	15.1
Share of profit (loss) of joint-ventures	3 xii.	(8.3)	(6.6)
Profit before taxation		**466.5**	**475.0**
Taxation	3 xiii.	(134.0)	(143.5)
Profit for the period		**332.5**	**331.5**
Profit attributable to:			
Shareholders of the parent Company		330.5	333.0
Non-controlling interests		2.0	(1.5)
Basic earnings per share (€)		0.29	0.30
Diluted earnings per share (€)		0.29	0.29

(1) For information on the definition of alternative performance measures reported in the management board report, see the paragraph 'Definitions and reconciliation of the Alternative Performance Measures (APMs' or non-GAAP measures) to GAAP measures'. Furthermore selling, general and administrative expenses for the year 2022 have been restated to properly reflect the change in representation (note 2- vii. 'change in representation').

(2) Excise duties where Campari Group acts as an agent.

Consolidated statement of other comprehensive income

	Notes	for the years ended 31 December	
		2023	2022
		€ million	€ million
Profit for the period (A)		**332.5**	**331.5**
B1) Items that may be subsequently Reclassified to the statement of profit or loss	6 i. 3 xiii.		
Gains (losses) on cash flow hedge		(23.6)	46.2
Related Income tax effect		5.7	(11.1)
Cash flow hedge		**(17.9)**	**35.2**
Exchange differences on translation of foreign operations	7 iv	**(43.8)**	**115.6**
Total: items that may be subsequently reclassified to the statement of profit or loss (B1)		**(61.8)**	150.7
B2) Items that may not be subsequently reclassified to the statement of profit or loss			
Gains/(losses) on remeasurement of defined benefit plans	8 iv. 3 xiii.	0.4	5.2
Related Income tax effect		(0.2)	**(1.2)**
Remeasurements of defined benefit plans		**0.2**	**4.0**
Total: items that may not be subsequently reclassified to the statement of profit or loss (B2)		**0.2**	**4.0**
Other comprehensive income (expenses) (B=B1+B2)		**(61.6)**	**154.7**
Total comprehensive income (A+B)		**270.9**	486.2
Attributable to:			
Shareholders of the parent Company		274.9	489.6
Non-controlling interests		(4.0)	(3.4)

Consolidated statement of financial position (before appropriation of results)

	Notes	at 31 December	
		2023	2022 post-reclassifications[1]
		€ million	€ million
ASSETS			
Non-current assets			
Property, plant and equipment	4 ii.	964.5	781.3
Right of use assets	4 ii.	65.4	68.4
Biological assets	4 ii.	22.8	17.5
Goodwill	4 iii.	1,850.8	1,878.5
Brands	4 iii.	1,155.8	1,183.1
Other intangible assets	4 iii.	56.1	52.1
Interests in joint-ventures	3 xii.	32.6	36.0
Deferred tax assets	3 xiii.	78.9	72.6
Other non-current assets	4 iv.	22.9	24.1
Other non-current financial assets	6 iv.	9.8	48.2
Total non-current assets		**4,259.6**	**4,161.9**
Current assets			
Inventories	5 iii.	1,237.4	1,004.6
Biological assets	5 iii.	15.1	7.1
Trade receivables	5 i.	374.3	308.2
Other current financial assets	6 iii.	21.3	18.7
Cash and cash equivalents	6 ii.	620.3	435.4
Income tax receivables	3 xiii.	46.1	19.1
Other current assets		101.4	60.3
Total current assets		**2,415.9**	**1,853.4**
Total assets		**6,675.6**	**6,015.3**

LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Issued capital and reserves attributable to shareholders of the parent Company	7 iv.	2,925.2	2,676.2
Non-controlling interests	7 iv.	1.6	1.4
Total shareholders' equity		**2,926.8**	**2,677.6**
Non-current liabilities			
Bonds	6 v.	845.8	846.3
Loans due to banks	6 v.	901.5	770.9
Other non-current financial liabilities	6 v.	269.0	301.4
Post-employment benefit obligations	8 iv.	22.6	24.1
Provisions for risks and charges	8 i.	41.4	39.0
Deferred tax liabilities	3 xiii.	403.7	399.4
Other non-current liabilities	4 iv.	42.6	30.9
Total non-current liabilities		**2,526.6**	**2,412.1**
Current liabilities			
Bonds	6 vi.	300.0	-
Loans due to banks	6 vi.	130.6	107.0
Other current financial liabilities	6 vi.	58.1	32.0
Trade payables	5 ii.	521.1	541.6
Income tax payables	3 xiii.	22.3	72.5
Other current liabilities	4 vii.	190.2	172.5
Total current liabilities		**1,222.1**	**925.6**
Total liabilities		**3,748.8**	**3,337.7**
Total liabilities and shareholders' equity		**6,675.6**	**6,015.3**

[1] For information on reclassification of comparative figures, refer to note 2 vi-'Reclassification of comparative figures at 31 December 2022'.

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Consolidated statements of cash flows

	Notes	for the years ended 31 December	
		2023	**2022**
		€ million	**€ million**
Operating profit		**540.2**	**511.5**
Depreciation and amortisation	3 viii.	110.2	90.5
Gain or loss on sale of fixed assets		(7.6)	(2.2)
Impairment loss (or reversal) of tangible fixed assets, goodwill, brand and sold business	4 ii. - iii	11.9	3.1
Net cost of share based instruments		22.1	19.8
Change in payables to employees		11.4	(9.0)
Change in provisions		10.4	10.9
Change in net operating working capital		(362.2)	(83.9)
Income taxes refund (paid)		(195.0)	(141.0)
Other operating items including changes in other indirect taxes		15.1	(19.2)
Cash flow generated from (used in) operating activities		**156.5**	**380.4**
Purchase of tangible and intangible fixed assets	4 ii.- iii.	(315.3)	(355.3)
Disposal of tangible and intangible assets	4 ii. - iii	19.6	12.1
Investment in joint-ventures		(5.0)	(35.6)
Acquisition of companies or business divisions net of cash and cash equivalents acquired	4 i.	2.0	(395.7)
Put options and earn-out payments		(3.4)	(45.0)
Interests received		22.8	14.7
Decrease (increase) in short-term deposits and investments	6 iii.	(1.9)	(1.0)
Cash flow generated from (used in) investing activities		**(281.1)**	**(805.9)**
Proceeds from issue of bonds, notes and debentures		298.5	-
Repayments of bonds, notes and debentures	6 viii.	-	(50.0)
Proceeds from non-current borrowings	6 viii.	450.0	443.8
Repayment of non-current borrowings	6 viii.	(250.0)	(46.8)
Net change in short-term financial payables and loans due to bank	6 viii.	(50.6)	(76.7)
Payment of lease payables	6 vii.	(16.0)	(15.1)
Interest on paid leases	6 vii.	(3.3)	(2.9)
Interests paid on other financial items	6 viii.	(60.3)	(23.1)
Inflows (outflows) of other financial items	6 viii.	(9.8)	(2.4)
Purchase of own shares	7 iv.	(21.0)	(127.9)
Sale of own shares	7 iv.	54.8	7.0
Dividend paid to equity holders of the Parent		(67.5)	(67.6)
Dividends paid to non-controlling interests		(2.0)	-
Cash flow generated from (used in) financing activities		**323.0**	**38.2**
Net change in cash and cash equivalents: increase (decrease)		**198.4**	**(387.3)**
Effect of exchange rate changes on cash and cash equivalents		**(13.4)**	**31.5**
Cash and cash equivalents at the beginning of period	6 ii.	435.4	791.3
Cash and cash equivalents at end of period	6 ii.	620.3	435.4

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Consolidated statement of changes in shareholders' equity

	Notes	Share capital	Retained earnings and other reserves	Cash flow hedge reserve	Currency translation differences	Remeasu-rement of defined be-nefit plans	Equity attributable to owners of the parent	Non-controlling interests	Total
		€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
at 31 December 2022 post-reclassifications[(1)]		**18.3**	**2,675.3**	**27.3**	**(48.1)**	**3.5**	**2,676.2**	**1.4**	**2,677.6**
Dividends to shareholders of the parent Company	7 iv.	-	(67.5)	-	-	-	(67.5)	-	(67.5)
Dividends to non-controlling interest		-	-	-	-	-	-	(2.0)	(2.0)
Increase (decrease) through treasury share transactions	7 iv.	-	33.9	-	-	-	33.9	-	33.9
Increase (decrease) through share-based payment transactions	7 iv.	-	21.7	-	-	-	21.7	-	21.7
Changes in non-controlling interests	7 iv.	-	(14.1)	-	-	-	(14.1)	5.5	(8.5)
Increase (decrease) through other changes	7 iv.	17.8	(17.9)	-	-	-	-	0.7	0.7
Profit (loss)	7 iv.	-	330.5	-	-	-	330.5	2.0	332.5
Other comprehensive income (expense)	7 iv.	-	-	(17.9)	(37.8)	0.2	(55.5)	(6.0)	(61.6)
Total comprehensive income		**-**	**330.5**	**(17.9)**	**(37.8)**	**0.2**	**274.9**	**(4.0)**	**270.9**
at 31 December 2023		**36.1**	**2,962.0**	**9.3**	**(85.9)**	**3.7**	**2,925.2**	**1.6**	**2,926.8**

	Share capital	Retained earnings and other reserves	Cash flow hedge reserve	Currency translation differences	Remeasu-rement of defined be-nefit plans	Equity attributable to owners of the parent	Non-controlling interests	Total
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
at 31 December 2021	**18.3**	**2,527.5**	**(7.9)**	**(165.6)**	**(0.5)**	**2,371.8**	**3.0**	**2,374.8**
Dividends to shareholders of the parent Company	-	(67.6)	-	-	-	(67.6)	-	(67.6)
Increase (decrease) through treasury share transactions	-	(121.1)	-	-	-	(121.1)	-	(121.1)
Increase (decrease) through share-based payment transactions	-	19.6	-	-	-	19.6	-	19.6
Changes in non-controlling interests	-	(15.6)	-	-	-	(15.6)	1.8	(13.9)
Increase (decrease) through other changes	-	(0.4)	-	-	-	(0.4)	-	(0.4)
Profit (loss)	-	333.0	-	-	-	333.0	(1.5)	331.5
Other comprehensive income (expense)	-	-	35.2	117.5	4.0	156.6	(1.9)	154.7
Total comprehensive income	**-**	**333.0**	**35.2**	**117.5**	**4.0**	**489.6**	**(3.4)**	**486.2**
at 31 December 2022 post-reclassifications[(1)]	**18.3**	**2,675.3**	**27.3**	**(48.1)**	**3.5**	**2,676.2**	**1.4**	**2,677.6**

[(1)] For information on reclassification of comparative figures, refer to note 2 vi-'Reclassification of comparative figures at 31 December 2022'.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Davide Campari-Milano N.V., the Group's Parent Company, is listed on the Italian Stock Exchange, with its legal domicile in Amsterdam, the Netherlands, and its corporate address at Via Franco Sacchetti 20, 20099 Sesto San Giovanni, Milan, Italy. For the purposes of carrying out its business operations in Italy, the Company has established a secondary seat with a permanent representative office, within the meaning of article 2508 of the Italian Civil Code. The Company is entered in both the Netherlands Chamber of Commerce under the number 78502934 and Milan Monza Brianza Lodi Chamber of Commerce with the number 06672120158. At 31 December 2023, 54.4% of the share capital and 84.0% of the total voting rights of the Company were held by Lagfin S.C.A., Société en Commandite par Actions, headquartered in Luxembourg, in turn controlled by Artemisia Management S.A., Société Anonyme, which is the ultimate controlling company of the Group.
Founded in 1860, Campari is the sixth-largest player in the premium spirits industry, with an extensive and varied product portfolio. Its internationally-recognised brands include Aperol, Campari, SKYY, Grand Marnier, Wild Turkey and Appleton Estate. The Group has a global distribution reach, trading in over 190 nations with leading positions in Europe and the Americas. It has 22 production sites, its own distribution network in 26 countries and employs around 4,700 people.

On 27 February 2024 the Board of Directors of the Parent Company approved the consolidated financial statements of Campari Group for the year ended 31 December 2023 and authorised them for issue.
The Board of Directors reserves the right to amend the financial statements, up to the date of the Shareholders' meeting of the Parent Company, should any significant events occur that require changes to be made. The financial statements are presented in million of €. The € is the reference currency of the Parent Company and many of its subsidiaries.

2. Accounting information and material general accounting policies

The consolidated financial statements at 31 December 2023 were prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board ('IASB') and ratified by the European Union ('IFRS-EU'), and with Part 9 of Book 2 of the Dutch Civil Code. These include all the international accounting standards ('IAS') and interpretations of the International Financial Reporting Standards Interpretation Committee ('IFRS IC'), formerly the Standing Interpretations Committee ('SIC').

The accounting standards adopted by the Group are the same as those that were applied for the annual financial statements for the year ended 31 December 2022, except for the accounting standards specified in note 2 viii-'Change in accounting standards. Summary of the new accounting standards adopted by the Group from 1 January 2023'. For the year ended 31 December 2023 there were no changes in accounting estimates and errors.

The financial statements were prepared in accordance with the historical cost method and taking any value adjustments into account where appropriate for certain categories of assets and liabilities, which were measured in accordance with the methods provided by IFRS.

Comparative information shall be disclosed in respect of the preceding period for all amounts reported in the financial statements. Comparative information has been included for narrative and descriptive information where it is relevant to an understanding of the current period's financial statements.

Whether individual items or groups of items have been disclosed separately in the primary financial statements or in the notes depends on their materiality. Materiality is judged by reference to the size and nature of the item. The deciding factor is whether the omission or misstatement could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements.

Unless otherwise indicated, the figures reported in these notes are expressed in millions of €.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the date of signing the Company's consolidated financial statements.
Transactions with related parties form part of ordinary operations and are carried out under market conditions (i.e., conditions that would apply between two independent parties) or using criteria that allow for the recovery of costs incurred and a return on invested capital. All transactions with related parties were carried out in the Group's interest.

The Group is continuously improving its financial disclosures to make them more accessible and understandable to stakeholders. Material accounting policies applied by the Group based on IFRS have been identified and are indicated within the notes to the consolidated financial statements with 'Accounting policy', as well as key assumptions and estimates. Disclosures are provided for transactions and other events or conditions that are material for the Group, following more or less the sequence of items in the consolidated statement of financial position and the consolidated statement of profit or loss.

i. Form and content

In accordance with the format selected by the Group, the statement of profit or loss has been classified by function, and the statement of financial position is based on a distinction between current and non-current assets and liabilities. We consider that this format will provide a more meaningful representation of the items that have contributed to the Group's results and its assets and financial position. Transactions or events that may generate income and expenses that are not relevant for assessing business performance, such as gains (losses) on the sale of fixed assets, restructuring and reorganisation costs, non-recurring financial expenses, and any other non-recurring income (expenses), are described in the disclosures. This presentation complies with the requirements and guidelines of the European Securities and Markets Authority ('ESMA') set out in ESMA/2015/1415.

In 2023, the Group did not carry out any atypical and/or unusual transactions that, due to their materiality or size, type of counterparties to the transaction, or method for determining the price and timing of the event (proximity to the close of the period), could give rise to concerns over the accuracy or completeness of the information in the financial statements, conflicts of interest, the safeguarding of company assets or the protection of minority shareholders.

The statement of cash flows was prepared using the indirect method.

ii. Seasonal factors

Sales of certain Group products are more affected than others by seasonal factors, because of different consumption patterns or consumer habits. In particular, aperitif consumption tends to be concentrated during spring and summer, whereas sales of other products, such as sparkling wines and spirits, are concentrated in the last quarter. Seasonal consumption cycles in the markets in which Campari Group operates may impact its financial results and operations. In general, the Group's diversified product portfolio and its sales geographical spread substantially help reduce risks relating to seasonal factors. Moreover, in order not to be excessively exposed to seasonal peaks, the Group is carrying out initiatives to de-seasonalise the consumption moments of the main brands, with particular attention to the aperitif segment, ensuring constant consumption throughout the year, unlocking new consumption opportunities outside seasonal peaks.

iii. Currency conversion criteria and exchange rates applied to the financial statements

CURRENCY CONVERSION

Items included in the financial statements of the Group's subsidiaries and joint-ventures are measured using the currency of the primary economic environment in which each entity operates (its functional currency) and are converted to the Group presentation currency (€) as follows:

- statement of profit or loss items are converted at the average exchange rate for the period, while statement of financial position items are converted at period-end exchange rates; exchange rate differences resulting from the application of differing criteria for conversion to the € of statement of profit or loss and statement of financial position items are recorded under the currency translation reserve under shareholders' equity until the investment in question is sold or terminated;

- any conversion differences between the value of initial shareholders' equity, as converted at end-of-period exchange rates, and the value of shareholders' equity for the previous year converted at current exchange rates are also recorded under the currency translation reserve.

The key exchange rates used for conversion transactions are shown below.

	for the year ended 31 December 2023 average rate	at 31 December 2023 end-of-period rate	for the year ended 31 December 2022 average rate	at 31 December 2022 end-of-period rate
US$	1.082	**1.105**	**1.054**	**1.067**
Canadian Dollar	1.460	1.464	1.370	1.444
Jamaican Dollar	166.714	170.623	161.777	161.803
Argentine Peso[1]	892.924	892.924	188.503	188.503
Australian Dollar	1.628	1.626	1.517	1.569
Brazilian Real	5.402	5.362	5.443	5.639
Swiss Franc	0.972	0.926	1.005	0.985
Yuan Renminbi	7.659	7.851	7.080	7.358
Great Britain Pounds	0.870	0.869	0.853	0.887
Japanese Yen	151.941	156.330	138.005	140.660
South Korea Won	1,413.269	1,433.660	1,358.071	1,344.090
Mexican peso	19.190	18.723	21.205	20.856
New Zealand Dollar	1.762	1.750	1.659	1.680
Peruvian Sol	4.049	4.082	4.040	4.046
Russian Ruble[2]	92.479	99.192	74.039	79.226
Singapore Dollar	1.452	1.459	1.452	1.430
Ukraine Hryvnia	39.558	41.996	33.975	39.037
South Africa Rand	19.953	20.348	17.210	18.099

(1) The average exchange rate of the Argentine Peso was assumed to be equal to the spot exchange rate at the reporting date as required by the hyperinflation accounting standard. For reference only the average exchange rate would have been 316.341.
(2) On 2 March 2022, the European Central Bank ('ECB') decided to suspend the publication of € reference rate for the Russian Rouble until further notice. The Group has therefore decided to refer to an alternative reliable source for exchange rates based on executable and indicative quotes from multiple dealers.

TRANSACTIONS IN FOREIGN CURRENCIES (NOT HEDGED WITH DERIVATIVES)

Revenues and costs related to foreign currency transactions are reported at the exchange rate applied on the date on which the transaction is carried out.
Monetary assets and liabilities in foreign currencies are initially converted into € at the exchange rate in effect on the transaction date and subsequently converted into € at the exchange rate applied on the reporting date, with the difference in value being posted to the statement of profit or loss.
Non-monetary assets and liabilities arising from the payment/collection of a foreign currency advance are initially recognised at the exchange rate in effect on the transaction date and are not subsequently modified to take account of any change in the exchange rate in effect on the reporting date.

HYPERINFLATION

If a subsidiary operates in a hyperinflationary economy, the related economic and financial results are adjusted in accordance with the method established by IFRS, before being translated into the functional currency of the Group (€). The economic and financial data are restated in local currency, taking into account the current purchasing power of the currency on the date of the financial statements. This process requires a number of complex procedural steps, which are maintained consistently over time. The restatement procedures used by the Group are as follows:

- selection of a general price index;
- segregation of monetary and non-monetary items;
- restatement of non-cash items;
- restatement of the statement of profit or loss;
- calculation of monetary profit or loss;
- restatement of adjusted balance-sheet and income-statement values.

The restated statement of profit or loss is converted into € by applying the spot exchange rate at the end of the period instead of the average exchange rate for the period.
No restatement of the values presented in the comparative period prior to the official declaration of the subsidiary's adoption of hyperinflationary accounting is required in the Group's consolidated figures.
The effect of restating non-cash items is recognised in the statement of profit or loss under net financial income (expenses).
The indexes used to remeasure the values at 31 December 2023, in accordance with hyperinflationary economies IFRS rules, are shown in the table below. Specifically, the national Consumer Price Index ('nationwide CPI') of Argentina was used.

	for the years ended 31 December	
	2023 average rate	**2022 average rate**
Consumer Price Index	3,297.610	1,147.273
	2023 conversion factor	2022 conversion factor
January	2.937	1.896
February	2.754	1.811
March	2.558	1.697
April	2.360	1.600
May	2.190	1.523
June	2.067	1.447
July	1.943	1.347
August	1.728	1.259
September	1.533	1.186
October	1.415	1.115
November	1.255	1.063
December	1.000	1.000

iv. Use of estimates

Preparation of the financial statements and the related notes in accordance with IFRS requires management to make estimates and assumptions that have an impact on the Group's assets and liabilities and items in the profit or loss during the year. These estimates and assumptions, which are based on the best valuations available at the time of their preparation and are reviewed regularly, may differ from the actual circumstances and may be revised accordingly at the time the circumstances change or when new information becomes available. Future outcomes can consequently differ from estimates.
Details of critical estimates and judgements that could have a material impact on the financial statements are set out in the related notes as follows:

- business combination: management judgement to determine all the factors relevant to the relationship with the investee to ascertain whether control has been established and whether the investee should be consolidated as a subsidiary. Management judgement to define fair acquisition values that are attributed to the assets and liabilities acquired. Please refer to note 4 i-'Acquisition and sale of businesses and purchase of non-controlling interests', 6 iv-' Other non-current financial assets', 6 v-'Non-current financial debt', 6 vi-'Current financial debt' and 8 iii-' Fair value information on assets and liabilities' of the consolidated financial statements at 31 December 2023;
- disclosures for contingent assets and liabilities: management judgement in assessing the likelihood of whether a liability will arise and an estimate to quantify the possible range of any settlement and judgement in assessing the likelihood of the assets collection. Please refer to note 8 i- 'Provisions for risks, charges and contingent assets and liabilities' of the consolidated financial statements at 31 December 2023;
- restructuring provisions, provisions for risk and charges: management judgement in assessing the likelihood of whether a liability will arise and an estimate to quantify the possible range of any settlement. Please refer to note 8 i- 'Provisions for risks, charges and contingent assets and liabilities' of the consolidated financial statements at 31 December 2023;
- compensation plans in the form of share-based payments: management estimate in determining the assumptions in calculating the fair value of the plans. Please refer to note 7 v-'Share-based payments' of the consolidated financial statements at 31 December 2023;
- goodwill and intangible assets: management judgement of the assets to be recognised and synergies resulting from an acquisition. Management judgements and estimates required to determine future cash flows and appropriate applicable assumptions to support the intangible asset value. Please refer to note 4 iii-'Intangible assets' of the consolidated financial statements at 31 December 2023;
- taxation: management judgement and estimate required to assess uncertain tax positions and the recoverability of deferred tax assets. Please refer to note 3 xiii-'Taxation' of the consolidated financial statements at 31 December 2023;
- incremental interest rate for lease transactions: management judgements and estimates required to determine the rate level. Please refer to note 6 vii- 'Lease components in the statement of financial position' of the consolidated financial statements at 31 December 2023.

MACROECONOMIC AND GEOPOLITICAL UNCERTAINTY

During 2023 Campari Group has continued to monitor and analyse the evolution of macroeconomic and geopolitical uncertainties.
The critical review that was conducted included the ongoing Russia-Ukraine conflict which started in February 2022 and a detailed analysis has been performed to identify, and consequently manage, the principal risks and uncertainties to which the Group is exposed. The impact of the conflict continues to have no material impact on the Group's results and business performance at a consolidated level as reported in these consolidated financial statements, since Russia and Ukraine together accounted overall for approximately 3% of the Group's net sales in the full year 2023 and approximately 3% in 2022.
Campari Group, like all members of the spirits industry, has been facing the challenges of the present high inflation, albeit with a decreasing trend, related volatility in commodity prices and rising energy prices, combined with elevated interest rate levels, which continue to impact the current global environment. Although economic momentum worldwide should strengthen as real income and consumer spending increase due to expected decreasing inflation, the downside effect of high interest rates still persists, also in terms of changes in consumer behaviour. The Group constantly monitors the evolution of the macroeconomic scenario with the aim of mitigating the implications on its operations and performance also by leveraging the favourable sales mix and the price increases that it has started to implement throughout last year.

CLIMATE AND OTHER ENVIRONMENTAL MATTERS

Campari Group recognises that climate change is one of the greatest challenges for the future of the planet and is actively engaged on its path related to the defined sustainability priorities to which all major global functions contribute. It is important to highlight that within the current macroeconomic landscape, production activities, the entire value chain, and the execution of the Group's strategies are susceptible to the impacts of climate change. These impacts encompass both acute and extreme unpredictable events, as well as chronic factors such as rising temperatures and drought, presenting physical risks-climate change is therefore a major disruptive force with the potential to drive substantial changes to the Group's operations in the short to medium and long term.
Climate risk can affect companies, financial institutions, households, countries, and the financial system in general. However, opportunities may arise for those companies that enable the transition to a low-carbon economy. Following a very positive progression in 2022 regarding Campari Group's environmental commitments, more challenging medium and long-term environmental targets have been set during 2023, that were described in the Sustainability Disclosure of this Annual report to which reference is made. The impact of the climate change assessment and related targets set have been considered in evaluating estimates and judgements in the preparation of these consolidated financial statements. The details of the climate risk assessment were deemed proportionate to the nature of the Group's business and the current assessment was sufficient to identify the physical climate risks as well as the transition risks that are material to the Group's operations or financial condition. The analysis of climate change carried out in 2023 did not result in any issue not attributable to and not addressable in the ordinary course of business and did not highlight any material economic issue that had any material impact on these consolidated financial statements.
The following considerations were made with reference to the consolidated financial statements:

- the impact of climate change is not expected to be material over the going concern periods specified below;
- the impact of climate change is more sensitive on biological goods as all agricultural ingredients are at risk mainly due to water scarcity and high temperatures: to mitigate and keep the risk low, the Group defined contingency plans for alternative sourcing of biological assets that remained dormant in 2023, while put in place initiatives to prevent negative effects from water scarcity risk by investing in Capex eligible (for CSRD purposes) in the United Kingdom as well as in Jamaica;
- the impact of climate change on cash flow forecasts used in impairment assessments of the value in use of non-current assets including goodwill;
- the impact of climate change on factors (such as residual values, useful lives and depreciation methods) that determine the carrying amount of non-current assets: no triggering factors were identified in 2023.

Specific additional supplementary information is provided below with respect to identified priorities and their impact on the Group disclosure.

GOING CONCERN INCLUDING NET FINANCIAL DEBT

In terms of its operating and financial profiles, the Group continues to be very sound and has not been exposed to any going-concern issues neither during 2023 nor in the 12 months subsequent these consolidated financial statements were authorised for issue, thanks to the agility and resilience of its organisation.
The positive business momentum has continued for Campari Group since the beginning of the year, mainly driven by aperitifs, tequila and bourbon and industry outperformance in core developed markets. The Group is benefitted from the strong price increases implemented last year and continued to take advantage of price increase opportunities during 2023, which helped mitigate the inflation pressure on margins. With regard to the Group's net debt position and

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namely with respect to financial assets, these are not subject to particular risks, since the investments considered by the Group are always the subject of a careful and scrupulous preliminary analysis and are always coherent with the financial needs. With respect to financial liabilities, the Group's indebtedness ratios measured internally (given the lack of covenants on existing debt) were under control and consistently at a level considered entirely manageable by the Group. During 2023, the Group's financial structure was confirmed to have been strengthened by the availability of significant committed and uncommitted credit lines. No renegotiation of interest rates or conditions has been performed. The Group terminated in advance some pre-hedging derivatives as part of the ordinary course of its financial business management to mitigate fixed interest rate exposure. The debt profile is appropriately balanced between variable and fixed rate, thus minimising the Group's exposure to market risk. In 2023 and with respect to lease and rental agreements, there have not been nor new significant negotiations, including sub-leases, nor significant contract amendments generating financial receivables or liabilities. In terms of fair value measurement hierarchies of financial items, there were no changes to be reflected other than those disclosed in the related notes.
A separate analysis has been performed with reference to financial liabilities arising from put option and earn-out agreements valued at fair value and where the basis of the estimate is linked to brand performance. The analysis was conducted in conjunction with the considerations described in relation to the impairment test on goodwill, brands and intangible assets with a finite life, in order to ensure homogeneity and consistency in the valuation, and from the analyses no particular circumstances emerged requiring significant revisions of these liabilities.
The macroeconomic trend in 2023 did not trigger any significant change in clients' contracts or any change in the revenue recognition criteria previously identified. Significant judgements were used to review the expected credit losses based on the Group business model to manage financial instruments namely with reference to the markets directly impacted by the Russia-Ukraine conflict or in hyperinflationary environments. To facilitate the liquidity management, the Group continued the reverse factoring program, confirmed with a limited number of trusted suppliers involved, consistent with the previous years: the trade payables under reverse factoring agreements continued to be classified as a component of the Group's operating working capital with no separate disclosure as primary line items of the consolidated financial statements in consideration of the total exposure.

IMPAIRMENT OF GOODWILL, BRANDS AND INTANGIBLE ASSETS WITH A FINITE LIFE

Notwithstanding the very challenging and volatile macro environment, during 2023 the Group delivered a solid performance, outperforming in key reference markets and continued to take strong price actions in order to mitigate the margin impact from the persisting, whilst gradually easing, costs inflation. In the current context of macro challenges, the Group performed an assessment to identify any triggering event implying the risk of impairment on its goodwill, brands and intangible assets with a finite life. This assessment confirmed that neither external nor internal events were triggering substantial change on the recoverability of these intangible assets: the Group's annual impairment test for intangible assets performed in this context confirmed a full recoverability of its goodwill and its brands, with the exception of an impairment loss of Forty Creek brand (please refer to note 4 iii-'Intangible assets' for more information).
In the current macroeconomic circumstances, there was no evidence of significant deterioration of consumer demand affecting business plans. Moreover, there has not been any interruption of the operation of the Group's plants or supply from suppliers or problems with logistic and freight transport activities that the Group was not able to mitigate in the ordinary course of business.
During 2023 there were no issues related to operations in terms of production facilities since all the Group's plants and distilleries remained fully operational. Furthermore, there was no direct impact caused by international conflicts as the Group does not have any production facilities in the countries directly involved.

PROVISION FOR RISK AND CHARGES AND ONEROUS CONTRACTS

In terms of the assessment of provisions for risks and charges and onerous contracts, significant judgements were used to assess the impact of triggering events. Moreover, no supply chain constraints were detected that should have been reflected in the above assessment.

TAXATION

During the year, all material assumptions and estimates considered in the preparation of this annual report were reviewed. In particular tax rates were investigated to check for any changes that occurred during the period in the various tax jurisdictions and any amendments substantially enacted were considered in assessing both current and deferred taxes. The review conducted has not identified any new triggering events, that could influence the recoverability of deferred tax assets and the recognition of any additional liabilities for uncertain tax positions or tax risks related to the macroeconomic environment connected with the Russia-Ukraine conflict or concerning climate-related or other environmental matters.

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v. Principles of control and consolidation

PRINCIPLES OF CONTROL

Control is determined when the Group is exposed to or has a right to variable returns resulting from its involvement with the investee, and, at the same time, has the ability to use its power over the investee to affect these returns.
Specifically, the Group controls a business if, and only if, it has:

- power over the investee (or holds valid rights that give it the actual ability to manage significant activities of the investee);
- exposure or rights to variable returns resulting from its involvement with the investee;
- the ability to use its power over the investee to affect the size of its returns.

Generally, control is assumed to exist when the Group possesses a majority of the voting rights. In support of this assumption and when the Group holds less than the majority of the voting rights (or similar rights), the Group considers all relevant facts and circumstances in assessing whether it controls the investee, including contractual arrangements with other holders of voting rights, rights arising from contractual arrangements, and the Group's voting rights and potential voting rights.
The Group reassesses whether or not it controls a subsidiary if facts and circumstances indicate that one or more of the three significant elements defining control have changed. Consolidation of a subsidiary begins when the Group obtains direct or indirect control of that subsidiary (or through one or more other subsidiaries) and ceases when the Group loses control therefrom. The assets, liabilities, revenues and costs of the subsidiary acquired or disposed of over the year are included in the consolidated financial statements from the date on which the Group obtains control until the date on which the Group no longer exercises control over the company.
Changes in investments in subsidiaries that do not result in acquisition or loss of control are recorded as changes in shareholders' equity.
If the Group loses control of a subsidiary, the related assets (including goodwill), liabilities, non-controlling interests and other components of shareholders' equity are derecognised, while any gain or loss is recognised in the statement of profit or loss. Any ownership interest maintained is recorded at fair value.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Parent Company and of the Italian and foreign subsidiaries. All subsidiaries are consolidated on a line-by-line basis. The carrying amount of the equity of the investments in subsidiaries is derecognised against the corresponding portion of the shareholders' equity of the subsidiaries. At the first consolidation stage individual assets and liabilities are measured at fair value in the context of the purchase price allocation at the date control was acquired. Any residual positive difference in the allocation is recorded under the asset item 'Goodwill', and any negative amount is allocated to the statement of profit or loss.
The subsidiaries' financial statements are based on the same financial year as the Parent Company and drawn up for the purposes of consolidation. When necessary, appropriate adjustments are made to subsidiaries' financial statements to bring them into line with the Group's accounting policies.
Joint-ventures are measured by applying the equity method.
When preparing the consolidated financial statements, unrealised gains and losses resulting from intra-group transactions are derecognised, as are the entries giving rise to payables and receivables, and costs and revenues between the companies included in the basis of consolidation. All intra-group assets and liabilities, shareholders' equity, revenues, costs and cash flow relating to transactions between Group entities are fully derecognised on consolidation. All remaining assets and liabilities, expenses and revenues of the subsidiaries are fully reflected in the consolidated financial statements. Unrealised gains and losses generated on transactions with joint-ventures are derecognised to the extent of the Group's percentage interest in those companies. Dividends collected from consolidated companies are derecognised.
The profit (loss) for the year and all other components of the statement of other comprehensive income are attributed to the shareholders of the Parent Company and to non-controlling interests, even if this results in non-controlling interests having a negative value. Non-controlling interests in shareholders' equity and related results are reported under the appropriate items in the primary financial statements.

BASIS OF CONSOLIDATION

The following changes were made to the basis of consolidation, resulting from the acquisitions and reorganisation of companies:

- on 1 March 2023, Campari Group acquired the remaining outstanding shares in CT Spirits Japan Ltd. ('CTSJ'), in which it previously had a joint-venture interest. As a result, CTSJ has become a wholly owned subsidiary;
- on 27 March 2023, the acquisition of the remaining 20% minority interests for both Scev des Gloriettes and Champagne Lallier S.A.S. was completed;
- on 3 April 2023, Campari Group became the majority shareholder of Thirsty Camel Ltd., in which it previously owned a non-controlling stake, by acquiring the 50% of the outstanding shares and thus arriving at a 60% interest stake.

The tables below list the companies included in the basis of consolidation at 31 December 2023.

Name of company, activity	Registered office	Share capital at 31 December 2023		% Owned by davide campari-milano n.V.		Indirect ownership through
		Currency	Amount	Direct	Indirect	
Davide Campari-Milano N.V., holding, trading and manufacturing company[2]	Legal domicile: Amsterdam (Netherlands) corporate address: Via Franco Sacchetti 20, 20099 Sesto San Giovanni, Milan, Italy.	€	11,616,000			
Fully consolidated companies Italy						
Campari International S.r.l., trading company	Via Franco Sacchetti 20, 20099 Sesto San Giovanni; Milan, Italy	€	700,000	100.00		
Camparino S.r.l., trading company	Piazza Duomo 21, 20121 Milan, Italy	€	48,880	100.00		
Terrazza Aperol S.r.l., trading company	Sestiere San Marco 2776, Venice, Italy	€	20,000	100.00		
EUROPE AND AFRICA						
Campari Austria GmbH, trading company	Naglergasse 1/Top 13,1010 Wien, Austria	€	500,000	100.00		
Campari Benelux S.A., trading company	Rue aux Laines 70, 1000 Bruxelles, Belgium	€	1,000,000	61.01	38.99	Glen Grant Ltd. 38.99%
Campari Deutschland GmbH, trading company	Adelgundenstr. 7, 80538 Munich, Germany	€	5,200,000	100.00		

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Campari España S.L.U., holding and trading company	Calle de la Marina 16-18, planta 29, Barcelona, Spain	€	4,279,331	61.01		
Campari RUS LLC, trading company	115088, Moscow, 2nd Yuzhnoportovy proezd, 14/22, Russia	RUB	210,000,000	100.00		
Campari Schweiz A.G., trading company	Lindenstrasse 8, 63471 Baar, Switzerland	CHF	500,000	100.00		
Campari Ukraine LLC, trading company	8, Illinska Street, 5 Floor, block 8 and 9, Kiev, 4070 Ukraine	UAH	87,396,209	99.00	1.00	Campari RUS LLC 1%
Glen Grant Ltd., manufacturing and trading company	GlenGrant Distillery, Elgin Road, Rothes, Morayshire, AB38 7BS, United Kingdom	GBP	24,949,000	100.00		
Kaloyiannis-Koutsikos Distilleries S.A., manufacturing and trading company	6 and E Street, A' Industrial Area, 38500 Volos, Greece	€	6,811,220	100.00		
Société des Produits Marnier Lapostolle S.A.S., holding and manufacturing company	14, rue Montalivet	€	27,157,500	100.00		
Campari France S.A.S., manufacturing and trading company	14 rue Montalivet 75008 Paris, France	€	112,759,856		100.00	Société des Produits Marnier Lapostolle S.A.S. 100%
Bellonnie et Bourdillon Successeurs S.A.S., manufacturing and trading company	Zone de Génipa, 97224,	€	5,100,000		96.53	Campari France S.A.S.96.53%
Distilleries Agricole de Sainte Luce S.A.S., agricultural production company	Ducos, Martinique	€	2,000,000		96.53	Bellonnie et Bourdillon Successeurs S.A.S. 100%
SCEA Trois Rivières, agricultural service company	Zone de Génipa, 97224, Ducos, Martinique	€	5,920		96.53	Bellonnie et Bourdillon Successeurs S.A.S. 25% Distilleries Agricoles de Sainte Luce S.A.S 75%
Champagne Lallier S.A.S., manufacturing company	4 Place de la Libération, 51160, AY, France	€	3,575,420		100.00	Campari France S.A.S. 100%
Scev des Gloriettes, property company	4 Place de la Libération, 51160, AY, France	€	34,301		100.00	Campari France S.A.S. 100%
Sci Athena, property company	4 Place de la Libération, 51160, AY, France	€	1,000		100.00	Champagne Lallier S.A.S. 100%
Eric Luc, manufacturing and property company	5 rue Ritterbandt, 51160, AY, Franceagne, France	€	700,000		95.00	Campari France S.A.S. 95%
Campari South Africa Pty Ltd., trading company	2nd Floor ICR House Alphen Park, Constantia main road, Constantia, Western Cape 7806, South Africa	ZAR	310,247,750		100.00	Campari España S.L.U.
AMERICAS						
Campari America, LLC, manufacturing and trading company	1114 Avenue of the Americas, 19th Floor New York, 10036 United States	US$	566,321,274	100.00		
Wilderness Trail Distillery, LLC, holding company	4095 Lebanon Road Danville, Kentucky 40422 United States	US$	-		70.00	Campari America LLC 70%
Wilderness Trace Distillery, LLC, manufacturing and trading company	4095 Lebanon Road Danville, Kentucky 40422 United States	US$	-		70.00	Wilderness Trail Distillery, LLC 100%
Campari Argentina S.A., manufacturing and trading company	Tucuman, Piso 4 1107 Buenos Aires, Ciudad de Buenos Aires Argentina	ARS	1,179,465,930(1)	98.81	1.19	Campari do Brasil Ltda. 1.19%

Campari do Brasil Ltda., manufacturing and trading company	Alameda Rio Negro 585, Edificio Demini, Conjunto 62, Alphaville-Barueri-SP, Brasil	BRL	156,870,056	99.999	0.0001	Campari Schweiz A.G. 0.0001%
Campari Mexico S.A. de C.V., trading company	Avenida Americas 1500 Piso G-A Colonia Country Club, Guadalajara, Jalisco, 44610 Mexico	MXN	5,525,434,642		100.00	Campari España S.L.U. 99% Campari America, LLC 1%
Campari Mexico Destiladora S.A. de C.V., manufacturing company	Camino Real a Atotonilco No. 1081, La Trinidad, San Ignacio Cerro Gordo, Jalisco, Z.C. 47195, Mexico	MXN	10,100,000		100.00	Campari Mexico, S.A. de C.V. 99.99% Campari America, LLC 0.01%
Licorera Ancho Reyes y cia, S.A.P.I. de C.V., manufacturing and trading company	Paseo de los Tamarindos No. 90 Edificio Arcos Bosques Torre II-Piso 5C Col. Bosques de las Lomas, 05120, Mexico	MXN	177,888,738		51.00	Campari España S.L.U. 51%
Casa Montelobos, S.A.P.I. de C.V., manufacturing and trading company	Paseo de los Tamarindos No. 90 Edificio Arcos Bosques Torre II-Piso 5C Col. Bosques de las Lomas, 05120, Mexico	MXN	144,810,964		51.00	Campari España S.L.U. 51%
Campari Peru SAC, trading company	Av. Jorge Basadre No.607, oficina 702, distrito de San Isidro, Lima, Peru	PEN	34,733,589		100.00	Campari Espãna S.L.U. 99.92%, Campari do Brasil Ltda. 0.08%
Forty Creek Distillery Ltd., manufacturing and trading company	297 South Service Road West, Grimsby, ON L3M 1Y6 Canada	CAD	105,500,100	100.00		
J. Wray and Nephew Ltd., manufacturing and trading company	23 Dominica Drive, Kingston 5, Jamaica	JMD	750,000		100.00	Campari Espãna S.L.U.
ASIA						
Campari (Beijing) Trading Co. Ltd., trading company	Building 1, Level 5, Room 66, 16 Chaowai Avenue, Chaoyang District, Beijing, China	CNY	104,200,430	100.00		
Campari Australia Pty Ltd., manufacturing and trading company	Level 21, 141 Walker Street North Sydney, 2060, Australia	AUD	56,500,000	100.00		
Campari India Private Ltd., trading company	Upper Ground and First Floor Shop No. SG-1 and SF-1, DT Greater Kailash-II, New Delhi 110048, India	INR	172,260	99.9	0.01	Campari Australia Pty Ltd. 0.01%
Campari New Zealand Ltd., trading company	C/o KPMG 18, Viaduct Harbour Av., Maritime Square, Auckland, New Zealand	NZD	10,000		100.00	Campari Australia Pty Ltd.
Thirsty Camel Limited, trading Company	c/- Farry Law, Level 11, 152 Quay Street Auckland CBD, 1010, New Zealand	NZD	5,180,000		60.01	Campari Australia Pty Ltd. 60.01%
Campari Singapore Pte Ltd., trading company	152 Beach Road, #24-06, 1Gateway East, 189721, Singapore	SGD	19,100,000	100.00		
Trans Beverages Company Ltd., trading company	5th Floor, 14 Samsung-ro 133-gil Gangnam-gu, Seoul, South Korea, Songpa-gu, Seoul, Korea	KRW	2,000,000,000		51.00	Glen Grant Ltd.
CT Spirits Japan Ltd., trading company	2-26-5 Jingumae Shibuya-ku, Tokyo 150-0001, Japan	JPY	100,000,000	100.00		

(1) The share capital does not include effects related to the hyperinflation accounting standard.
(2) The 11,616,000 € represent ordinary share capital.

vi. Reclassification of comparative figures at 31 December 2023

RECLASSIFICATIONS FOR PURCHASE PRICE ALLOCATION

On 7 December 2022 Campari Group completed the acquisition of Wilderness Trail, LLC. As allowed by the applicable standard, the acquisition values initially allocated can be modified during the measurement period in which the acquirer shall retrospectively adjust the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date. The measurement period ends as soon as the acquirer receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. However, the measurement period shall not exceed one year from the acquisition date. The final allocation was therefore published on 31 December 2023. The required amendments to the opening balances are detailed in the following table. The updated allocation did not have a significant impact on the statement of profit or loss and cash flow statement for 2022.

RECLASSIFIED STATEMENT OF FINANCIAL POSITION IN MANAGEMENT BOARD REPORT

Statement of financial position				at 31 December 2022
€ million	**Stated figures**	**Change resulting from allocation of acquisition value**	**Change in exchange rate**	**Post-reclassifications figures**
Fixed assets	3,980.0	1.0	-	3,981.0
Other non-current assets and (liabilities)	(357.3)	(3.4)	-	(360.7)
Operating working capital	771.0	7.3	(0.1)	778.3
Other current assets and (liabilities)	(164.8)	(0.9)	-	(165.7)
Total invested capital	**4,228.9**	**4.0**	**(0.1)**	**4,232.8**
Group shareholders' equity	2,675.0	1.2	-	2,676.2
Non-controlling interests	1.4	-	-	1.4
Net financial debt	1,552.5	2.9	(0.1)	1,555.3
Total financing sources	**4,228.9**	**4.0**	**(0.1)**	**4,232.8**

RECLASSIFIED OPERATING WORKING CAPITAL IN MANAGEMENT BOARD REPORT

Operating working capital				at 31 December 2022
€ million	**Stated figures**	**Change resulting from allocation of acquisition value**	**Change in exchange rate**	**Post-reclassifications figures**
Trade receivables	308.5	(0.3)	-	308.2
Total inventories, of which:	1,004.2	7.5	(0.1)	1,011.7
Maturing inventory	501.7	14.5	(0.2)	516.0
Biological assets	7.1	-	-	7.1
Other inventory	495.5	(6.9)	0.1	488.6
Trade payables	(541.7)	0.1	-	(541.6)
Operating working capital	**771.0**	**7.3**	**(0.1)**	**778.3**
Sales in the previous 12 months rolling	2,697.6	-	-	2,697.6
Working capital as % of sales in the previous 12 months	28.6	-	-	28.8

RECLASSIFIED NET FINANCIAL DEBT IN MANAGEMENT BOARD REPORT

Net financial debt				at 31 December 2022
€ million	**Stated figures**	**Change resulting from allocation of acquisition value**	**Change in exchange rate**	**Post-reclassifications figures**
Cash and cash equivalents	435.4	-	-	435.4
Bonds	-	-	-	-
Loans due to banks	(107.0)	-	-	(107.0)
Lease payables	(14.4)	-	-	(14.4)
Other financial assets and liabilities	7.4	(2.9)	0.1	4.6
Short-term net financial debt	**321.4**	**(2.9)**	**0.1**	**318.6**
Bonds	(846.3)	-	-	(846.3)
Loans due to banks	(770.9)	-	-	(770.9)
Lease payables	(65.1)	-	-	(65.1)
Other financial assets and liabilities	48.2	-	-	48.2
Medium-/long-term net financial debt	**(1,634.2)**	**-**	**-**	**(1,634.2)**
Net financial debt before put option and earn-out	**(1,312.8)**	**(2.9)**	**0.1**	**(1,315.6)**
Liabilities for put option and earn-out payments	(239.7)	-	-	(239.7)
Net financial debt	**(1,552.5)**	**(2.9)**	**0.1**	**(1,555.3)**

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN CONSOLIDATED FINANCIAL STATEMENTS

	at 31 December 2022			
	Stated figures	**Change resulting from allocation of acquisition value**	**Change in exchange rate**	**Post-reclassifications figures**
	€ million	**€ million**	**€ million**	**€ million**
ASSETS				
Non-current assets				
Property, plant and equipment	748.1	33.6	(0.4)	781.3
Right of use assets	68.4	-	-	68.4
Biological assets	17.5	-	-	17.5
Goodwill	1,911.8	(33.7)	0.4	1,878.5
Brands	1,182.0	1.1	-	1,183.1
Intangible assets with a finite life	52.1	-	-	52.1
Investments in joint ventures	36.0	-	-	36.0
Deferred tax assets	72.5	0.1	-	72.6
Other non-current assets	24.1	-	-	24.1
Other non-current financial assets	48.2	-	-	48.2
Total non-current assets	**4,160.8**	**1.1**	**-**	**4,161.9**
Current assets				
Inventories	997.2	7.5	(0.1)	1,004.6
Biological assets	7.1	-	-	7.1
Trade receivables	308.5	(0.3)	-	308.2
Other current financial assets	18.9	(0.1)	-	18.7
Cash and cash equivalents	435.4	-	-	435.4
Income tax receivables	19.1	-	-	19.1
Other current assets	60.2	0.1	-	60.3
Total current assets	**1,846.2**	**7.2**	**(0.1)**	**1,853.4**
Total assets	**6,007.1**	**8.3**	**(0.1)**	**6,015.3**

LIABILITIES AND SHAREHOLDERS' EQUITY

	Stated figures	Change resulting from allocation of acquisition value	Change in exchange rate	Post-reclassifications figures
Shareholders' equity				
Issued capital and reserves attributable to shareholders of the Parent Company	2,675.0	1.2	-	2,676.2
Non-controlling interests	1.4	-	-	1.4
Total shareholders' equity	**2,676.4**	**1.2**	**-**	**2,677.6**
Non-current liabilities		-		
Bonds	846.3	-		846.3
Loans due to banks	770.9	-		770.9
Other non-current financial liabilities	301.4	-		301.4
Post-employment benefit obligations	24.1	-		24.1
Provisions for risks and charges	35.6	3.5	(0.1)	39.0
Deferred tax liabilities	399.4	-		399.4
Other non-current liabilities	30.9	-		30.9
Total non-current liabilities	**2,408.6**	**3.5**	**(0.1)**	**2,412.1**
Current liabilities		-		
Loans due to banks	107.0	-		107.0
Other current financial liabilities	29.3	2.7	-	32.0
Trade payables	541.7	(0.1)	-	541.6
Income tax payables	72.5	-		72.5
Other current liabilities	171.5	1.1	-	172.5
Total current liabilities	**922.0**	**3.6**	**-**	**925.6**
Total liabilities	**3,330.7**	**7.1**	**(0.1)**	**3,337.7**
Total liabilities and shareholders' equity	**6,007.1**	**8.3**	**(0.1)**	**6,015.3**

RECLASSIFIED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY IN CONSOLIDATED FINANCIAL STATEMENTS

	Issued capital	Retained earnings and other reserves	Cash flow hedge reserve	Currency translation differences	Remea-surement of defined benefit plans	Equity attributable to owners of the parent	Non-controlling interests	Total
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
at 31 December 2021	18.3	2,527.5	(7.9)	(165.6)	(0.5)	2,371.8	3.0	2,374.8
Dividends to shareholders of the Parent Company	-	(67.6)	-	-	-	(67.6)	-	(67.6)
Increase (decrease) through treasury share transactions	-	(121.1)	-	-	-	(121.1)	-	(121.1)
Increase (decrease) through share-based payment transactions	-	19.6	-	-	-	19.6	-	19.6
Other movements including reclassifications	-	(16.8)	-	-	-	(16.8)	1.8	(15.0)
Changes for reclassifications for purchase price allocation		1.2				1.2	-	1.2
Other movements including reclassifications-post-reclassifications		**(15.6)**				**(15.6)**	**1.8**	**(13.8)**
Increase (decrease) through other changes	-	(0.4)	-	-	-	(0.4)	-	(0.4)
Profit (loss)	-	333.0	-	-	-	333.0	(1.5)	331.5
Other comprehensive income (expense)	-	-	35.2	117.5	4.0	156.6	(1.9)	154.7
Total comprehensive income	-	333.0	35.2	117.5	4.0	489.6	(3.4)	486.2
at 31 December 2022 stated	18.3	2,674.1	27.3	(48.1)	3.5	2,675.0	1.4	2,676.4
at 31 December 2022 post-reclassifications	**18.3**	**2,675.3**	**27.3**	**(48.1)**	**3.5**	**2,676.2**	**1.4**	**2,677.6**

vii. Change in representation

The disclosure of 'Selling, general and administrative expenses and other operating income and expenses' was reviewed and changed to 'Selling, general and administrative expenses'. Other operating income and expenses, which include certain transactions or events identified by the Company as not relevant for assessing the annual performance and which therefore merely represent adjusting elements for performance indicators that are only disclosed in the Group's management board report, were included by nature in the items of respective relevance and thus not disclosed separately anymore. Consequentially, the same changes were applied to the statement of profit or loss. To reflect such change in representation also comparative data for full year 2022 have been restated accordingly in the statement of profit or loss and disclosure of selling, general and administrative expenses.
Moreover, also the consolidated statements of cash flows were subject of an improved disclosure. The item 'other operating items including changes in other indirect taxes' formerly included also the 'net costs of share-based instruments', which are now disclosed as separate non-cash item. The new structures and enhanced representation of disclosures were defined to help readers of the annual financial statements to gain a better understanding of the Group's result for the period and statements of cash flows.
It is noted that the changes in representation are not implying changes in the disclosures provided in the consolidated financial statements at 31 December 2022, which remains fully comprehensive and complete.

viii. Change in accounting standards

SUMMARY OF THE NEW ACCOUNTING STANDARDS ENDORSED AND ADOPTED BY THE GROUP FROM 1 JANUARY 2023

Amendments to IAS 1-'Presentation of Financial Statements' and IFRS Practice Statement 2: Disclosure of Accounting Policies (issued on 12 February 2021). The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. These amendments were applied for the first time in 2023 with the disclosures of these Campari Group consolidated financial statements, which were adapted accordingly.

Amendments to IAS 8-'Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021). The amendments introduce a new definition of 'accounting estimates', clarifying the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. This amendment was applied for the first time in 2023 with no material impact to be reported.

Amendments to IAS 12-'Income Taxes' Deferred Taxes related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021). The amendment requires an entity to recognise deferred tax on initial recognition of particular transactions to the extent that the transaction gives rise to equal amounts of deferred tax assets and liabilities. The proposed amendments would apply to transactions such as leases and decommissioning obligations for which an entity recognises both an asset and a liability. This amendment was already applied by the Group.

Amendments to IAS 12-'Income Taxes': International Tax Reform-Pillar Two Model Rules (issued 23 May 2023). The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which is effective immediately, and require new disclosures about the Pillar Two exposure from 31 December 2023. The mandatory exception applies retrospectively. However, because no new legislation

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to implement the top-up tax was entered into force at 31 December 2022 in any jurisdiction in which the Group operates and no related deferred taxes were recognised at that date, the retrospective application has no impact on the Group consolidated financial statements. This amendment was applied by the Group and new disclosures are also reflected in these consolidated financial statements.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS THAT HAVE BEEN ENDORSED BUT ARE NOT YET APPLICABLE/HAVE NOT BEEN ADOPTED IN ADVANCE BY THE GROUP

The Group is still assessing the impact of these amendments on its financial position or operating results, in so far as they are applicable.

Amendment to IAS 1-'Presentation to Financial Statements' includes the following amendments with first application on 1 January 2024:

- Classification of Liabilities as Current or Non-current and Deferral of Effective Date (issued on 23 January 2020 and 15 July 2020 respectively). The amendment specifies the requirements to classify liabilities as current or non-current by clarifying i) what is meant by a right to defer the settlement; ii) that if an entity has the right to roll over an obligation for at least twelve months after the end of the reporting period, it classifies the obligation as non current, even if it would otherwise be due within a shorter period; iii) that the classification is unaffected by the likelihood that an entity will exercise its deferral right; and iv) that the settlement refers to a transfer to the counterparty that results in the extinguishment of the liability.
- Non-current Liabilities with Covenants (issued on 31 October 2022). The amendments clarify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current; while additional disclosures are required for non-current liabilities arising from loan arrangements that are subject to covenants to be complied with within twelve months after the reporting period.

Amendment to IFRS 16-'Leases', Lease Liability in a Sale and Leaseback (issued on 22 September 2022). A sale and leaseback transaction involves the transfer of an asset by an entity (the seller-lessee) to another entity (the buyer-lessor) and the leaseback of the same asset by the seller-lessee. The amendment specifies how a seller-lessee measures the lease liability, which arises in a sale and leaseback transaction, to ensure that it does not recognise any amount of the gain or loss related to the right-of-use retained. The amendment does not change the accounting for leases unrelated to sale and leaseback transactions. The first application is scheduled for 1 January 2024.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ENDORSED

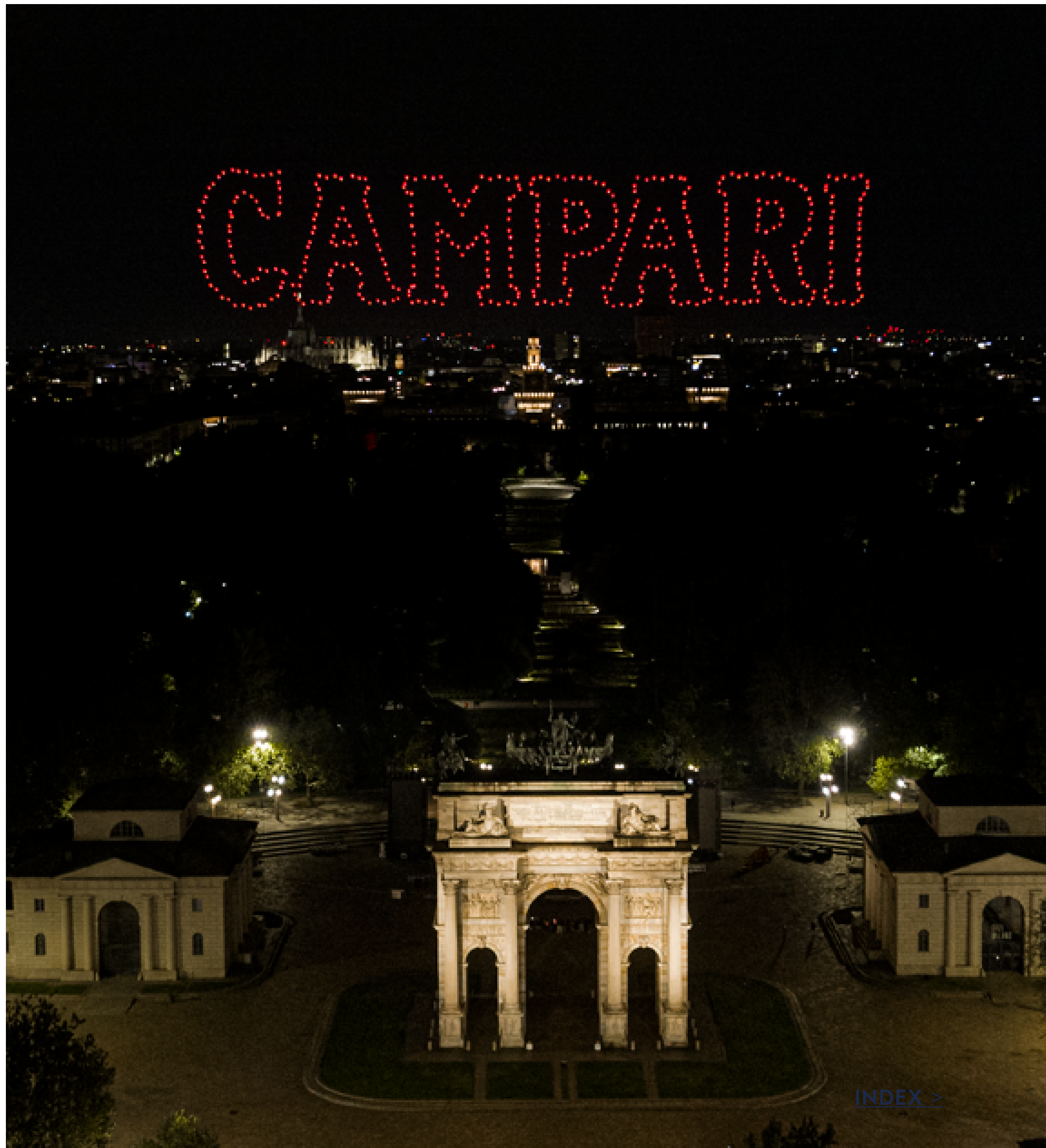
The Group is still assessing the impact of these amendments on its financial position or operating results, in so far as they are applicable.

Amendments to IAS 21-'The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability' (issued on 15 August 2023). The amendments clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable. The first application is scheduled for 1 January 2025.

Amendments to IAS 7-'Statement of Cash Flows' and IFRS 7-'Financial Instruments: Disclosures: Supplier Finance Arrangements' (issued on 25 May 2023) which address the disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The amendments will be effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted.

3. Results for the period

This section details accounting policies for net sales, operating segment, cost of sales, point of sale materials, personnel costs, depreciation and amortisation, financial income and expenses, lease components share of profit (loss) of joint-ventures, as well as taxation. Judgements and estimates are stated regarding taxation.
This section discloses the information on costs and revenues, gain and losses affecting the results and performance for the period ended 31 December 2023, as well as financial information for taxation and joint-ventures.



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i. Net sales

ACCOUNTING POLICY

REVENUE RECOGNITION

Revenues are recognised when the customer gains control of the goods. Transfer of control is determined using a five-step analytical model applied to all revenues from customer contracts.
This occurs when the goods are delivered to the customer, who has complete discretion over the sales channel and price of the products themselves, and there is no unfulfilled obligation that could affect acceptance by the customer. Delivery takes place when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer and the customer has accepted the products in accordance with the sales contract, the terms and conditions of acceptance have expired, or the Group has objective evidence that all criteria for acceptance have been met. The Group's revenues mainly include sales of spirits on the market and, to a marginal extent, revenues from co-packing services in some way linked to the Group's core business, for which the breakdown of sales is not disclosed in consideration of their limited importance.

Revenues are recognised at the price stated in the contract, net of any estimates of deferred discounts or incentives granted to the customer in line with industry practice, for example:

- volume/value discounts based on cumulative sales above a threshold at the end of a given period;
- performance-based discounts (such as discounts, rebates, performance bonuses, logistical discounts), based on promotional activities carried out by the customer and agreed upon in advance;
- customer incentives, such as discount vouchers, free products, price protection, market development allowances and price reduction allowances (to compensate for low sales);
- product placement allowances (such as contributions for placement and range).

Historical experience is used to estimate deferred discounts/incentives based on agreements with clients, and revenues are recognised only to the extent that it is highly probable that there will be no need for subsequent significant adjustments.

No financing element is deemed to be present as sales are made with only a brief delay before payment: contracts are generally not entered into when there is more than one year between the transfer of the goods and the payment by the customer.
Discounts relating to specific payment terms that lower the Group entity's collection risk or reduce administrative costs, and/or improve liquidity (such as payments at the time of sale) are recognised as a reduction in revenue.
A liability reducing the related trade receivable is recognised for deferred discounts due to customers in relation to sales made up to the end of the period. Such liabilities can then be offset against the amounts payable by the customer.
Receivables are recognised when the goods are delivered, as this is the point in time that the consideration is unconditional because only the passage of time is required before payment is due.

CONSUMPTION TAXES RECOGNITION

The Group incurs consumption taxes worldwide. In most jurisdictions, excise duty is a production tax that is payable by the manufacturer, becomes payable when the product is removed from captive warehouses, and is not directly related to the sales value: the excise duty is consequently recognised as a cost for the Group. Excise duties are normally recovered through the sales, although they are generally not shown as a separate item on external invoices. Excise duty increases are not always passed on to the customer, and if a customer does not pay for the product received, the Group cannot request a refund of the excise duty. For excise duties passed on to customers, the Group considers itself an agent of the regulatory authorities, and consequently, the re-invoiced excise values are excluded from the presentation of net sales in the primary statements and are presented to offset the cost incurred by the Group.

NET SALES PRESENTATION

Net sales relate to spirit products in Campari Group's markets, their nature, amount, timing and uncertainty, as well as the corresponding cash flows, are affected by economic and business factors which differ across markets, also as a function of their different sizes and maturity profiles. These elements are primarily attributable to demographics, consumption habits also influenced by historical, social and climatic factors, local consumer taste preferences, propensity to consume, the market commercial structure in terms of the weight of the distribution channels (off-premise vs. on-premise) as well as the retailers' concentration. As an effect of the above factors, the sales composition by brand differs from market to market. Therefore the level of analysis of sales by operating segments reflects the four geographical areas.
In order to highlight the main business performance drivers in a diversified context and to assess the contribution of the different brands to the overall sales performance of the Group, further breakdowns by brand category (global, regional and local brands) and for major brands are provided to better explain their contribution to the region. The categorisation of brands into three main clusters (global priorities, regional priorities and local priorities) is based on their scale, growth potential and business priority.

DISCLOSURE

Net sales, which almost entirely relate to the sale of spirits, totalled €2,918.6 million at total Group level, compared with €2,697.6 million in the previous year. 2023 showed very strong performance, thanks to continued solid brand momentum driven by aperitifs, tequila and bourbon combined with industry outperformance in core developed markets, underpinned by pricing across the portfolio.
To highlight the main business performance drivers in a geographically diversified context and assess the contribution of the newly acquired brands to the overall sales performance of the Group, further breakdowns by brand category and for major brands are provided below to explain better their contribution to the region and the main related market. The categorisation of brands into three main clusters is based on the brands' geographic scale, business priorities and growth potential.

	for the years ended 31 December	
Net sales focus by region	**2023**	**2022**
	€ million	**€ million**
Americas	1,282.6	1,229.4
Southern Europe, Middle East and Africa	804.5	746.3
North, Central and Eastern Europe	601.3	524.0
Asia-Pacific	230.2	197.9
Total	**2,918.6**	**2,697.6**
Global priority brands	**1,664.1**	**1,549.5**
Aperol	703.5	581.9
Campari	309.6	287.3
Wild Turkey portfolio[(1)(2)]	226.9	215.8
Jamaican rums portfolio[(3)]	156.5	150.6
Grand Marnier	143.2	175.8
SKYY[(1)]	124.4	138.2
Regional priority brands	**751.1**	**686.0**

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Espolòn	233.2	177.0
Sparkling Wine&Vermouth	150.5	154.7
Italian specialties(4)	79.7	84.0
Crodino	63.9	61.6
Magnum Tonic	52.5	44.4
Aperol Spritz ready-to-enjoy	38.7	36.4
The GlenGrant	31.1	28.5
Other(7)	101.5	99.5
Local priority brands	**242.2**	**223.0**
Campari Soda	78.7	76.9
Wild Turkey ready-to-drink(6)	48.6	50.4
SKYY ready-to-drink	40.8	27.4
X-Rated	12.3	12.3
Other(7)	61.8	55.9
Rest of the portfolio	**261.1**	**239.1**
Total	**2,918.6**	**2,697.6**

(1, 2, 3, 4, 5, 6, 7) For notes from 1 to 7, please refer to the following disclosure table.

While the global priority cluster includes brands with a globally diversified geographic exposure (either current or potential), regional priorities are concentrated in a limited number of countries within the same region and local priorities focus on one main domestic market.

for the years ended 31 December

	Percentage of group sales	Main region/markets for brands
Global priority brands	**57.0%**	
Aperol	24.1%	Italy, SEMEA / Germany, NCEE / US, AMERICAS / France, SEMEA / United Kingdom, NCEE
Campari	10.6%	Italy, SEMEA / US, AMERICAS / Brazil, AMERICAS / Germany, NCEE / Jamaica, AMERICAS
Wild turkey portfolio(1) (2)	7.8%	US, AMERICAS / Australia, APAC / South Korea, APAC / Japan, APAC / GTR, SEMEA
Jamaican rums portfolio(3)	5.4%	Jamaica, AMERICAS / US, AMERICAS / United Kingdom, NCEE / Canada, AMERICAS / Mexico, AMERICAS
Grand marnier	4.9%	US, AMERICAS / Canada, AMERICAS / France, SEMEA / GTR, SEMEA / Mexico, AMERICAS
Skyy	4.3%	US, AMERICAS / Argentina, AMERICAS / Germany, NCEE / China, APAC / South Africa, SEMEA
Regional priority brands	**25.7%**	
Espolòn	8.0%	
Sparkling wine&vermouth	5.2%	
Italian specialties(4)	2.7%	
Crodino	2.2%	
Magnum tonic	1.8%	
Aperol spritz ready-to-enjoy	1.3%	
The glengrant	1.1%	
Other(5)	3.5%	
Local priority brands	**8.3%**	
Campari soda	2.7%	
Wild turkey ready-to-drink(6)	1.7%	
Skyy ready-to-drink	1.4%	
X-rated	0.4%	
Other(7)	2.1%	
Rest of the portfolio	**8.9%**	
Total	**100.0%**	

(1) Excludes ready-to-drink.
(2) Includes American Honey.
(3) Includes Appleton Estate, Wray and Nephew Overproof and Kingston 62.
(4) Includes Braulio, Cynar, Averna, Frangelico and Del Professore.
(5) Includes Bisquit and Dubouché, Bulldog, Forty Creek, Trois Rivières, Maison La Mauny, Ancho Reyes, Montelobos and Lallier.
(6) Includes American Honey ready-to-drink.
(7) Includes Cabo Wabo, Ouzo and Picon.

ii. Operating segment

ACCOUNTING POLICY

For management purposes, the Group is organised into business units and has four reportable segments. Each segments' business results, their nature, amount, timing and uncertainty as well as the related cash flow, are affected by economic factors influenced by homogeneous elements primarily attributable to geographical areas' features, although markets have different sizes and maturity profiles. Secondarily, the resource allocation to each region, particularly the investment in brand-building and the distribution capabilities, is driven by the development of brand clusters (global, regional and local) and the related breakdown by brands. The level of profitability analysed is, therefore, the operating result by the following regions: Americas ('AMERICAS'), Southern Europe, Middle East and Africa ('SEMEA'), Northern, Central and Eastern Europe ('NCEE'), and Asia-Pacific ('APAC'). The profitability of each region reflects the profit generated by the Group through sales to third parties in that region, thereby eliminating the effects of inter-company margins. In terms of financial position, the goodwill is assigned to operating segments reflecting the allocation defined at the time of the related business acquisition.

DISCLOSURE SEGMENT REPORTING

	Americas	Southern Europe, Middle East and Africa	Northern, Central and Eastern Europe	Asia-Pacific	Total allocated	Non-allocated items and adjustments	Consolidated
	€ million	€ million	€ million	€ million	€ million	€ million	€ million
for the year ended 31 December 2023							
Net sales to third-parties	1,282.6	804.5	601.3	230.2	2,918.6	-	2,918.6
Net sales between segments	72.7	539.3	19.6	0.1	631.8	(631.8)	-
Total net sales	**1,355.3**	**1,343.8**	**620.9**	**230.3**	**3,550.4**	**(631.8)**	**2,918.6**
Segment result	**235.3**	**92.7**	**216.8**	**(4.6)**	**540.2**	**-**	**540.2**
Operating result	-	-	-	-	-	-	540.2
Financial income (expenses)	-	-	-	-	-	(65.3)	(65.3)
Share of profit (loss) of joint-ventures	-	-	-	-	-	(8.3)	(8.3)
Taxation	-	-	-	-	-	(134.0)	(134.0)
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**332.5**
Non-controlling interests	-	-	-	-	-	2.0	2.0
Group profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**330.5**
for the year ended 31 December 2022							
Net sales to third-parties	1,229.4	746.3	524.0	197.9	2,697.6	-	2,697.6
Net sales between segments	85.6	558.7	23.6	-	667.9	(667.9)	-
Total net sales	**1,315.1**	**1,305.1**	**547.6**	**197.9**	**3,365.6**	**(667.9)**	**2,697.6**
Segment result	**238.8**	**78.5**	**181.5**	**12.8**	**511.6**	**-**	**511.5**
Operating result						-	511.5
Financial income (expenses)						(30.0)	(30.0)
Share of profit (loss) of joint-ventures						(6.6)	(6.6)
Taxation						(143.5)	(143.5)
Profit for the period						**-**	**331.5**
Non-controlling interests						(1.5)	(1.5)
Group profit for the period							**333.0**

GEOGRAPHICAL INFORMATION

		2023	2022
		€ million	€ million
Information about geographical areas			**Non-current non-financial assets (*)**
Country of domicile	**Italy**	**826.6**	**797.5**
Other countries		**3,344.3**	**3,242.5**
	United States	1,673.1	1,680.9
	France	704.7	685.4
	Jamaica	291.8	274.8
	Mexico	227.4	159.7
	Brazil	53.9	50.1
	Other	393.4	391.7
Total		**4,170.9**	**4,040.1**
Information about geographical areas			**Net sales to third-parties**
Country of domicile	**Italy**	**551.7**	**521.7**
Other countries		**2,366.8**	**2,175.9**
	United States	822.0	752.4
	Germany	240.1	193.6
	Jamaica	182.5	178.7
	France	172.3	152.6
	Australia	124.8	125.9
	Other	825.2	772.7
Total		**2,918.6**	**2,697.6**

(*) Non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets.

iii. Cost of sales

DISCLOSURE

	for the years ended 31 December	
	2023	**2022**
	€ million	**€ million**
Materials and manufacturing costs	1,037.3	920.9
Distribution costs	181.1	188.1
Total cost of sales	**1,218.5**	**1,109.0**
Breakdown by nature		
Raw materials and finished goods acquired from third parties	758.8	683.2
Inventory write-downs	20.6	12.8
Personnel costs[1]	115.7	99.7
Depreciation/amortisation[1]	68.3	51.6
Utilities	33.7	26.3
External production and maintenance costs	41.2	35.0
Variable transport costs	133.7	147.6
Other costs	46.5	52.9
Total cost of sales	**1,218.5**	**1,109.0**

(1) For an analysis of personnel costs and depreciation and amortisation components by nature, please see also the breakdown of personnel costs in notes 3 vii-'Personnel costs' and 3 viii-'Depreciation and amortisation'.

As a percentage of net sales, the cost of sales was broadly in line with the previous year and increased from 41.1% of 2022 to 41.7% in 2023.

iv. Advertising and promotional costs

ACCOUNTING POLICY

Point of sale materials are charged to advertising and promotional costs at the time when the items are purchased.

DISCLOSURE

	for the years ended 31 December	
	2023	2022
	€ million	€ million
Merchandising and promotional costs	183.4	171.5
Advertising spaces	137.2	153.4
Media production	22.5	23.1
Sponsorships, testimonial, influencers and events	117.1	96.4
Research and innovation	23.1	23.8
Trade allowance for promotional purposes	(5.6)	(3.8)
Depreciation/amortisation[1]	3.4	3.4
Personnel costs[1]	4.9	4.0
Other advertising and promotional costs	8.1	7.2
Total advertising and promotional costs	**494.1**	**479.0**

[1] For an analysis of personnel costs and depreciation and amortisation components by nature, please see also the breakdown of personnel costs in notes 3 vii-'Personnel costs' and 3 viii-'Depreciation and amortisation'.

Advertising and promotional costs accounted for 16.9% of sales, amounting to €494.1 million in 2023. This marked an increase of €15.1 million compared to 2022, when they stood at 17.8% of sales. The investment mainly reflected increased sponsorship, testimonial and influencer expenses related to initiatives in line with the Group's focus on digital brand-building activities undertaken primarily on the on-premise channel.

v. Public grants

In 2023 operating grants for an overall €2.6 million (€1.6 million in 2022) were recorded in the statement of profit or loss. These public contributions were mainly due to the financing of marketing activities for the promotion of quality wines in non-EU countries, as well as for the support of industrial investments and sugar cane plantations in Martinique.

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vi. Selling, general and administrative expenses

ACCOUNTING POLICY

With the aim of improving presentation and disclosure, some comparative data has been adapted in a manner consistent with the method of presentation of the year ending 31 December 2023. In particular, some elements previously classified separately as other income and expenses have been included by nature in the items of respective relevance.

DISCLOSURE

	for the years ended 31 December	
	2023	**2022**
	€ million	**€ million**
Personnel costs[1]	381.5	340.5
Of which:		
Restructuring and reorganisation costs	*17.7*	*10.4*
Last mile long-term incentive schemes with retention purposes	*10.0*	*10.0*
Services, maintenance and insurance	119.3	110.9
Of which:		
Non-recurring costs related to IT system implementation	13.3	-
Net expenses from acquisition/disposals of business or companies and indemnities from contract resolutions	4.4	14.4
Restructuring and reorganisation costs	0.2	1.0
Other net (gain) expenses	3.5	3.4
Travel, business trips, training and meetings	56.8	47.1
Depreciation/amortisation[1]	38.5	35.4
Agents and other variable sales costs	2.6	10.1
Utilities, fuel and insurance	7.6	8.0
Board fees and indemnities	7.9	7.0
Charges for use of third-party assets	4.9	6.6
Other	46.7	32.6
Of which:		
Net expenses from acquisition/disposals of business or companies and indemnities from contract resolutions	12.6	-
Impairment of assets	11.9	6.6
Net penalties or gains arising from the settlement of tax and legal disputes	8.4	3.5
Ukraine and Russia conflict costs	2.3	8.0
Restructuring and reorganisation costs	1.7	-
Capital (gains) losses on the disposal of tangible and intangible assets	(7.6)	(2.3)
Other net (gain) expenses	0.2	3.4
Total selling, general and administrative expenses	**665.8**	**598.1**

(1) For an analysis of personnel costs and depreciation and amortisation components by nature, please see also the breakdown of personnel costs in notes 3 vii-'Personnel costs' and 3 viii-'Depreciation and amortisation'.
(2) Pursuant to the Remuneration Policy, a last mile incentive scheme with retention purpose to be potentially awarded to the current CEO has been approved by the Parent Company's corporate bodies. For more information, refer to the section 'Governance 'in the Campari Group annual report for the year ended 31 December 2023.

At 31 December 2023, the total selling, general and administrative expenses amounted to €665.8 million, showing an increase of €67.8 million compared to the figures reported in 2022, mainly related to personnel, travel and business trip costs and services, maintenance and insurance costs.
The outlays of the year reflected the continuous strengthening of the Group's capabilities in developing digitalisation across the organisation through acceleration programs in digital transformation as well as the improvement in route-to-market with a focus on Asia.
The expenses incurred during the year include components that may be considered non-representative of the current operating results and are therefore highlighted separately. They are represented as adjusting transactions for the purposes of alternative performance indicators considered in the management board report. Throughout the year 2023, they referred mainly to impairment losses related to the Forty Creek brand for €10.3 million (at average exchange rate for the period 1 January to 31 December 2023, corresponding to €10.2 million at exchange rate at 31 December 2023-for further details of the brand impairment loss, please see note 4 iii-'Intangible assets') and other assets for €1.6 million), as well as costs associated with restructuring and reorganisation projects (total of €19.6 million), net expenses from acquisition/disposals of business or companies and indemnities from contract resolutions (€17.0 million) and the long-term non-recurring last mile incentive plans for retention purposes to be potentially recognized to senior management (€10.0 million). Other costs included non-recurring costs related to IT system implementation (€13.3 million) on top of net penalties arising from the settlement of tax and legal disputes (€8.4 million) and net gains resulting from the disposal of tangible and intangible assets (€7.6 million).

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vii. Personnel costs

ACCOUNTING POLICY

For detailed information on the accounting policy on post-employment plans and share-based payments, please refer to note 7 v.-'Share-based payments', 8 iv-'Defined benefit and contribution plans', respectively.

DISCLOSURE

	for the years ended 31 December	
	2023	2022
	€ million	€ million
Salaries and wages	363.0	329.0
Social security contributions	75.9	64.1
Cost of defined contribution plans	13.5	11.4
Cost of defined benefit plans	1.3	1.3
Other costs relating to mid/long-term benefits	0.5	(1.9)
Cost of share-based payments	22.1	19.8
Other personnel costs[1]	25.8	20.4
Total personnel costs	**502.1**	**444.2**
Of which:		
Included in cost of sales	115.7	99.7
Included in selling, general and administrative expenses	381.5	340.5
Included in advertising and promotional expenses[2]	4.9	4.0
Total personnel costs	**502.1**	**444.2**

[1] Pursuant to the Remuneration Policy, a last mile incentive scheme with retention purpose to be potentially awarded to the current CEO has been approved by the Parent Company's corporate bodies. For more information, refer to the section 'Governance' in the Campari Group annual report for the year ended 31 December 2022

[2] Includes personnel costs relating to the management of brand houses.

At 31 December 2023, personnel costs, totalling €502.1 million, with an increase of €57.9 million in comparison to the figures disclosed in the preceding year. It is noteworthy that, when expressed as a percentage of sales, these costs constituted 17.2% overall, aligning closely with the 16.5% reported in the comparative 2022. The total personnel costs also included the expenses associated with indemnities and non-recurring last mile long-term incentive schemes with retention purposes to be potentially recognised to senior management.

viii. Depreciation and amortisation

ACCOUNTING POLICY

For detailed information on the accounting policy, please refer to note 6 vii-'Lease components in the statement of financial position', 4 ii-'Property, plant and equipment, right of use assets and biological assets', 4 iii-'Intangible assets' and 8 iii-'Fair value information on assets and liabilities'.

DISCLOSURE

	for the years ended 31 December	
	2023	2022
	€ million	€ million
Property, plant and equipment	62.6	46.2
Right of use assets	2.3	2.1
Intangible assets	3.3	3.3
Depreciation and amortisation included in cost of sales	**68.3**	**51.6**
Property, plant and equipment	10.1	8.6
Right of use assets	12.8	11.8
Intangible assets	15.7	15.0
Depreciation and amortisation included in selling, general and administrative expenses	**38.5**	**35.4**
Property, plant and equipment[1]	2.1	1.8
Right of use assets	1.2	1.1
Intangible assets	0.1	0.5
Depreciation and amortisation included in advertising and promotional expenses	**3.4**	**3.4**
Property, plant and equipment[1]	74.8	56.6
Right of use assets	16.3	15.1
Intangible assets	19.1	18.8
Total depreciation and amortisation in the statement of profit or loss	**110.2**	**90.5**

[1] This item included depreciation of biological assets.

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ix. Research and innovation costs

ACCOUNTING POLICY

Costs incurred in research, in developing alternative products or processes, or in conducting technological research and development are recognised in profit or loss in the period in which they are incurred under advertising and promotional costs.

DISCLOSURE

The Group's research and development activities are related solely to ordinary production and commercial activities, namely ordinary product quality control and packaging studies in various markets.

The research and innovation costs totalling €23.1 million in 2023 (€23.8 million in 2022) are recognised in the statement of profit or loss for the year they are incurred.

x. Financial income and expenses

ACCOUNTING POLICY

Financial income and expenses include interest income and charges in respect of financial instruments and the results of hedging transactions used to manage interest rate risk. Borrowing costs are recognised in the income statement based on the effective interest method. The remaining financial components include items in respect of post-employment plans, the discount unwind of long-term obligations and hyperinflation charges. The exchange gain or loss are inclusive of derivatives agreement impacts, excluding cash flow hedges that are used to cover the currency risk of highly probable future currency transactions.

For detailed information on the accounting policy for financial instruments, please refer to note 6 i.-'Financial instruments'.

DISCLOSURE

	for the years ended 31 December	
	2023	2022
	€ million	€ million
Interest expenses	(70.8)	(31.5)
Bank expenses	(4.2)	(3.5)
Put option and earn-out change in estimate	1.4	-
Exchange rate differences	(19.2)	(4.6)
Remeasurement effect from liability management	-	(4.6)
Hyperinflation effects	8.9	0.7
Other expenses	(4.9)	(1.6)
Total financial expenses	**(88.8)**	**(45.1)**
Bank and term deposit interests	23.5	15.2
Total financial income	**23.5**	**15.2**
Net financial income (expenses)	**(65.3)**	**(30.0)**
Of which adjustments to financial income (expenses)	**-**	**(4.6)**

Net financial income (expenses), which included the effects of exchange rate differences and hyperinflation, reported a total net cost of €65.3 million, with an increase of €35.3 million compared to the same period in 2022.

The breakdown by nature of net financial expenses for the period is as follows.

	for the years ended 31 December	
	2023	2022
	€ million	€ million
Interest expenses on bonds	(23.6)	(14.9)
Interest expenses on loans	(43.9)	(13.6)
Interest expenses on leases	(3.3)	(2.9)
Total interest expenses	**(70.8)**	**(31.5)**
Bank and term deposit interests	**23.5**	**15.1**

Bank expenses	(4.2)	(3.5)
Remeasurement effect from liability management	-	(4.6)
Other net expenses	(4.9)	(1.6)
Total financial expenses	**(9.1)**	**(9.7)**
Total financial expenses before exchange gain (losses), one-offs, hyperinflation and put option	(56.4)	(26.1)
Exchange rate differences	(19.2)	(4.6)
Total financial expenses before one-offs, hyperinflation and put option	**(75.6)**	**(30.7)**
Discounting from put option liabilities and change in estimate	1.4	-
Hyperinflation effects	8.9	0.7
Net financial income (expenses)	**(65.3)**	**(30.0)**

Focusing on the main components in 2023, interest expenses stood at €70.8 million compared to €31.5 million reported in the same period of 2022. This increase was mainly attributable to a higher level of average net debt reported at 31 December 2023 (€1,732.7 million) compared with the same period of 2022 (€1,036.9 million), combined with the overall rise in interest rates, which particularly affected the new term loans subscribed from the end of 2022 and the new bond issued in 2023. The costs have been only partially offset by income deriving by hedging derivatives unwinding following the liability management initiative managed during 2023 for an amount of €7.7 million (please refer to the Significant events of the period paragraph in the management board report).
With regards to exchange rate differences, the main driver leading to a variance in exchange rate losses of €14.6 million on 2022 was cross-currency transactions involving certain emerging market currencies (including the Argentine Peso) for which hedging would not be cost efficient hence not activated by the Group.

The breakdown of interest payable to bondholders is shown in the table below.

	for the years ended 31 December	
	2023	**2022**
	€ million	**€ million**
Financial expenses payable to bondholders	(21.4)	(12.8)
Net changes in fair value and other amortised cost components	(0.9)	(0.8)
Cash flow hedge reserve reported in the statement of profit or loss during the year	(1.3)	(1.3)
Net interest payable on bonds	**(23.6)**	**(14.9)**

xi. Leases components in the statement of profit or loss

ACCOUNTING POLICY

For detailed information on the accounting policy, please refer to note 6 vii.-'Lease components in the statement of financial position'.

DISCLOSURE

	for the years ended 31 December	
	2023	**2022**
	€ million	**€ million**
Interest on lease payables	3.3	2.9
Depreciation and amortisation on right of use underlying assets	16.3	15.1
Variable lease payment not included in measurement of lease liability	15.7	10.1
Expenses related to short-term leases	1.4	0.9
Expenses related to low-value leases	4.9	5.7
Total lease components in the statement of profit or loss	**41.6**	**34.8**

Variable leases continued to be included in the statement of profit or loss. They mainly referred to warehouses for storing products, information technology equipment and some production equipment in addition to the use of agricultural land. For further details of contractual commitments for the use of third-party assets that are not recognised using lease accounting, please refer to note 8 ii-'Commitments and risks'.

xii. Share of profit (loss) of joint-ventures

ACCOUNTING POLICY

JOINT-VENTURE RECOGNITION

A joint-venture exists where there is a joint-control agreement under which the parties, which hold joint control, have a right to the net assets covered by the agreement. Joint control is the contractually agreed sharing of control under an agreement, which solely exists when decisions on relevant activities require unanimous consensus from all the parties sharing control. The factors considered to determine significant influence or joint control are similar to those necessary to determine control over subsidiaries.

JOINT-VENTURES MEASUREMENT

These companies are initially recognised at cost plus acquisition-related costs and are subsequently reported in the consolidated financial statements using the equity method from the date on which significant influence or joint control commences and ending when that influence or control ceases.

If there is a significant loss of influence or joint control, the holding and/or investment is recognised at fair value and the difference between the fair value and the carrying amount is recorded in the statement of profit or loss.

Any committed payments to increment the ownership interest in an a joint-venture, in the form of a put and/or call option or a combination of both, cannot be estimated and recorded as a financial liability at the time of the transaction since the guidance valid for financial instruments does not apply to interests in joint-ventures that are accounted for using the equity method. These written agreements for put and/or call options are derivative agreements and represented in the Group accounts as financial instruments measured at fair value with an impact in the statement of profit or loss. At that time of expiration of the call and/or put options, the derivatives will be replaced by an increased value of the investment to be recorded against the cash out for the derivative settlement.

Contingent or variable and committed payments also in the form of an incentive plan granted to personnel of the joint-venture are recorded as an incremental cost of the investment once the attainment of the performance condition becomes probable, based on the fair value of the replacement award as of the acquisition date.

The Group assesses the existence of any impairment indicators whenever events or circumstances indicate that the carrying amount of the investment may not be recoverable; any impairment loss is allocated to the investment with effect in the statement of profit or loss. If the Group's interest in any losses of joint-ventures exceeds the carrying amount of the equity investment in the financial statements, the value of the equity investment is derecognised, and the Group's portion of further losses is not reported, unless, and to the extent to which, the Group has a legal or implicit obligation to cover such losses.

DISCLOSURE

The joint-ventures are listed below.

Name, activity	Registered office	Share capital at 31 December 2022		% Owned by the company		Direct shareholder
		Currency	Amount	Direct	Indirect	
Dioniso S.r.l., holding and trading company	Via Franco Sacchetti, 20 Sesto San Giovanni; Milan, Italy	€	1,000,000	50.00		
Spiritus Co Ltd., trading company	4F., No, 70, Sec. 3, Nanjing E. Rd Zhongshan Dist, Taipei City 104503, Taiwan (R.O.C.)	TWD	33,600,000		40.00	Glen Grant Ltd.

€ million	Investment in joint-ventures
at 31 December 2022	**36.0**
Increase in interest	3.8
Share of profit (loss)	(8.3)
Capital injection	5.0
Reclassification of previous Japan investment	(3.8)
at 31 December 2023	**32.6**

€ million	Investment in joint-ventures
at 31 December 2021	**26.1**
Share of profit (loss)[1]	(6.6)
Increase in interests	16.5
at 31 December 2022	**36.0**

[1] The share of result does not include the cost associated with the provision recorded to offset the cumulated losses generated by the Japan joint-venture for €0.2 million.

For the year ended 2023, the Group recorded a €8.3 million loss (€6.6 million loss in 2022) resulting from share of negative results of joint-ventures for €9.3 million applying the equity method for all its interests and mainly driven by the non-recurring recognition of impairment loss over joint-venture's intangible assets. The result was also impacted by the remeasurement of previously held investments in Japan and New Zealand for a total €0.9 million. Furthermore, during 2023 the Group acquired the remaining 60% interest in CT Spirits Japan Ltd. (for detailed information please refer to the 'Significant events of the period'-paragraph in the management board report), thus becoming a fully owned subsidiary included in the consolidation perimeter.

A capital injection in the Dioniso joint-venture (contribution equally supported by Moët Hennessy) of €5.0 million was also completed in 2023.

The following table includes the breakdown of interest in joint-ventures.

Name of entity	Country of business	% Of ownership interest	Nature of relationship	Measurement method	Currency	Carrying amount	
						at 31 December	
						2023 € million	2022 € million
Dioniso Group	Italy	50.0%	Joint-venture	Equity method	EUR	32.2	35.6
Spiritus Co. Ltd	Taiwan	40.0%	Joint-venture	Equity method	TWD	0.4	0.4
Total investments in joint-ventures					**36.0**	**32.6**	**36.0**

The key financials, asset and profit or loss figures for the joint-ventures are shown in the tables below.

Highlights-Dioniso Group	at 31 December 2023	at 31 December 2022
	€ million	€ million
Revenues	64.6	69.2
Net income (loss) of the period	(16.6)	(13.4)
Total assets	116.9	123.6
Net assets (100%)	72.0	74.5
Group's share of net assets (50%)	**36.0**	**37.3**
Gaap differences to IFRS	(3.9)	(1.6)
Carrying value of interest in joint-venture	**32.2**	**35.6**

Highlights-Spiritus Co. Ltd	at 31 December 2023		at 31 December 2022	
	€ million	Taiwan dollar million	€ million	Taiwan dollar million
Revenues	2.6	86.0	2.3	70.7
Net income (loss) of the period	-	1.2	-	0.3
Total assets	2.5	83.4	2.6	85.3
Net assets (100%)	1.0	35.3	1.0	33.9
Group's share of net assets (40%)	**0.4**	**-**	**0.4**	**-**
Gaap differences to IFRS	-	-	-	-
Carrying value of interest in joint-venture	**0.4**	**-**	**0.4**	**-**

xiii. Taxation

ACCOUNTING POLICY

Current tax is based on taxable profit for the year. Taxable profit is different from accounting profit due to temporary differences between accounting and tax treatments and due to items that are never taxable or tax deductible. Tax benefits are not recognised unless it is probable that the tax positions are sustainable.
In preparing the taxation estimates, a detailed assessment is performed considering uncertainties regarding the tax treatment of transactions carried out, which could give rise to disputes with the tax authorities with related tax liabilities included in current liabilities. Current tax assets and liabilities are offset when these relate to income taxes levied by the same tax authority and a legal right of set-off exists, provided that the realisation of the asset and the settlement of the liability take place simultaneously.
Other non-income taxes, such as property and capital taxes, are included in operating expenses. Penalties and interest on tax liabilities are included in other operating income and expenses and financial income and expenses, respectively unless they qualify as income taxes based on local legislations, being in that case classified as income taxes.
Deferred tax assets and liabilities are calculated on all temporary differences between the asset and liability values recorded in the financial statements and the corresponding values recognised for tax purposes using the liability method. No deferred tax liability is provided in respect of any future dividend distributions of foreign subsidiaries where the Group is able to control those and it is probable that earnings will not be remitted in the foreseeable future or where no liability would arise on the remittance.

Highlights-Spiritus Co. Ltd	for the years ended 31 December	
	2023	2022
	€ million	€ million
current taxes for the year	(123.1)	(162.0)
current taxes relating to previous years	2.8	3.1
deferred tax expenses	(13.9)	9.4
accruals and release for tax risks	0.2	6.0
Taxes recorded in the statement of profit or loss	**(134.0)**	**(143.5)**
Taxes recorded in the statement of other comprehensive income	**5.5**	**(12.3)**

RECONCILIATION OF TAX EXPENSES

The table below shows a reconciliation of the Group's theoretical tax liability with its actual tax liability. Considering the complexity of the global taxation rate applicable to Group companies, the theoretical rate used in preparing the reconciliation is that applicable for the Parent company. The rate in force on the reporting date is the Italian corporate income tax ('IRES') of 24.0%, while the regional production tax ('IRAP'), which is applicable to Italian companies, has been taken into account as a permanent difference.

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	for the years ended 31 December	
	2023	2022
	€ million	€ million
Profit before taxation	**466.5**	**475.0**
Applicable tax rate in Italy (IRES)	-24%	-24%
Theoretical Group taxes at current tax rate in Italy	**(112.0)**	**(114.0)**
Difference in tax rate of Group companies	(24.0)	(36.7)
Permanent differences	1.4	(4.3)
Tax incentives	2.1	1.5
Net releases to tax provision	0.2	6.0
Tax on future dividend distributions	(16.6)	(12.2)
Taxes relating to previous financial years	11.7	(1.6)
Other consolidation differences	-	1.5
IRAP	3.1	16.4
Actual tax charge	**(134.0)**	**(143.5)**
Actual tax rate	**-28.7%**	**-30.2%**

Taxation recorded in the statement of profit or loss totalled €134.0 million with a decrease of €9.5 million compared to 2022 (€143.5). The reported tax rate in the 2023 period was 28.7%, compared to a reported tax rate of 30.2% in 2022. The difference in the reported tax rate was mainly guided by favourable country mix and positive effect of prior years' taxes partially offset by increased accrual on future dividend distributions and permanent differences variation (mainly due to reduced amount of intercompany dividends distributed compared to 2022).

The normalised tax rate in 2023 stood at 27.9%, substantially in line with the normalised tax rate of 28.2% recognised in 2022 consistently, with variances primarily attributable to a favourable country mix. The normalised ratio is defined by considering the income taxation against profit before taxation, excluding the following:

- Components that may not accurately reflect the current operating results (refer to note 3 vi-'Selling, general and administrative expenses);
- Re-assessment adjustment of previously held joint-venture investments before their consolidation (please refer to note 3 xii-'Share of profit (loss) of joint-ventures');
- Adjustments to financial and to tax income and expenses (€17.7 in 2023 and €8.2 million in 2022), comprising positive components of €20.3 million primarily due to the tax effect on the aforementioned items, and negative components of €2.6 million of pure tax adjustments, mainly associated with tax uncertainties and deferred taxes related to the distribution of estimated earning reserves of subsidiaries.

BREAKDOWN OF DEFERRED TAXES BY TYPE

	at 31 December		
	2023	of which perimeter effect	2022 € million post-reclassification
	€ million	€ million	€ million
Deferred tax assets	78.9	(0.2)	72.6
Deferred tax liabilities	(403.7)	-	(399.4)
Net deferred tax	**(324.8)**	**(0.2)**	**(326.8)**

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	at 31 December		for the years ended 31 December					
	2023	2022	2023	2022	2023	2023	2022	2022
	Statement of financial position		Statement of profit or loss		Statements of other comprehensive income			
					of which OCI variations	of which exchange rate and reclassifications	of which OCI variation	of which exchange rate and reclassifications
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Deferred expenses	16.3	9.3	7.1	1.4	-	(0.2)	-	0.9
Tax provisions	56.9	53.0	7.8	5.0	-	(3.9)	-	2.7
Tax losses carried forward	18.6	21.5	(3.6)	2.8	-	0.7	-	0.9
Reclassification to deferred tax liabilities	(72.1)	(64.2)	-	-	-	(8.0)	-	(12.5)
Leases	7.9	9.0	(1.5)	(1.1)	-	0.4	-	0.1
Intra-group profit elimination	23.4	22.9	(0.7)	7.3	-	-	-	
Other	27.9	21.0	4.2	12.0	0.1	2.6	(2.5)	0.3
Deferred tax assets	**78.9**	**72.5**	**13.4**	**27.5**	**0.1**	**(8.3)**	**(2.5)**	**(7.5)**
Accelerated depreciation	(49.9)	(47.6)	(3.8)	(2.3)	-	1.5	-	(2.1)
Gains subject to deferred taxation	(0.1)	(0.1)	-	-	-	-	-	-0
Goodwill and brands deductible at local level	(230.4)	(231.3)	(6.3)	(11.7)	-	7.2	-	(11.7)
Goodwill and brands not deductible at local level	(115.1)	(115.6)	3.1	-	-	(2.6)	-	(2.9)
Taxes payable on undistributed profits	(40.5)	(25.4)	(15.1)	5.3	-	-	-	-
Leases	(8.6)	(9.8)	1.5	0.7	-	(0.4)	-	(0.1)
Reclassification of deferred tax assets	72.1	64.2	-	-	-	8.0	-	12.6
Other	(31.2)	(33.8)	(6.7)	(10.1)	5.4	4.0	(9.8)	(1.3)
Deferred tax liabilities	**(403.7)**	**(399.4)**	**(27.3)**	**(18.1)**	**5.4**	**17.7**	**(9.8)**	**(5.6)**
Total	**(324.8)**	**(326.9)**	**(13.9)**	**9.4**	**5.5**	**9.3**	**(12.3)**	**(13.1)**

Deferred tax assets in relation to past losses are mainly attributable to Campari do Brasil Ltda., Glen Grant Ltd., Campari España S.L.U., Campari Argentina S.A. and Campari Mexico S.A. de C.V.. With the exception of Argentina and Mexico for which tax losses can be carried forward for, respectively, a 5- and 10-year period, local legislation does not set a time limit for their use but does set a quantitative limit for each individual year, based on declared taxable income. The companies have also begun to use these losses to offset taxable profit. Unused tax losses carry forwards for which deferred tax assets were not activated mainly referred to Champagne Lallier S.A.S., Casa Montelobos, S.A.P.I. de C.V., Licorera Ancho Reyes y cia, S.A.P.I. de C.V., CT Spirits Japan K.K. and Campari Ukraine LLC, as reported below.

	Tax losses carry forwards	Unrecognised deferred tax assets	Expiry date
	€ million	€ million	
Casa Montelobos, S.A.P.I. de C.V.	11.0	3.3	10 years
Licorera Ancho Reyes y cia, S.A.P.I. de C.V.	8.8	2.6	10 years
Campari Mexico Destiladora S.A. de C.V.	0.1	-	10 years
CT Spirits Japan K.K.	7.5	2.6	No Limit
Champagne Lallier S.A.S.	16.9	4.2	No Limit
Camparino S.r.l.	0.6	0.2	No Limit
Campari Ukraine LLC	2.4	0.4	No Limit

The corporate income tax payable is shown net of advance payments and taxes deducted at source. The net tax receivable position in 2023 is mainly due to lower taxes due for 2023 compared to the advance payments for the same year.

	2023	of which perimeter effect	2022
	€ million	€ million	€ million
Income tax receivables	26.1	-	18.3
Receivables from controlling shareholder for tax consolidation[1]	20.0	-	0.7
Income tax receivables	**46.1**	**-**	**19.1**
Income tax payables	13.1	(0.1)	16.4
Payables to controlling shareholder for tax consolidation[1]	9.2	-	56.2
Income tax payables	**22.3**	**(0.1)**	**72.5**

[1] Please refer to paragraph 11 viii-'Related parties' for more information.

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ORGANISATION FOR ECONOMIC COOPERATION AND DEVELOPMENT ('OECD') GLOBAL MINIMUM TAXES ('PILLAR TWO')

Following the enactment of Italian legislation adopting the Pillar Two Directive of 22 December 2022 (referred to as Legislative Decree of 27 December 2023, no. 209 or "Italian Pillar Two legislation"), Davide Campari-Milano N.V. became subject to the Italian Pillar Two legislation as of 1 January 2024. This legislation is applicable for the Group's financial year commencing on 1 January 2024 and has been either enacted or substantially enacted in certain jurisdictions where the Group operates. The Group has conducted an assessment of its potential exposure to income taxes (both current and deferred), based on the latest tax filings, country-by-country reporting and financial statements of the entities within the Group. According to the preliminary assessment, the Pillar Two effective tax rates in almost all jurisdictions where the Group operates exceed 15%. However, there may be a few jurisdictions where the transitional safe harbour relief does not currently apply, resulting in Pillar Two effective tax rates close to 15%. Additionally, subsequent Ministerial decrees will provide detailed implementing rules regarding applicable safe harbours. Based on the available information, it is believed that there will not be significant exposure to Pillar Two income taxes in those jurisdictions. Moreover, concurrently, the Group is implementing an internal tax and accounting solution to address the tax compliance requirements associated with each country's implementation of Pillar Two legislation.

4. Operating assets and liabilities

This section details accounting policies for the acquisition and sale of businesses and the purchase of non-controlling interests, property plant and equipment, right of use assets, biological assets, intangible assets, post-employment plans and share-based payments. Judgements and estimates are stated with regard to business combinations and goodwill and intangible assets.

This section discloses the information on the assets used to generate the Group's performance and the liabilities incurred, in addition to providing detailed disclosures on the recent acquisitions and disposals.

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i. Acquisition and sale of businesses and purchase of non-controlling interests

ACCOUNTING POLICY

BUSINESS COMBINATIONS RECOGNITION

Business combinations are recorded by applying the acquisition method. Ancillary costs relating to the transaction are recognised in the statement of profit or loss at the time at which they are incurred. The Group verifies firstly whether the acquired set of activities and assets meets the definition of a business, and control is transferred to the Group, meaning that the transaction falls within the definition of a business combination. In particular, the Group deems an undertaking to be a business only if it is an integrated set of activities and assets that includes at least an input and a substantive process which, together, contribute to the ability to create an output. A business can therefore exist even without the inclusion of all the inputs and processes necessary to create an output. The Group undertakes this assessment by also applying the option of the 'concentration test' to simplify the assessment itself for each business combination to segregate asset deal transactions.

Information about the fair value measurement allocated to assets acquired and liabilities assumed in the context of the business combination are disclosed. Goodwill acquired in business combinations is initially measured at cost, as the excess of the sum of payments transferred as part of a business combination, the value of the portion of shareholders' equity relating to non-controlling interests and the fair value of any interest previously held in the acquired business over the Group's portion of the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired company. If the value of the net assets acquired and liabilities assumed on the acquisition date exceeds the sum of the transferred payments, the value of the non-controlling interests' portion of shareholders' equity and the fair value of any interest previously held in the acquired business, this excess value is recorded in the statement of profit or loss as income from the transaction.

Any changes in fair value allocation of the net assets acquired occurring once more information related to the business acquired as per acquisition date becomes available during the measurement period (12 months from the date of acquisition) are included retrospectively in goodwill.

DEFINITION OF THE BUSINESS COMBINATION COSTS AND SHAREHOLDERS' EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

The cost of an acquisition is determined by the sum of the payments transferred as part of a business combination, measured at fair value, on the acquisition date and at the value of the portion of shareholders' equity relating to non-controlling interests. Non-controlling interests relate to the portion of a consolidated subsidiary shareholders' equity not directly or indirectly attributable to the Group. At the acquisition date, components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are either measured:

- at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets, determined according to the rules set out by the accounting standard for business combination;
- at fair value.

The designated methodology of measurement method of non-controlling interests is made for each business combination on a transaction-by-transaction basis and is specified when the values deriving from the allocation process are shown.

In case of call options likely giving the acquirer present access to returns associated with the ownership interest in the shares subject to the call, or in case of put option granted to non-controlling interests giving present access to the returns associated with the ownership interest in the shares subject to the non-controlling interests put or in case of a combination of both, it is assumed that the purchase will take place on the earliest possible date for the maximum number of shares and the business combination is accounted for as though the acquisition is at 100% interest with the recognition of a financial liability at its fair value measured at the present value of the expected cash outflow to be paid to the non-controlling shareholders at the expiring of the option as any contingent considerations; the liability is classified as a financial instrument and considered part of the acquisition consideration. Changes in the carrying amount of the financial liability are recognised in the statement of profit or loss.

In case of put option granted to non-controlling interests at the date of or after acquiring control of a subsidiary, which does not provide a present ownership interest, the non-controlling interests is recognised on initial acquisition and, under Group policy choice while the non-controlling interests put remains unexercised, the accounting at the end of each reporting period is as follows:

a. the amount that would have been recognised for the non-controlling interests value is determined by including allocations of profit or loss, changes in OCI and dividends declared for the reporting period;
b. the non-controlling interests is derecognised as if it was acquired at that date;
c. a financial liability is recognised at the present value of the amount payable on exercise of the non-controlling interests put;
d. the Group accounts for the difference between (b) and (c) as an equity transaction.

If the non-controlling interests put expires unexercised, the position is unwound so that the non-controlling interests is recognised at the amount it would have been as if the put option had never been granted.

In the case of business combinations made in stages, the interest previously held by the Group in the acquired business is revalued at fair value on the date on which the control is acquired, and any resulting gains or losses are recognised in the statement of profit or loss.

GOODWILL IN A BUSINESS COMBINATION

The goodwill acquired in a business combination is allocated to the individual cash-generating units or to the groups of cash-generating units likely to benefit from merger synergies, regardless of whether other assets or liabilities from the acquisition are assigned to these units or groups of units.

In the event of a business disposal, the goodwill of the cash-generating unit connected to the disposal is included in the carrying value of the net items sold by measuring its relative fair value, having as reference the proceeds from the sale and the most recent fair value attributed to the related cash generating unit.

DISCLOSURE

BUSINESS COMBINATIONS

Increase of interest in CT Spirits Japan Ltd. and Thirsty Camel Ltd.

As mentioned in the dedicated section 'Significant events of the year' in the management board report, the following initiatives were taken out in 2023, consistent with the Group's growth ambitions in the Asian-Pacific region:

- on 1 March 2023, Campari Group acquired the remaining outstanding shares of 60% in the distribution company CT Spirits Japan Ltd. ('CTSJ'), in which it previously held a 40% joint-venture (evaluated at equity method);
- on 3 April 2023, Campari Group became the majority shareholder of Thirsty Camel Ltd., based in New Zealand, in which it previously held a non-controlling stake of 10% (evaluated at fair value), by acquiring additional 50% of the outstanding shares.

As a result of these initiatives, the Group obtained the control over the relevant activities and, for this reason, starting from March and April 2023 respectively, both companies were fully consolidated in Campari Group accounts. The fair value of the gross assets acquired was not concentrated substantially in a single identifiable asset or group of similar assets and that the processes and inputs acquired together will contribute significantly to the Group's ability to create outputs. Consequently, the transaction equates to a business combination over which the Group has full control, as defined in the relevant accounting standards. These transactions have required the reassessment of the Group's previously held interests, which generated a combined gain in the statement of profit or loss of €0.9 million (a gain of €1.2 and a loss of €0.3 million for CTSJ and Thirsty Camel Ltd. respectively).

The non-controlling interests relating to the remaining 40% stake of Thirsty Camel for a total amount of €0.3 million were also included in the consolidated accounts and based on the nature of this interests it was deemed appropriate to value them at fair value in proportion to the residual stake they own. The Group has the right to exercise a call option on the remaining share capital starting from 2026.

On the date these consolidated financial statements were approved, the process of recognising the information necessary for allocating the purchase prices of the various transactions at the fair value of the respective net assets acquired was finalised, in a period not exceeding 12 months from the closing date of each transaction, in compliance with applicable accounting standards. The relevant fair values resulting from both acquisitions were overall not material for the Group and were namely related to stock inventory, trade receivables and trade payables. No brands or other intangible assets were identified for the purposes of the purchase price allocation, other than non-tax-deductible goodwill for a total of €11.9 million based on the relevant local regulations. The goodwill was deemed entirely attributable to the synergies that are expected to be generated by integrating the acquired business into the Group's commercial structure by leveraging the skills and strong commercial leadership of the two companies to promote and develop the Group's product portfolio, namely global leading brands, thus guaranteeing the establishment of Campari Group's critical mass in the Japanese and New Zealand markets.

Figures at acquisition date	CTSJ values reported in Campari Group	Thirsty Camel values reported in Campari Group	Total
	€ million	€ million	€ million
Price paid for the step-up acquisition	2.1	0.4	2.5
Previous held investment remeasured	(4.0)	0.1	(3.9)
Liability for earn-out payments	0.5	-	0.5
Non-controlling interest	-	0.3	0.3
Purchase price to be allocated	**(1.4)**	**0.8**	**(0.6)**

	Fair value at the date of acquisition	Fair value at the date of acquisition	Fair value at the date of acquisition Japan	Fair value at the date of acquisition New Zealand	Total fair value at the date of acquisition
	JPY million	NZD million	€ million	€ million	€ million
Identifiable assets acquired and liabilities assumed	(1,608.7)	(2.0)	(11.3)	(1.2)	(12.5)
Of which:					
Inventories	655.6	6.1	4.6	3.5	8.1
Trade receivables	575.7	7.3	4.0	4.2	8.3
Trade payables	(2,502.7)	(16.6)	(17.6)	(9.6)	(27.2)
Financial debt position	(1,312.9)	(5.7)	(9.2)	(3.3)	(12.6)
Cash and cash equivalents	866.8	1.9	6.1	1.1	7.2
Other	108.9	5.0	0.8	2.9	3.7
Goodwill generated by acquisition	1,411.0	3.4	9.9	2.0	11.9
	(197.7)	**1.4**	**(1.4)**	**0.8**	**(0.6)**

The Group's net results included the impact from the business acquired from their acquisition date starting from March and April 2023 respectively (CT Spirits Ltd. and Thirsty Camel contributed cumulatively with approximately 1.0% of the Group's net sales in 2023 and with approximately 0.2% of the Group's net result). Not material ancillary costs incurred for legal and financial consultancy attributable to the transaction amounting to €0.2 million were classified under selling, general and administrative expenses.

BUSINESS COMBINATIONS COMPLETED IN THE PREVIOUS YEAR

Acquisition of an initial 70% stake in Wilderness Trail Distillery, LLC

As fully detailed in the dedicated section 'Acquisition and sale of businesses and purchase of non-controlling interests' in the Group consolidated financial statements at 31 December 2022, on 7 December 2022, Campari Group signed an agreement to purchase an initial 70% interest in Wilderness Trail Distillery, LLC and its subsidiary Wilderness Trace Distillery, LLC (jointly referred to as 'the company').
The total consideration amounting to €568.3 million (US$598.3 million converted to € at the exchange rate at the closing date) consisted of the following:

- the price paid to acquire 70% of the capital of the company totalling €397.0 million (US$417.9 million converted to € at the exchange rate at the closing date);
- the price adjustment paid in February 2023 of €2.7 million (US$2.9 million converted to € at the exchange rate at the closing date);
- the payables resulting in 30% of the outstanding shares subject to a call/put option mechanism with the previous shareholders of the company exercisable in 2031 at an enterprise value determined by applying a multiple of approximately 16 times to the higher of 2030 or average of 2028-2030 EBITDA, included among the Group's other financial liabilities and estimated at a total of €171.0 million (US$180.0 million converted to € at the exchange rate at closing date);
- the positive net financial position acquired of €2.4 million (US$2.5 million converted to € at the exchange rate at the closing date).

Purchase price allocation

On the date that these year-end consolidated financial statements were approved, the process of recognising and restating the information necessary for allocating the purchase prices of the various transactions at the fair value of the respective net assets acquired was finalised, in a period not exceeding 12 months from the closing date, in compliance with applicable accounting standards.
The fair values of the identifiable assets acquired and liabilities assumed updated during 2023 have been reported below. The updated fair values are the result of the recognition and reworking of further information about facts and circumstances existing at the closing date. The analysis was carried out with the assistance of independent experts.
No changes in the policy choices elected or in the rationales of the allocation were identified with respect to what was reported in the consolidated financial statements at 31 December 2022.

Where not expressed in €, the values were converted at the exchange rate on the closing date of the transaction.

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Values at acquisition date	Book values at acquisition date	Provisional fair value disclosed at 31 December 2022	Adjustments and reclassifications	Fair value disclosed at 31 December 2023
	€ million	€ million	€ million	€ million
ASSETS				
Non-current assets				
Property, plant and equipment	30.3	26.7	33.6	60.4
Brand	-	59.7	1.1	60.8
Deferred tax assets	-	(0.1)	0.1	-
Total non-current assets	**30.3**	**86.4**	**34.8**	**121.2**
Current assets				
Inventories	24.0	27.5	7.5	35.1
Trade receivables	2.8	2.8	(0.3)	2.5
Cash and cash equivalents	2.4	2.4	-	2.4
Other current financial assets	-	0.1	(0.1)	-
Other current assets	1.1	0.9	0.1	1.1
Total current assets	**30.2**	**33.8**	**7.2**	**41.0**
Total asset	**60.5**	**120.2**	**42.0**	**162.2**
LIABILITEIS				
Non-current liabilities				
Provisions for risks and charges	-	-	3.5	3.5
Total non-current liabilities	**-**	**-**	**3.5**	**3.5**
Current liabilities				
Trade payables	1.8	1.9	(0.1)	1.8
Other current liabilities	1.8	0.8	1.1	1.8
Total current liabilities	**3.7**	**2.8**	**0.9**	**3.7**
Total liabilities	**3.7**	**2.8**	**4.4**	**7.2**
NET EQUITY ACQUIRED	**56.8**	**117.4**	**37.6**	**155.0**
TOTAL LIABILITY AND EQUITY	**60.5**	**120.2**	**42.0**	**162.2**

A) Total cost, of which:	567.9	2.7	570.6
Price paid in cash, excluding ancillary costs	397.0	-	397.0
Price adjustments after closing	-	2.7	2.7
Liabilities for put/call option agreements	171.0	-	171.0
B) Net financial position acquired, of which:	**(2.5)**	**0.1**	**(2.4)**
Cash, cash equivalent and financial assets	(2.5)	0.1	(2.4)
Enterprise value (A+B)	**565.5**	**2.8**	568.3
Non-controlling interests	**170.1**	**1.2**	171.3
Purchase price to be allocated	**567.1**	**3.9**	571.0
Price paid in cash, excluding ancillary costs	397.0	-	397.0
Price adjustments at closing	-	2.7	2.7
Non-controlling interests	170.1	1.2	171.3
Total value allocation	**567.1**	**3.9**	**571.0**
Net assets acquired	117.4	37.6	155.0
Goodwill generated by acquisition	449.7	(33.7)	416.0

The allocation value does not reflect the post-acquisition development initiatives that the Group intends to undertake based on its strategic plans. No other intangible assets were identified that may qualify for separate recognition for the purposes of the purchase price allocation, other than brand. The goodwill was deemed to be fully reportable and attributable mainly to the skill and to the technical talent of company's workforce and the synergies that are expected to be generated in Campari Group, by i) leveraging Campari Group's route-to-market and marketing capabilities to further develop and expand the Wilderness Trail brand in its domestic markets as well as internationally; ii) leveraging company's production capacity and ageing inventory in order to accommodate the development of the Group's existing bourbon portfolio (excluding the core Wild Turkey), further unlocking growth opportunities of the premium and highly profitable bourbon portfolio as well as potential insourcing of other bourbon brands currently distributed by Campari Group, and iii) by accelerating and significantly expanding the innovation platform for Campari Group's bourbon portfolio thanks to Wilderness Trail Distillery's highly flexible output. Goodwill is tax-deductible based on the relevant local regulations.

Intangible assets generated by Wilderness Trail Distillery, LLC	Goodwill	Brands	Total
	€ million	€ million	€ million
Provisional fair value at the date of acquisition	449.7	59.7	509.4
Change resulting from allocation of acquisition value	(33.7)	1.1	(32.6)
Fair value at the date of acquisition restated	**416.0**	**60.8**	**476.8**
Provisional fair at exchange rate of the acquisition date disclosed at 31 December 2022	449.7	59.7	509.4
Exchange rate differences	(5.8)	(0.8)	(6.5)
Provisional fair value disclosed at 31 December 2022	**443.9**	**59.0**	**502.9**
Change resulting from allocation of acquisition value	(33.7)	1.1	(32.6)
Exchange rate differences restated	0.4	-	0.4
Fair value restated at 31 December 2022	**410.6**	**60.0**	**470.7**

[1] At exchange rate of the acquisition date.

Reconciliation with the statements of cash flows
The following tables illustrate the impact of the acquisition of companies or business divisions net of cash and cash equivalents acquired on the statements of cash flows during 2023 and the comparative period respectively. The statements of cash flows was not embedding the reclassifications effect for purchase price allocation (please refer to note 2 vi.-'Reclassification of comparative figures at 31 December 2023').

for the year ended 31 December 2023	Wilderness Trail Distillery	CT Spirits Japan Ltd. and Thirsty Camel Ltd.	Joint-ventures and other asset deals	Total
	€ million	€ million	€ million	€ million
Acquisition of business	(2.8)	(2.5)	-	(5.3)
Related cash and cash equivalents acquired	-	7.2	-	7.2
Of which included in statement of cash flows as:				
Acquisition of companies or business divisions net of cash and cash equivalents acquired	**(2.8)**	**4.7**	**-**	**2.0**
Acquisition of interests in joint-ventures	-	-	(5.0)	(5.0)
Of which included in statement of cash flows as:				
Investment in joint-ventures	**-**	**-**	**(5.0)**	**(5.0)**
Financial debt positions acquired	-	(12.5)	-	(12.5)
Of which included in statement of cash flows as:				
Inflows (outflows) of other financial items	**-**	**(12.5)**	**-**	**(12.5)**

for the year ended 31 December 2023	Wilderness Trail Distillery	Other minor business combinations	Joint-ventures and other asset deals	Total
	€ million	€ million	€ million	€ million
Acquisition of business	(397.0)	(1.7)	-	(398.6)
Related cash and cash equivalents acquired	2.4	0.5	-	2.9
Of which included in statement of cash flows as:				
Acquisition of companies or business divisions net of cash and cash equivalents acquired	**(394.6)**	**(1.1)**	**-**	**(395.7)**
Acquisition of interests in joint-ventures	-	-	(36.5)	(36.5)
Of which included in statement of cash flows as:	-	-		
Investment in joint-ventures			**(36.5)**	**(36.5)**
Financial debt positions acquired	-	(0.7)	-	(0.7)
Of which included in statement of cash flows as:				
Inflows (outflows) of other financial items	**-**	**(0.7)**	**-**	**(0.7)**

AGREEMENT TO ACQUIRE COURVOISIER COGNAC

Comprehensive overview of the features and costs of the transaction
Following the communication dated 14 December 2023 regarding the exclusive negotiations with Beam Suntory, Inc. (the 'Seller') during which a put option was granted, on 26 February 2024 Campari Group signed the agreement to acquire the 100% of the outstanding share capital of Beam Holding France S.A.S., which in turn owns 100% of the share capital of Courvoisier S.A.S., the proprietor of the Courvoisier brand (the 'Target'). The signing of the agreement occurred subsequent to the information and consultation process with the French employees' representatives, as well as the receipt of customary antitrust approvals. The closing of the deal is contingent upon the fulfilment of the appropriate regulatory processes and is expected to occur in 2024. Notably, the Group's accounts for 2023 did not incorporate any effects stemming from this transaction. The brand's net sales were US$249 million in 2022, according to the Seller's view, of which approximately 60% in the United States followed by the United Kingdom and China, combined accounting for approximately 25% of net sales, while Global Travel Retail ('GTR') accounted for just over 3%. The contribution margin in 2022 would have been US$78 million based on IFRS principles. For the period ending 31 October 2023 according to the Seller's view, the net sales were US$148 million, with a decline of 33% vs. the corresponding period in 2022, and contribution margin was US$37 million based on IFRS principles. This performance was impacted by recent market driven trends such as normalizing consumption in the United States after peak post-covid sales and destocking at wholesaler level, in-line with the wider cognac industry. The acquired business includes an enviable inventory of maturing eaux-de-vie, with a book value of approximately US$365 million as of 31 October 2023, consisting of well-balanced age profiles to support future brand development. Moreover, the acquisition perimeter includes the trademarks as well as comprehensive production facilities consisting of distillation, warehouses, vineyards, a visitor centre and château (hosting a museum), blending facilities, ageing cellars and an automated bottling plant.

The total consideration amounts to US$1.32 billion (€1.22 billion at the date of the exclusive negotiations) where the value is defined on a cash free/debt free basis and consists of a fixed purchase price of US$1.20 billion (€1.11 billion) and earn-out for maximum amount of US$0.12 billion (€0.11 billion) payable in 2029 based on the achievement of net sales targets realised in full year 2028. The corresponding enterprise value is equivalent to a multiple of c.17 times the contribution margin in 2022.

Maison Courvoisier was founded in 1828, by Félix Courvoisier in Jarnac, the Charente region of France. Courvoisier is the youngest and most awarded of the 'big four' historical cognac houses and received the title of Official Supplier to the House of the Emperor by Napoléon III, supplied the royal courts of Europe and was the drink of choice of the Belle Epoque, chosen to celebrate the inauguration of the Eiffel Tower and the opening of Moulin Rouge. Courvoisier's signature styles reveal the intricate nuances of the cognac craft which have led the House to become the Most Awarded Cognac House based on 20 top spirits competitions since 2019 and the only cognac house to ever win the coveted 'Prestige de la France' title. With its core collection of VS, VSOP and XO which are further reinforced by a premium range of limited editions, Courvoisier has built solid brand credentials across a multitude of versatile liquid styles.
As premium cognac, Courvoisier is positioned to further strengthen Campari Group's portfolio of global brand priorities, particularly in aged spirits, as well as supporting future long-term premiumisation ambitions in key strategic segments for the Group. The brand, world renowned and global icon of luxury, presents the opportunity to strategically enhance our presence in one of the most significant spirit categories in the United States. Additionally, it promises to reshape Campari Group's growth profile in Asia and GTR through the expansion of its footprint of luxury expressions.
Leveraging Campari Group's established leadership, focused approach and expertise in brand development, the Courvoisier brand stands to gain substantial benefits, capitalizing on Campari Group's strengthened operational and business infrastructure.

Financing

To support the transaction and for general corporate purposes as well as with the aim of capitalising on market conditions to optimise the funding structure, on 10 January 2024 Davide Campari-Milano N.V. has successfully placed a combined offer directed to qualified investors. This offering consisted of new ordinary shares totalling approximately €650 million through an accelerated bookbuilding offering at €9.33 per ordinary share. Additionally, it included senior unsecured convertible bonds due in 2029 with an aggregate principal amount of €550 million, convertible into new and/or existing ordinary shares of the Company. The net proceeds from the offering will enhance the Group's pro-forma capital structure by accelerating the deleveraging process and extending the average maturity of the Group's liabilities, thus further strengthening its financial profile and facilitating further expansion.

Pursuant to the resolution approved during the Company's Board of Directors meeting on 14 December 2023, the issuance of new ordinary shares ('New Shares') excluded pre-emptive rights and will carry equivalent rights, including dividend entitlements, as the existing ordinary shares. The newly issued ordinary shares amounted to 69,667,738 representing 5.7% of the Company's issued ordinary share capital following the completion of the offering.

Regarding the offering of convertible bonds, the aforementioned Board of Directors meeting resolved to exclude pre-emptive rights associated with the transaction. The bonds have been issued in registered form, at their principal amount of €100,000 each at par, and bear a coupon of 2.375% per annum, payable semi-annually in arrears on 17th July and 17th January of each year, with the first coupon to be paid on 17th July 2024. The maturity is 5 years (unless previously redeemed, converted or repurchased and cancelled) and the bonds will be redeemed at their principal amount at maturity (on or around 17th January 2029) subject to Group's option to deliver bond shares and, as the case may be, an additional amount in cash ('Share Settlement Option'). The bookbuilding process concluded on 10 January 2024 with initial conversion price set at €12.3623, representing a premium of 32.5% above the reference share price and each convertible bond will be convertible into 8,089 underlying bond shares for a total issue of approximately 44.5 million bond shares which represent approximately: (i) 3.8% of the Issuer's issued ordinary share capital as of 31 December 2023 and (ii) 3.6% of the Issuer's issued ordinary share capital following the completion of the offering of the new shares issue.
The convertible bonds will be traded on Euronext Access Milan, a multilateral trading facility organised and managed by Borsa Italiana S.p.A. by no later than 90 calendar days after the 10 January 2024, being the issue date. These transactions did not have any impact in the 2023 Campari Group consolidated accounts.
Furthermore, the Group is progressively reducing its exposure to foreign exchange translation and liquidity risks associated with the aforementioned commitment to acquire Courvoisier cognac denominated in US Dollars, through pre-hedge derivatives subscribed in 2024.

ii. Property, plant and equipment, right of use assets and biological assets

ACCOUNTING POLICY

Property, plant and equipment are stated at cost less accumulated depreciation, which is applied on a straight-line basis to estimated residual values over their expected useful lives.
For right of use assets, please refer to the note 6 vii.-'Lease components in the statement of financial position'.
For biological assets accounting treatment, please refer to note 8 iii.-'Fair value information on assets and liabilities'.

Land, even if acquired in conjunction with a building, is not depreciated, and nor are held-for-sale tangible assets, which are reported at the lower of their carrying amount and fair value less cost to sell. Barrels are depreciated based on the useful life, which can vary depending on the maturing work in progress for the liquid. For lease-hold-improvements, the period of depreciation is the shorter of the economic life of the asset and the contract duration of the underlying lease agreement. For right of use assets, unless the Group is reasonably certain that it will obtain ownership of the leased asset at the end of the lease term, they are amortised on a straight-line basis over their estimated useful life or the term of the agreement, whichever is the shorter.

The Group depreciation rate ranges by asset category are as follows:

- business related properties and light construction: **3%-10%**;
- plant and machinery: **10%**;
- furniture, office and electronic equipment: **10%-20%**;
- vehicles: **20%-25%**;
- miscellaneous equipment: **20%-30%**;

Depreciation ceases on the date on which the asset is classified as held for sale or on which the asset is derecognised for accounting purposes, whichever occurs first.

The Group performs impairment tests when there is an indication of impairment at the level of individual fixed asset or group of fixed assets, to ensure that property, plant and equipment are not carried at above their recoverable amounts.
Borrowing costs are not capitalised as part of the cost of an asset since borrowings are not generally attributable to the acquisition, construction or production of a qualifying asset.

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DISCLOSURE

Property, plant and equipment by nature	Land and buildings	Plant and machinery	Other	Total
	€ million	€ million	€ million	€ million
Carrying amount at the beginning of the period	559.5	482.3	260.3	1,302.1
Accumulated depreciation at the beginning of the period	(157.4)	(277.5)	(119.0)	(553.9)
at 31 December 2022	**402.1**	**204.8**	**141.2**	**748.1**
Change resulting from provisional allocation of acquisition value	14.9	4.7	14.0	33.6
Exchange rate effect of reclassifications	(0.2)	(0.1)	(0.2)	(0.4)
at 31 December 2022 post-reclassifications	**416.8**	**209.4**	**155.1**	**781.3**
Perimeter effect from business combination	-	-	0.2	0.2
Additions	51.4	142.9	69.9	264.2
Disposals	-	(0.5)	(7.7)	(8.1)
Depreciation	(17.0)	(25.4)	(24.8)	(67.2)
Impairment	(0.2)	(0.8)	-	(1.0)
Reclassifications	3.4	6.1	(9.5)	-
Exchange rate differences and other changes	2.7	(3.4)	(4.2)	(4.9)
at 31 December 2023	**457.1**	**328.4**	**178.9**	**964.5**
Carrying amount at the end of the period	631.5	631.4	322.6	1,585.7
Accumulated depreciation at the end of the period	(174.4)	(302.9)	(143.9)	(621.2)

(1) Additions in property, plant and equipment exclude advances to suppliers for fixed assets, which are considered as capital expenditure in the cash flow.

Property, plant and equipment by nature	Land and buildings	Plant and machinery	Other	Total
	€ million	€ million	€ million	€ million
Carrying amount at the beginning of the period	433.2	400.6	215.9	1,049.8
Accumulated depreciation at the beginning of the period	(135.0)	(250.7)	(103.9)	(489.5)
at 31 December 2021	**298.2**	**150.0**	**112.1**	**560.3**
Perimeter effect from business combination	23.1	3.9	0.8	27.8
Additions	88.0	70.1	43.6	201.6
Disposals	(0.6)	(0.2)	(8.8)	(9.6)
Depreciation	(12.8)	(21.3)	(19.0)	(53.2)
Impairment	(0.3)	(0.1)	-	(0.4)
Exchange rate differences and other changes	6.5	2.4	12.6	21.5
at 31 December 2022	**402.1**	**204.8**	**141.2**	**748.1**
Carrying amount at the end of the period	559.5	482.3	260.2	1,302.0
Accumulated depreciation at the end of the period	(157.4)	(277.5)	(119.0)	(553.9)

Capital expenditure for the period, totalling €264.2 million, was mainly related to the extraordinary capacity expansion initiatives, mainly in Mexico destinated to the Espolòn production (€50.0 million), to the production sites in Italy (€42.3 million) and the United States (€91.1 million), as well as improvements made to strengthen the Group's production capacity and efficiency. Finally, the purchase of barrels for maturing bourbon, rum and whisky, included in the 'other' category, amounted to €47.1 million. Disposals, amounting to €8.1 million, mainly related to the sale of barrels that were no longer suitable for use in the maturing process.

There are no restrictions or covenants on the aforementioned assets.

Right of use assets by nature	**Land and buildings**	**Plant and machinery**	**Other**	**Total**
	€ million	**€ million**	**€ million**	**€ million**
Carrying amount at the beginning of the period	86.1	7.2	20.0	113.3
Accumulated depreciation at the beginning of the period	(31.2)	(2.7)	(11.0)	(44.9)
at 31 December 2022	**55.0**	**4.5**	**9.0**	**68.4**
Perimeter effect from business combination	0.6	-	0.1	0.6
Additions	4.5	0.5	9.0	14.0
Depreciation	(9.4)	(1.0)	(5.9)	(16.3)
Exchange rate differences and other changes	(1.3)	(0.1)	(0.1)	(1.4)
at 31 December 2023	**49.4**	**3.9**	**12.1**	**65.4**
Carrying amount at the end of the period	89.9	7.5	29.1	126.5
Accumulated depreciation at the end of the period	(40.6)	(3.7)	(16.9)	(61.2)
Carrying amount at the beginning of the period	86.5	9.3	25.3	121.1
Accumulated depreciation at the beginning of the period	(27.9)	(4.2)	(17.1)	(49.2)
at 31 December 2021	**58.5**	**5.1**	**8.2**	**71.8**
Additions	3.5	0.4	5.9	9.8
Depreciation	(9.1)	(1.1)	(4.9)	(15.1)
Exchange rate differences and other changes	2.0	0.1	(0.2)	1.9
at 31 December 2022	**55.0**	**4.5**	**9.0**	**68.4**
Carrying amount at the end of the period	86.1	7.2	20.0	113.3
Accumulated depreciation at the end of the period	(31.2)	(2.7)	(11.0)	(44.9)

Increases for the year were mainly related to offices and vehicles included in the category 'other'. There are no restrictions or covenants on the aforementioned right of use assets.

Biological assets represented as fixed assets	**Assets valued at cost**
	€ million
Carrying amount at the beginning of the period	29.5
Accumulated depreciation at the beginning of the period	(12.0)
at 31 December 2022	**17.5**
Additions	13.1
Disposal	(0.7)
Depreciation	(7.5)
Exchange rate differences and other changes	0.5
at 31 December 2023	**22.8**
Carrying amount at the end of the period	42.3
Accumulated depreciation at the end of the period	(19.5)
Carrying amount at the beginning of the period	21.6
Accumulated depreciation at the beginning of the period	(8.2)
at 31 December 2021	**13.4**
Perimeter effect from business combination	0.1
Additions	7.0
Disposal	(0.2)
Depreciation	(3.4)
Exchange rate differences and other changes	0.7
at 31 December 2022	**17.5**
Carrying amount at the end of the period	29.5
Accumulated depreciation at the end of the period	(12.0)

The addition of €13.1 million was mainly related to agave plantations in Mexico (€11.6 million) and grape plantations in France (€0.8 million). No guarantees were given to third parties in relation to these fixed assets.

At 31 December 2023, the Mexican agave plantations comprised 1,219 hectares. There is no non-productive biological asset for agave plantations and the average growing cycle covers a period of 6 years. During 2023 the Group harvested approximately 1,555 tons of agave in Mexico, which have been measured at fair value less costs to sell and transferred to inventories. At 31 December 2023, the French grape plantations located in the Champagne region comprised 19.9 hectares, out of which overall 63% of these hectares were rented with medium and long-term agreements, and the remaining 37% was owned. There are no non-productive biological assets for grape plantations. Agricultural output covers a one-year period and the harvest occurred in the second half of the year. Taking into account the biological and vegetative cycle, all the costs incurred in anticipation of the future harvest (service, products and other ancillary costs) have been considered as inventory in current biological assets at 31 December 2023 in the Group's accounts: this value is in line with the fair value of the growing grapes based on available information on commodities markets.

In addition, in the Martinique area, sugar cane plantations comprise 553 hectares, of which, overall, 45% are owned and 55% rented with long-term agreements. Of these, 501 hectares are cultivated, and the remaining 52 hectares are not cultivated. Agricultural output covers a one-year period and the harvest is expected from February to June. Given this process, the sugar cane has been considered as a current biological asset classified within the inventory and measured based on the costs sustained during the production process at 31 December: this value was estimated based on the costs of infrastructure, land preparation and sugar cane cultivation, due to the absence of any active reference market for comparable plantation and similar output in terms of age and qualitative characteristics. Operating grants in support of industrial investments and of sugar cane plantations in Martinique recognised in the statement of profit or loss in the period are equal to €0.3 million (€0.7 million in 2022).

No triggering events for impairment tests occurred during the year.

iii. Intangible assets

ACCOUNTING POLICY

INTANGIBLE ASSETS RECOGNITION

Intangible assets with definite life are recorded at cost, net of accumulated amortisation and any impairment losses. In the event they are acquired through business combinations, they are reported separately from goodwill and brands, and measured at fair value, when this can reliably be measured, on the acquisition date.
Intangible assets produced internally are not capitalised, and are reported in the statement of profit or loss for the financial year in which they are incurred; there are no significant development costs to be considered. The costs of innovation projects and studies are recorded in the income statement in full in the year in which they are incurred.
Software licences represent the cost of purchasing licences and, if incurred, external consultancy fees; there are normally no costs associated with internal personnel necessary for development. These costs are recorded in the year in which the internal or external costs are incurred to train personnel and other related costs.
The following contracts are managed as a service contract with the related costs expensed as they are incurred: cloud computing arrangements under which the Group contracts to pay a fee in exchange for a right to access the supplier's application software for a specified term; ii. the cloud infrastructure is managed and controlled by the supplier, insofar as access to the software is on an 'as needed' basis over the internet or via a dedicated line and iii. the contract does not convey any rights over tangible assets to the Group. Any prepayment giving a right to a future service is recognised as a prepaid asset. Detailed analysis is undertaken to determine whether the implementation costs for software hosted under cloud arrangements can be capitalised.

INTANGIBLE ASSETS AMORTISATION AND IMPAIRMENT

Intangible assets with a finite life are amortised on a straight-line basis in relation to their useful life, and reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. The amortisation period of intangible assets with a finite life is reviewed at least at the end of every financial year in order to ascertain any changes in their useful life, which, if identified, will be treated as changes in estimates.
Other intangible assets with indefinite and definite life contains distribution rights and key money, the latter tested for impairment leveraging on a specialised third-party expert opinion connected to real estate assets.

INTANGIBLE ASSETS WITH INDEFINITE LIFE IMPAIRMENT TEST

Goodwill, brands and other intangible assets with an indefinite life are not amortised and are reviewed for impairment tests every year or more frequently if there is any indication that the asset may be impaired. The annual approval of the impairment test results is performed by the Board of Directors of Davide Campari-Milano N.V., which takes place before the approval of the annual financial reports (consolidated and Company only).
The ability to recover the assets is ascertained by comparing the carrying amount to the related recoverable value, which is represented by the higher of the fair value less cost of disposal, and the value in use.
In the absence of a binding sale agreement, the fair value is estimated on the basis of recent transaction values in an active market or based on the best information available to determine the amount that could be obtained from selling the asset. The value in use is determined by discounting expected cash flows resulting from the use of the asset, and, if significant and reasonably determinable, the cash flows resulting from its sale at the end of its useful life. Cash flows are determined on the basis of reasonable, documentable assumptions representing the best estimate of the future economic conditions that will occur during the remaining useful life of the asset, with greater weight given to external information. Growth rate assumptions are applied to the years beyond the business plan horizon. The discount rate applied takes into account the implicit risk of the business segment.
When it is not possible to determine the recoverable value of an individual asset, the Group estimates the recoverable value of the cash generating unit to which the asset belongs.
Impairment loss is recorded if the recoverable value of an asset is lower than its carrying amount by posting the related cost in the statement of profit or loss and are charged to other operating expenses. Goodwill impairments can no longer be written back.

DISCLOSURE

GOODWILL AND BRANDS

	Goodwill	Brands with an indefinite life	Brands with a finite life	Total
	€ million	€ million	€ million	€ million
Carrying amount at the beginning of the period	1,914.5	1,217.6	31.7	3,163.8
Cumulative impairment at the beginning of the period	(2.7)	(42.3)	(24.9)	(70.0)
at 31 December 2022	**1,911.8**	**1,175.3**	**6.7**	**3,093.8**
Change resulting from provisional allocation of acquisition value	(33.7)	1.1	-	(32.6)
Exchange rate effect of reclassifications	0.4	-	-	0.4
at 31 December 2022 post-reclassifications	**1,878.5**	**1,176.4**	**6.7**	**3,061.6**
Perimeter effect from business combination	11.9	-	-	11.9
Impairment loss	-	(10.3)	-	(10.3)
Amortisation	-	-	(2.2)	(2.2)
Exchange rate differences	(39.5)	(14.6)	(0.2)	(54.3)
at 31 December 2023	**1,850.8**	**1,151.5**	**4.4**	**3,006.6**
Carrying amount at the end of the period	1,853.6	1,204.1	31.5	3,089.1
Cumulative impairment at the end of the period	(2.7)	(52.6)	(27.2)	(82.5)
Carrying amount at the beginning of the period	1,419.3	1,008.7	32.0	2,459.9
Cumulative impairment at the beginning of the period	(3.0)	(42.3)	(23.5)	(68.7)
at 31 December 2021	**1,416.3**	**966.4**	**8.5**	**2,391.2**
Additions	-	129.9	-	129.9
Perimeter effect from business combination	450.0	59.7	-	509.7
Amortisation	-	-	(2.3)	(2.3)
Exchange rate differences	45.5	19.3	0.5	65.3
at 31 December 2022	**1,911.8**	**1,175.3**	**6.7**	**3,093.8**
Carrying amount at the end of the period	1,914.5	1,217.6	31.7	3,163.8
Cumulative impairment at the end of the period	(2.7)	(42.3)	(24.9)	(70.0)

The change in the basis of consolidation comprises an increase of €11.9 million attributable to the identification of amounts for goodwill related to the consolidation of CT Spirits Japan Ltd. and the acquisition of a majority stake in Thirsty Camel Ltd. (for further details, see note 4 i.-'Acquisition and sale of businesses and purchase of non-controlling interests'). During the year, an impairment loss of €10.3 million was recognised for the Forty Creek trademark (value at average exchange rate for the period 1 January to 31 December 2023, corresponding to €10.2 million at the exchange rate at 31 December 2023). Please refer to the following paragraph, 'Impairment test on goodwill and brands', for more information regarding the beforementioned impairment loss. Brands with a finite life included the value of the brand X-Rated.

The negative exchange rate differences on goodwill and brands denominated in local currencies totalled €54.7 million, mainly related to US and Jamaican Dollars.

OTHER INTANGIBLE ASSETS

	Software	Other	Other with indefinite life	Total
	€ million	€ million	€ million	€ million
Carrying amount at the beginning of the period	149.6	17.7	3.6	170.9
Accumulated amortisation at the beginning of the period	(105.0)	(13.8)	-	(118.8)
at 31 December 2022	**44.6**	**4.0**	**3.6**	**52.1**
Perimeter effect from business combination	0.2	-		0.2
Additions	21.4	0.5	-	21.9
Amortisation	(16.0)	(0.9)	-	(16.9)
Impairment	(0.6)	-	-	(0.6)
Exchange rate differences and other changes	(0.4)	(0.1)	-	(0.5)
at 31 December 2023	**49.1**	**3.5**	**3.6**	**56.1**
Carrying amount at the end of the period	170.1	18.1	3.6	191.9
Accumulated amortisation at the end of the period	(121.1)	(14.7)	-	(135.7)

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Carrying amount at the beginning of the period	131.5	17.2	3.6	152.3
Accumulated amortisation at the beginning of the period	(88.5)	(9.9)	-	(98.4)
at 31 December 2021	**43.0**	**7.4**	**3.6**	**54.0**
Additions	16.3	0.4	-	16.7
Amortisation	(15.3)	(1.2)	-	(16.5)
Impairment	-	(2.7)	-	(2.7)
Exchange rate differences and other changes	0.5	0.1	-	0.6
at 31 December 2022	**44.6**	**4.0**	**3.6**	**52.1**
Carrying amount at the end of the period	149.6	17.7	3.6	170.9
Accumulated amortisation at the end of the period	(105.0)	(13.8)	-	(118.8)

Intangible assets with a finite life are amortised on a straight-line basis depending on their remaining useful life.
Additions in the period totalling €21.9 million related to projects to continuously upgrade the new information technology environment. During the period, no triggering events leading to an eventual impairment were identified.

IMPAIRMENT TEST

In line with previous years, the approval of the annual assessment of the recoverability of the Group's intangible assets with indefinite life was conducted before the fiscal year-end. Consequently, the book value of the intangible assets (i.e. the amount at which an asset is recognised in the balance sheet) was determined as of 30 September 2023, i.e. the latest available actual figures at the time of the analysis. The results of such tests remained valid as of 31 December 2023, given that no events or impairment indicators have arisen that could result in a material reduction of the assets value or recoverable amounts in the fourth quarter of 2023.
Consistent with previous years, the Group considered the business plan, including the 2024 budget and 2025-2026 strategic plans (drafted by the Group's companies in 2023 and approved by the Board of Directors of Davide Campari-Milano N.V.), as the base of the annual impairment test. Moreover, cash flow projections are extrapolated beyond the plan period covered to be adapted for a ten-year period, with growth rates gradually normalising towards the level of the perpetuity growth rate. The use of a ten-year period is justified by the long lifecycle of the brands with respect to the reference markets, and it also takes into account the long ageing process of certain brands. Assumptions of future cash flows were made based on the conservative approach in terms of both expected growth rates and operating margin trends. In addition, projections were based on reasonableness, prudence and consistency regarding the allocation of future selling, general and administrative expenses, trends in capital investment, conditions of financial equilibrium and the main macroeconomic variables. Cash flow projections relate to current operating conditions and therefore do not include cash flows connected with extraordinary events that are not currently foreseeable.
Regarding climate-related matters, the business plan considered the necessary investments to pursue the Group's global sustainability strategy, including the path to decarbonisation based on the new challenging and ambitious medium and long-term environmental targets which have been set in 2023 (for more information of the Group's global sustainability strategy and the 2023 new environmental targets, please refer to the paragraph 'Significant events of the year' of the management board report). Such investments were taken into account also in the longer horizon (i.e. in the terminal value).
Regarding currencies, it should be noted that the projections were determined based on the exchange rates to € assumed unchanged to the ones used for drafting the 2024 budget. Although applicable IFRS principles require that exchange rates are assumed flat to the current fiscal year over the time horizon, the fluctuations of 2024 budgeted currencies are estimated not to have a meaningful impact on future cash flows.

Goodwill values were tested at the aggregate level based on the values allocated to the four cash-generating units (CGUs), namely, Americas CGU, SEMEA CGU, NCEE CGU and APAC CGU. This structure reflects the lowest level at which goodwill is monitored by the Group and is considered appropriate, given the synergies and efficiencies obtained at the regional level. This is in line with the geographical segment reporting design adopted by the Group based on its current organisational structure. The allocation of goodwill for each CGU is based on the previous allocation values, adjusted to consider the exchange rate effects and other variations such as perimeter change. The carrying amounts of the CGUs were determined by combining the goodwill, the brand values allocated based on the profitability achieved by the brand in each CGU, as well as the fixed assets and working capital, which were mainly allocated based on the relevant sales achieved in each CGU. The recoverable amounts of the CGUs were determined based on a 'value in use' methodology. The asset value is measured by discounting the estimated future cash flows generated by the continued use of such asset. Expected cash flows, which were based on the Group's cash flow estimates, were discounted using a post-tax discount rate, reflecting both the time value of money and a further adjustment to include the market risk and the specific risks for the business of the relevant CGU. The applicable IFRS principles states that, for calculating the 'value in use', pre-tax discount rate and future cash flows should be used. In the impairment test performed, it has been verified that the use of a post-tax approach provides consistent results with the ones which would have been obtained by adopting a pre-tax approach.

The main assumptions used in calculating the value in use of the CGUs are the long-term growth rate and discount rate. Terminal value was determined using the perpetuity growth method of discounting. Specifically, a conservative perpetual growth rate was used that corresponds to the estimated inflation rates of the consumer price for the period 2025-2028 for the Group's key markets (source: IMF, October 2023 release), assumed to be 2.2% for the Americas CGU (vs. 2.2% in 2022), 2.0% for the SEMEA CGU (vs. 2.0% in 2022), 2.1% for the NCEE CGU (vs. 2.5% in 2022) and 2.9% for the APAC CGU (vs. 2.7% in 2022) or 2.1% for the Group overall (vs 2.3% in 2022). It should be noted that the 2024 inflation rate estimate of the International Monetary Fund ('IMF'), assumed as particularly high, was excluded for the purposes of defining the terminal growth rate in order to follow a conservative approach. The value in use of the CGUs was calculated by discounting the estimated value of future cash flows, including the terminal value, which it is assumed will derive from the continuing use of the assets, at a discount rate (net of taxes and adjusted for risk) that reflects the average weighted cost of capital. Specifically, the discount rate used was the Weighted Average Cost of Capital ('WACC'), which depends on the risk associated with the estimated cash flows. The WACC was determined based on observable indicators and market parameters, the current value of money, and the specific risks connected with the business of the relevant CGU. The calculation of WACC has resulted in line with a set of spirits industry comparable peers. The discount rates used in the 2023 impairment test for the four CGUs, are as follows: 7.7% for the Americas CGU (same as in 2022), 8.5% for the SEMEA CGU (vs. 8.9% in 2022), 8.5% for the NCEE CGU (vs. 8.3% in 2022) and 6.8% for the APAC CGU (vs. 7.3% in 2022), or 8.1% for the Group overall (same as 2022 impairment test).
To take into account the current market volatility and uncertainty over future economic prospects, the sensitivity analyses were carried out to assess the recoverability of goodwill value. Based on the methodology described above, the impairment test for goodwill as of 31 December 2023 confirmed the full recoverability, including sensitivity, of all the CGUs with a headroom resulting sufficient to exclude goodwill impairment losses that may arise from meaningful business downside risks.

	at 31 December	
	2023	2022 post-reclassifications[1]
CGU	€ million	€ million
Americas	1,167.1	1,204.6
Southern Europe, Middle East and Africa	401.0	401.0
Northern, Central and Eastern Europe	247.4	247.4
Asia-Pacific	35.3	25.6
Total	**1,850.8**	**1,878.5**

[1] Includes the final allocation of goodwill value of Wilderness Trail Distillery LLC. For information on reclassification of comparative figures, refer to note 2 vi-'Reclassification of comparative figures at 31 December 2022'.

Changes in goodwill values at 31 December 2023 compared with 31 December 2022 are mainly due to positive perimeter change equal to €11.9 million overall, allocated to the APAC CGU, deriving from the consolidation of CT Spirits Japan Ltd. and the acquisition of a majority stake in Thirsty Camel Ltd., as well as unfavourable exchange rate effects of -€39.9 million, which were re-allocated to the individual CGU.

The impairment test on brands with indefinite life was performed on an individual basis using the value in use criterion. It should be noted that brands with an immaterial value individually and in the aggregate are not subject to an impairment test. The Group considers the 'value in use' to be a proxy of the recoverable amount of the trademark values, for the following reasons: (i) the value in use is measured by using the valuation methodology Multi-period Excess Earnings Method (MEEM), which is widely accepted in practice for determining the trademarks' fair value, for example in a purchase price allocation following an acquisition and (ii) the Group business plans for the brands can be considered market participant as there is no indication that a different player would have taken a different business strategy on such brands. This methodology is considered valid assuming that the identification of a representative sample of comparable transactions is not easily available across the different types of assets.

MEEM is an earnings-based valuation method. The theoretical premise of the MEEM is that the value of a brand is equal to the current value of the residual cash flows attributable to the asset analysed. According to this method, the relevant earnings attributable to the intangible assets are calculated using the income that the company would record after having deducted the earnings attributable to all the other assets (contributory asset charge), i.e. deducting from the company's results the remuneration for using other assets that contribute to the generation of such results. Estimates of income flows generated by individual brands, net of contributory asset charge, and of the terminal value, discounted to present value using an appropriate discount rate, were used to calculate the recoverable value of brands. Consistent with the impairment test on goodwill, a 10-year cash projection was developed for the trademark impairment test. In the case of The GlenGrant single malt Scotch whisky, a 15-year time horizon was adopted, in line with previous years. The use of a fifteen-year time horizon is justified by the long-term effect of the brand ageing strategy, a commonly implemented market practice for premium spirits players. The discount rates used for the individual brands tested varied from 8.5% to 9.1% (vs. a range of 7.6% to 9.1% in 2022) and took into account a specific risk premium for the brand in question. To determine the terminal value of each brand, a perpetual growth rate between 2.1% to 2.2% (vs. a range of 2.1% to 2.3% in 2022), in line with the inflation estimates for the 2025-2028 period, was used.

Excluding Forty Creek, for which an impairment loss has already been recorded in 2023 as the brand performance in its core Canadian market remains very static despite positive medium/long-term opportunities in other markets (€10.3 million at the average exchange rate for the period 1 January to 31 December 2023, corresponding to €10.2 million at the exchange rate at 31 December 2023), the sensitivity analyses indicated impairment risks for the trademarks of The GlenGrant, Cabo Wabo, Bulldog, Picon and Wilderness Trail Distillery. The combined theoretical impairment risk for the above-mentioned brands would be €73.3 million considering a theoretical increase of WACC by +100 bps and decrease of the growth rate ('g') by -100 bps. The Group will closely monitor the future development of these brands and carefully assess the recoverability of their trademark values.

	at 31 December	
	2023	2022
	€ million	€ million
Grand Marnier	300.7	300.7
Wild Turkey	165.2	171.2
Picon	123.6	123.6
Jamaican Rum Portfolio	91.1	96.1
The GlenGrant and Old Smuggler	88.8	88.8
Cabo Wabo	64.3	66.6
Averna and Braulio	65.5	65.5
Forty Creek	60.7	72.0
Wilderness Trail Distillery	58.0	60.0[1]
Frangelico	54.0	54.0
Bulldog	35.5	34.8
Riccadonna	11.3	11.3
X-Rated[2]	4.4	6.7
Del Professore	6.4	6.4
Other	26.4	25.5
Total	**1,155.8**	**1,183.1**

[1] Includes the final allocation of brand value of Wilderness Trail Distillery LLC. For information on reclassification of comparative figures, refer to note 2 vi-'Reclassification of comparative figures at 31 December 2022'.
[2] Asset with finite life. The brand value amortised over a timeframe of 10 years until 2025.

Changes in brand values at 31 December 2023 compared with 31 December 2022 are mainly due to impairment loss attributable to the Forty Creek brand mentioned above and negative exchange rate effects of €14.8 million.

iv. Other non-current assets

DISCLOSURE

	at 31 December		
	2023	Of which perimeter effect	2022
	€ million	€ million	€ million
Equity investment in other companies	16.3	-	18.8
Other non-current assets	6.6	0.1	5.3
Total other non-current assets	**22.9**	**0.1**	**24.1**

v. Other current assets

DISCLOSURE

	at 31 December		
	2023	Of which perimeter effect	2022 post-reclassifications
	€ million	€ million	€ million
Other receivables from tax authorities	52.6	0.7	39.5
Prepaid expenses	13.2	3.1	8.9
Advances and other receivables from suppliers	10.3	-	3.2
Receivables from personnel	4.1	-	3.0
Advances to suppliers for fixed assets	16.3	-	0.2
Receivables from Parent Company for tax consolidation	0.1	-	0.1
Other	4.9	-	5.4
Other current assets	**101.4**	**3.8**	**60.3**

Other receivables from tax authorities, totalling €52.6 million, primarily comprise €46.6 million for VAT and €4.1 million for excise duties.

at 31 December 2023	**Other receivables**[1]	**Provision for bad debt**
	€ million	€ million
Not overdue	**26.1**	**-**
Overdue since	**62.4**	**(0.3)**
Less than 30 days	0.1	-
30-90 days	5.3	-
1 year	51.2	-
5 years	3.7	-
More than 5 years	2.1	(0.3)
Total receivables broken down by maturity	**88.5**	**(0.3)**
Amount impaired	(0.3)	
Total	**88.2**	

[1] The item does not include prepaid expenses.

at 31 December 2022	Other receivables[(*)]	Provision for bad debt
	€ million	€ million
Not overdue	**19.0**	**-**
Overdue since	**32.8**	**(0.6)**
Less than 30 days	-	-
30-90 days	0.1	-
1 year	9.5	(0.3)
5 years	23.0	(0.3)
More than 5 years	0.1	-
Total receivables broken down by maturity	**51.8**	**(0.6)**
Amount impaired	(0.6)	
Total	**51.3**	

(*) The item does not include prepaid expenses.

The tables below provide information on the credit risk exposure of the Group's other current receivables using a provisional matrix which reflected the low risk level connected with the specific counterpart of these receivables.

	Other current receivable days past due						
	Current	Less than 30 days	30-90 days	1 year	5 years	More than 5 years	Total
	€ million	€ million	€ million	€ million	€ million	€ million	€ million
at 31 December 2023							
Credit loss rate		-	-	-	-	0.3%	0.3%
Estimated total gross carrying amount at default	39.8	0.1	6.7	48.6	4.4	2.1	101.7
Provision for expected credit losses	-	-	-	-	-	(0.3)	(0.3)
at 31 December 2022							
Credit loss rate	-	-	-	0.5%	0.4%	-	0.9%
Estimated total gross carrying amount at default	23.3	-	0.8	8.5	28.0	0.1-	60.8
Provision for expected credit losses	-	-	-	(0.3)	(0.3)		(0.6)

vi. Other non-current liabilities

ACCOUNTING POLICY

For detailed information on the accounting policy on post-employment plans and share-based payments, please refer to note 7 v.-'Share-based payments', 8 iv.-'Defined benefit and contribution plans', respectively.

DISCLOSURE

	at 31 December		
	2023	Of which perimeter effect	2022
	€ million	€ million	€ million
Other employee benefits (including retention incentive)	35.5	-	23.6
Other share benefits long-term (cash settled plans)	2.2	0.2	1.1
Profit sharing	4.2	-	4.9
Other non-current liabilities	0.7		1.4
Other non-current liabilities	**42.6**	**0.2**	**30.9**

(1) Including non-recurring last mile long-term incentive schemes.

The change compared to the last year is mainly related to non-recurring last mile long-term incentive schemes with retention purposes to be potentially recognised to senior management.

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vii. Other current liabilities

DISCLOSURE

	2023	Of which perimeter effect	2022 post-reclassifications
	€ million	€ million	€ million
Payables to staff	98.5	0.4	89.3
Payables to agents	3.2	-	3.6
Deferred income	5.1	-	5.9
Amounts due to controlling shareholder for Group VAT	3.3	-	0.6
Value added tax	27.9	0.2	22.0
Tax on alcohol production	32.9	-	36.9
Withholding and miscellaneous taxes	9.9	0.1	9.1
Other	9.3	0.2	5.2
Other current liabilities	**190.2**	**1.0**	**172.5**

at 31 December 2023	Other payables to third parties
	€ million
On demand	20.0
Due within 1 year	170.2
Total	**190.2**

at 31 December 2022	Other payables to third parties
	€ million
On demand	24.4
Due within 1 year	148.0
Total	**172.5**

5. Operating working capital

This section details accounting policies for trade receivables and payables and inventory and biological assets.
This section discloses the information on the Group's operating working capital composition broken down into the various items that are managed to generate the Group performance.

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i. Trade receivables

ACCOUNTING POLICY

For details on the accounting policy, please refer to note 6 i.-'Financial instruments'.

DISCLOSURE

	2023	Of which perimeter effect	2022 post-reclassifications
			at 31 December
	€ million	€ million	€ million
Trade receivables from external costumers	373.9	8.3	305.9
Trade receivables from joint-ventures	-	-	2.1
Receivables in respect of contributions to promotional costs	0.3	-	0.2
Trade receivables	**374.3**	**8.3**	**308.2**

(1) The perimeter effect is mainly related to the increase of interest in CT Spirits Japan Ltd. and Thirsty Camel Ltd.

The table below shows the trade receivables broken down by maturity. In light of the analysis performed on estimated expected future losses (using the expected credit loss method). Trade receivables which are deemed not recoverable were balanced by an appropriate provision.

at 31 December 2023	Trade receivables(1)	Provision for expected future losses and bad deb
	€ million	€ million
Not overdue	**278.4**	**(7.6)**
Overdue	**112.0**	**(9.4)**
Less than 30 days	66.3	(0.7)
30-90 days	20.7	(2.8)
Within 1 year	10.9	(0.6)
Within 5 years	14.0	(5.2)
Due after 5 years	0.1	(0.1)
Total receivables broken down by maturity	**390.4**	**(17.0)**
Amount impaired	(17.0)	
Total	**373.3**	

(1) This item does not include prepaid expenses.

at 31 December 2022	Trade receivables(1)	Provision for expected future losses and bad deb
	€ million	€ million
Not overdue	**226.2**	**(7.8)**
Overdue	**96.5**	**(10.4)**
Less than 30 days	62.1	(0.4)
30-90 days	8.8	(3.2)
Within 1 year	12.3	(1.9)
Within 5 years	11.9	(3.4)
Due after 5 years	1.4	(1.4)
Total receivables broken down by maturity	**322.7**	**(18.1)**
Amount impaired	(18.1)	
Total	**304.6**	

(1) This item does not include prepaid expenses.

The overdue category increased by €15.5 million on 2022 and is continuously monitored by the Group's credit management functions.
At 31 December 2023, the provision for expected future losses and bad debt amounted to €17.0 million, substantially in line with the value reported in 2022 (€18.1 million). The net decrease recorded in 2023 was mainly related to the partial release of the provision in Russia, following a decrease in the probability of default of the country. On the other hand, the provision for expected future losses included:

- The updated and specific valuation on trade receivables of Ukraine, following the ongoing conflict which was reflected in the relative assessment of expected losses;
- The updated valuation for Argentina, considering the significant increase in the probability of default connected with the persisting macroeconomic uncertainly of the country and the increase in receivables due to the local hyperinflationary impact.

The following table provides the probability of default, obtained from external data providers, used for the calculation of the expected future losses for each subsidiary, used at 31 December 2023 and at 31 December 2022, according to the country in which the subsidiary is based.

	Applied for the assessment at 31 December	
	2023	**2022**
Argentina	20.94%	17.11%
Australia	0.06%	0.07%
Austria	0.06%	0.05%
Belgium	0.08%	0.06%
Brasil	0.25%	0.63%
Canada	0.13%	0.13%
China	0.25%	0.24%
France	0.07%	0.06%
Germany	0.06%	0.06%
Greece	0.19%	0.41%
India	0.22%	0.29%
Italy	0.19%	0.35%
Jamaica	0.84%	0.84%
Martinique	0.07%	0.06%
Mexico	0.22%	0.47%
New Zealand	0.07%	0.07%
Peru	0.17%	0.40%
Russia	9.12%	32.88%
Singapore	0.09%	0.07%
South Africa	0.84%	1.18%
South Korea	0.22%	0.25%
Spain	0.13%	0.13%
Switzerland	0.05%	0.03%
UK	0.11%	0.08%
Ukraine	100.00%	100.00%
United States	0.31%	0.13%

The tables below set out the information related to the credit risk exposure on the Group's trade receivables using a provision matrix:

	Trade receivables days past due						
	Current	**Less than 30 days**	**30-90 days**	**1 year**	**5 years**	**More than 5 years**	**Total**
	€ million	**€ million**	**€ million**	**€ million**	**€ million**	**€ million**	**€ million**
at 31 December 2023							
Credit loss rate	1.8%	0.6%	0.2%	0.3%	1.2%	0.2%	**4.3%**
Estimated total gross carrying amount at default	279.3	66.3	20.7	10.9	14.0	0.1	**391.3**
Provision for expected credit losses	(7.1)	(2.2)	(0.9)	(1.2)	(4.9)	(0.8)	**(17.0)**
at 31 December 2022							
Credit loss rate	2.3%	0.8%	0.1%	0.7%	1.1%	0.5%	**5.6%**
Estimated total gross carrying amount at default	230.1	62.1	8.8	12.3	11.9	1.4	**326.6**
Provision for expected credit losses	(7.7)	(2.5)	(0.3)	(2.4)	(3.6)	(1.7)	**(18.1)**

The amount of the provision and the level of utilisation over the years, confirms that overall, the Group is exposed to a cluster of customers and markets that are not significantly affected by credit risk.

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ii. Trade payables

ACCOUNTING POLICY

For details on the accounting policy, please refer to note 6 i.-'Financial instruments'.

DISCLOSURE

	at 31 December		
	2023	Of which perimeter effect[1]	2022 post-reclassifications
	€ million	€ million	€ million
Trade payables to external suppliers	521.1	27.2	541.6
Trade payables	**521.1**	**27.2**	**541.6**

[1] The perimeter effect is mainly related to the increase of interest in CT Spirits Japan Ltd. and Thirsty Camel Ltd.

Trade payables showed a decrease compared to 31 December 2022, mainly driven by a temporary phasing in connection with timing of non-recurring capital expenditure, as well as an enhancement in the payable process and a slight reduction in input costs, attributable to the gradual easing of inflation observed during the latter part of the year. During 2023, the Group continued to join the reverse factoring program in cooperation with an external banking provider and selected key suppliers. The programme involved strategic partners based in Italy and, starting from 2023 also in the United States, to allow participating suppliers to receive early payments on their invoices. Based on the program's characteristics and the nature of the transaction, the trade payables in scope continued to be classified as a trade payable on the grounds which led to an improvement in terms of commercial payment without giving any guarantee or change in terms or conditions of the original agreements. The program led to an increase in payables by approximately €27.8 million at 31 December 2023 (compared to €23.5 million at 31 December 2022), resulting in a consistent average extension of payment terms to 30 days across both years, as disclosed.

at 31 December 2023	Trade payables
	€ million
On demand	55.6
Due within 1 year	465.5
Due in 1 to 2 years	-
Due after 5 years	-
Total	**521.1**

at 31 December 2022	Trade payables
	€ million
On demand	45.9
Due within 1 year	491.5
Due in 1 to 2 years	4.4
Due after 5 years	-
Total	**541.7**

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iii. Inventories and biological assets

ACCOUNTING POLICY

Inventories are stated at the lower of cost and net realisable value. Costs of finished products include raw materials, supplies and consumables, direct labour and expenses and an appropriate proportion of production and other overheads. Cost is calculated at the weighted average cost incurred in acquiring inventories. Maturing inventory includes the depreciation cost of the barrels used in the ageing process on a straight-line basis over the ageing horizon. Maturing inventory, as well as biological assets that, for their nature, are retained for more than one year, are classified as current assets, as they are expected to be realised in the normal operating cycle.

For detailed information on the accounting policy for inventory biological assets, please also refer to note 8 iii-'Fair value information on assets and liabilities'.

DISCLOSURE

	at 31 December		
	2023	Of which perimeter effect	2022 post-reclassifications
	€ million	€ million	€ million
Finished products and goods for resale	347.8	8.0	253.8
Maturing inventory	603.3	0.2	516.0
Work in progress	177.8	-	146.2
Raw materials, supplies and consumables	108.4	-	88.7
Inventories	**1,237.4**	**8.2**	**1,004.6**
Current biological assets	**15.1**	**-**	**7.1**
Total	**1,252.5**	**8.2**	**1,011.7**

Stocks totalled €1,252.5 million at 31 December 2023, up by 240.8 million on 31 December 2022. The increase was mainly driven by finished products and goods for resale, connected with the strong net sales performance and the planned inventory build-up to support the sustained customer demand at year-end, combined with the requirement for temporary safety stock associated with significant capacity expansion initiatives across the Group's production facilities in many geographies, as well as maturing inventory to support the Group's strategic premiumisation strategy. The perimeter effect was mainly related to the acquisition increase of interest in CT Spirits Japan Ltd. and Thirsty Camel Ltd..

Current biological assets at 31 December 2023 totalled €15.1 million, corresponding to the fair value of the sugar cane, grapes and agave harvests that had not yet ripened. All these biological products are classified as current inventory in consideration of their annual vegetative growing process, except agave, which is also classified as inventory during the 6-year growing period even though the agave plants are not yet ripe for the harvest useful for distillation, as they can theoretically be sold as a growing plant. For more information related to the fair value estimation, refer to paragraph 8 iii-'Fair value information on assets and liabilities'. No guarantees were given to third parties in relation to these inventories. Agricultural produce in Martinique benefitted from public grants of €0.3 million (€0.2 million in 2022).

Inventories are reported net of the relevant impairment provisions amounting to €22.3 million (€15.1 million in 2022).

	€ million
at 31 December 2022	**(15.1)**
Change resulting from provisional allocation of acquisition value	(1.2)
31 December 2022 post-reclassification(*)	**(16.3)**
Perimeter effect for acquisition	(0.9)
(Accruals)/Release	(7.7)
Utilisation	1.4
Exchange rate differences and other changes	1.3
at 31 December 2023	**(22.3)**
at 31 December 2021	**(13.6)**
Accruals/Release	(1.1)
Utilisation	3.3
Exchange rate differences and other changes	(3.7)
at 31 December 2022	**(15.1)**

6. Net financial debt

This section details accounting policies for financial assets and related impairment, financial liabilities, derecognition of financial assets and liabilities, financial derivatives and hedging transactions, financial guarantees and lease components. Judgements and estimates are stated with regard to incremental interest rates for lease transactions.
This section provides details of the Group's net financial debt composition broken down into the various items.

i. Financial instruments

ACCOUNTING POLICY

Financial instruments held by the Group are categorised as follows.

FINANCIAL ASSETS, INCLUDING TRADE AND OTHER RECEIVABLES

Financial assets include investments, short-term securities and financial receivables, which, in turn, include the positive fair value of financial derivatives, trade and other receivables and cash and cash equivalents. Trade receivables arise from contracts with customers and are recognised when performance obligations are satisfied, and the consideration due is unconditional as only the passage of time is required before the payment is received.
Cash and cash equivalents include cash, bank deposits and highly liquid securities that are readily convertible into cash and are subject to an insignificant risk of a change in value. Deposits and securities included in this category mature in less than three months based on the conditions existing on the date of the acquisition of the asset. Current securities include short-term securities or marketable securities that represent a temporary investment of cash and do not meet the requirements for classification as cash and cash equivalents.

Financial assets are classified and measured based on a business model developed by the Group. The business model has been defined at a level that reflects the way in which groups of financial assets are managed to achieve a particular business objective. The model's measurement process requires an assessment based on both quantitative and qualitative factors relating to, for example, the way in which the performance of the financial assets in question is communicated to management with strategic responsibilities and the way in which the risks connected with these financial assets are managed.
The Group measures a financial asset at amortised cost if it meets both of the following conditions:

- it is held under a business model whose objective is to hold assets aiming to collect contractual cash flows; and,
- its contractual terms and conditions are such that the cash; flows generated by the asset are attributable exclusively to payments of the principal and the related interest.

Financial assets measured at amortised cost are measured at fair value at the time of initial recognition; subsequent measurements reflect the repayments made, the effects of applying the effective interest method and any write-downs. Any gain or loss made on derecognition is recognised in profit or loss, together with foreign exchange gains and losses.

Financial assets also include investments in companies that are not held for trading. These assets are strategic investments, and the Group has decided to recognise changes in the related fair values through profit or loss ('FVTPL').

Financial assets represented by debt securities are classified and valued in the statement of financial position based on the business model adopted to manage these financial assets and the financial flows associated with each financial asset. They are measured at fair value through other comprehensive income ('FVOCI') if all the conditions required by IFRS 9 are respected.

IMPAIRMENT OF A FINANCIAL ASSET

Financial assets are tested for recoverability by applying an impairment model based on the expected credit loss ('ECL'). The Group applies the simplified method for trade receivables, which considers the probabilities of default over the financial instrument's life (lifetime expected credit losses). In making impairment assessments, the Group considers its historical credit loss experience, adjusted for forward-looking factors specific to the nature of the Group's receivables and economic environment. If any such evidence exists, an impairment loss is recognised under selling, general and administrative expenses. More specifically, non-performing receivables are analysed based on the debtor's creditworthiness and ability to pay the sums due, as well as the degree of effective coverage provided by any collateral and personal guarantees in existence.
With regard to trade receivables, two approaches are applied to estimate impairment, based on the specific characteristics of the individual countries in which the Group operates and its constant growth at a global level: one is a matrix-based model and the other applies the probability of default ('PD') obtained from external sources specialising in the country in which each subsidiary is located. The provision matrix, including the overall actual result of the year, is reported in the relevant disclosure notes.

A financial asset is impaired when internal or external information indicates that it is unlikely that the Group will receive the full contractual amount.
Lastly, with regard to other financial assets measured at amortised cost, and, more specifically, cash and cash equivalents, the impact in terms of expected loss is not considered material and for this reason no adjustment is made to the book values.

FINANCIAL LIABILITIES, INCLUDING TRADE AND OTHER PAYABLES

Financial liabilities include financial payables, bonds and loans due to banks, which, in turn, include the negative fair value of financial derivatives, trade payables and other payables including contingent consideration and variable payments deriving from business combination or asset deals. Financial liabilities are classified and measured at amortised cost, except for financial liabilities that are initially measured at fair value, for example derivative instruments, financial liabilities relating to earn-out linked to business combinations and financial liabilities for put options over non-controlling interests. Trade and other payables are initially recognised at fair value including transaction costs and subsequently carried at amortised costs.

DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired or;
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (i) the Group has transferred substantially all the risks and rewards of the asset, or (ii) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

For detailed information on the accounting policy for put and call options over joint-ventures agreements, please refer to note 3 xii.-'Share of profit (loss) of joint-ventures'.

FINANCIAL DERIVATIVES AND HEDGING TRANSACTIONS

Financial derivatives embedded in contracts in which the primary element is a financial asset that falls within the scope of IFRS 9 are not treated separately. The hybrid instrument is instead examined as a whole for classification in the statement of financial position and subsequent measurement.

Financial derivatives are used exclusively for hedging purposes to reduce exchange and interest-rate risk. They are only accounted for by applying the methods established for hedge accounting (fair value hedge or cash flow hedge) if, at the start of the hedging period, the hedging relationship has been designated. It is assumed that the hedge is highly effective: this effectiveness must be reliably measured during the accounting periods for which it is designated. All financial derivatives are measured at fair value.
Where financial instruments meet the requirements to be reported using hedge accounting procedures, the accounting treatment related to fair value hedge or cash flow hedge are applied.
If hedge accounting cannot be applied, any gains or losses resulting from measuring the financial derivative at its present value are posted to the statement of profit or loss.

The Group is exposed to certain risks related to its ongoing business operations. The primary risks managed using derivative instruments are foreign currency risk and interest rate risk. Derivatives are designated as hedging instruments in the form of i) foreign exchange forward and option contracts, elected as cash flow hedges to hedge highly probable forecast sales and purchases in different currencies compared to € and, ii) interest rate swap contracts to mitigate the risk associated with variable interest rate changes on loan and bond agreements not issued at a fixed interest rate.
The Group also uses derivatives not designated as hedging instruments to reflect the change in fair value of foreign exchange rates of forward and option contracts that are not elected in hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk for expected sales and purchases.
For Campari Group, net exposure to foreign exchange effects is limited to highly probable intra-group transactions among Group companies relating to certain sales and purchases regulated in currencies other than the functional currencies of the companies. Although these transactions represent only a portion of the overall business, the Group determines the net exposure to the primary currencies (US$, GBP, AUD) based on its predicted intercompany sales and purchases up to 18 months. Moreover, the Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The Group's reference is the budget exposure split by currencies and, as more effectively as possible, any under/over exposure which may arise through plain vanilla currency derivatives. The derivative covers the period of exposure from the point the cash flows of the transactions forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency. Derivative contracts aiming to mitigate currency exchange risks are dynamically and qualitatively managed based on business needs and specific contexts and circumstances. These are not framed within fixed or quantitative policies regarding the percentage of coverage to be achieved. To avoid excessive coverage, the budget for future transactions is typically hedged at a level between 50% and 90% throughout the whole year. In the hedge relationships the main sources of ineffectiveness are:

- interest rate differentials between currencies;
- discrepancies between invoices issued and hedging contract (i.e., changes in the timing of the hedge transaction).

Regarding derivative contracts intended to hedge interest rate exposures, they are namely connected with financing and there is no established quantitative policy concerning the optimal level of exposure to fixed or variable rates: the Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The preferred exposure to fixed or variable rates is dynamically managed centrally within the Group, considering current and future market conditions, the Group's level of indebtedness, business performance, and in the context of the Group's expansion initiatives. The Group determined the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dated and maturities and the notional or par amount.

FINANCIAL GUARANTEES

The Group recognises financial guarantees as a financial liability if the likelihood of these guarantees being called is assessed not to be remote, and the Group is expected to be liable for any legal obligation in respect of these financial guarantee agreements. Financial guarantee contract liabilities are measured initially at their fair values with subsequent remeasurement impacting profit or loss. They are represented as a long- or short-term financial liability, depending on the time of the expected execution of the guarantees. If the likelihood of these guarantees being called is assessed to be remote, they are treated as commitments with disclosure requirements only. It occurs when they are represented as other forms of security in favour of third parties, such as customs guarantees for excise duties and guarantees to grant credit lines.

DISCLOSURE I

at 31 December 2023 € million	Carrying amount	Measurement at amortised cost	Measurement at fair value through profit and loss	Measurement at fair value with changes recognised in the statement of comprehensive income
Cash and cash equivalents	620.3	620.3	-	-
Other current financial asset	18.7	18.7	-	-
Other non-current financial assets	7.0	7.0	-	-
Lease payables	(76.0)	(76.0)	-	-
Loans due to banks[1]	(1,032.1)	(1,032.1)	-	-
Bonds	(1,145.8)	(1,145.8)	-	-
Accrued interest on bonds	(14.5)	(14.5)	-	-
Other current financial liabilities	(1.2)	(1.2)	-	-
Liabilities for put option and earn-out payments[2]	(235.1)	(3.3)	-	(231.8)
Non-current and current assets for hedging derivatives[3]	5.5	-	1.0	4.5
Non-current and current liabilities for hedging derivatives	(0.4)	-	(0.2)	(0.1)
Other non-current assets	22.9	6.6	16.3	-
Trade receivables	374.3	374.3	-	-
Trade payables	(521.1)	(521.1)	-	-
Total	**(1,977.4)**	**(1,767.0)**	**17.0**	**(227.4)**

[1] Excluding derivative on loan due to bank.
[2] Liabilities linked to some business combination may be elected to have the fair value variation accounted for against the Group equity.
[3] Derivative on loans due to bank and new pre-hedging contract subscribed.

at 31 December 2022 post-reclassifications € million	Carrying amount	Measurement at amortised cost	Measurement at fair value through profit and loss	Measurement at fair value with changes recognised in the statement of comprehensive income
Cash and cash equivalents	435.4	435.4	-	-
Other current financial asset	17.0	0.8	16.2	-
Other non-current financial assets	6.7	5.7	1.0	-
Lease payables	(79.5)	(79.5)	-	-
Loans due to banks[1]	(877.9)	(877.9)	-	-
Bonds	(846.3)	(846.3)	-	-
Accrued interest on bonds	(5.7)	(5.7)	-	-
Other current financial liabilities	(8.5)	(8.5)	-	-
Liabilities for put option and earn-out payments[2]	(239.7)	(3.4)	-	(236.3)
Current assets for hedging derivatives	1.7	-	-	1.7
Non-current assets for hedging derivatives[3]	41.5	-	-	41.5
Other non-current assets	24.1	5.3	18.8	-
Trade receivables	308.2	308.2	-	-
Trade payables	(541.6)	(541.6)	-	-
Total	**(1,764.6)**	**(1,607.6)**	**36.0**	**(193.0)**

[1] Excluding derivative on loan due to bank.
[2] Liabilities linked to some business combination may be elected to have the fair value variation accounted for against the Group equity.
[3] Derivative on loan due to bank.

The tables below show a breakdown of the foreign exchange contracts on highly probable sales and purchases and interest rate swap on loan. It also includes the effect of hedge derivatives, not in hedge accounting with fair values variations recognised through the statement of profit or loss.
Call and/or put agreements over joint-ventures elected as derivative instruments with negligible fair value variation were disclosed below.

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Foreign exchange forward contracts and options (highly probable forecast sales and purchases)	at 31 December			
	2023		2022	
€ million	Notional amount hedged items	Average forward rate	Notional amount hedged items	Average forward rate
US$	90.5	1.07	27.3	1.01
New Zealand Dollar	12.0	1.78	7.2	1.69
Australian Dollar	17.8	1.63	0.3	1.52
Swiss Franc	1.5	0.95	1.0	0.97
Singapore Dollar	-	-	2.0	1.42
Sterling Pound	1.9	0.87	-	-
Canadian Dollar	-	-	0.5	1.32
Total	**123.7**		**38.4**	

Hedged items and related derivatives forward	at 31 December					
	2023			2022		
€ million	Notional amount hedged items	Carrying amounts hedging instruments	Change in fair value gain (losses)	Notional amount hedged items	Carrying amounts hedging instruments	Change in fair value gain (losses)
Foreign exchange forward contracts and options (highly probable forecast sales and purchases) fair value and cash flow hedge	123.7	2.3	(1.4)	38.4	1.7	0.1

Hedged items and related derivatives interest rate swaps	at 31 December					
	2023			2022		
€ million	Notional amount hedged items	Carrying amounts hedging instruments[1]	Change in fair value gain (losses)	Notional amount hedged items	Carrying amounts hedging instruments	Change in fair value gain (losses)
Interest rate swap contracts on loans financial statements impact	700.0	2.9	6.1	750.0	41.5	0.9

[1] The carrying value is included in the line 'Loans due to banks' in the financial instruments' recap table reported above.

In connection with the establishment of the joint-venture in Spiritus Co Ltd. and acquired interests in third party investments in Monkey Spirits, LLC and Thirsty Camel Ltd., commitments to increment the ownership in these companies exist in the form of put and/or call option elected as derivative financial instruments measured at fair value with impact in the Campari Group statement of profit or loss. The fair value of these options, which are dependent on the performance of the companies, were determined to be fair value market terms based on similar recent transactions, with fair value changes negligible at the end of 2023. Furthermore, on 1 March 2023, the Group acquired the remaining outstanding shares of 60% in CTSJ and concomitantly the derivative, that was negligible in 2022, was replaced by a financial liability of €0.5 million for future earn-out payments disclosed as 'liability for put options and earn-out'.
For what concern the Group commitment to acquire 100% of the outstanding share capital of Beam Holding France S.A.S., holding 100% of the share capital of Courvoisier S.A.S., owner of the Courvoisier brand, for US$1.32 billion (€1.22 billion at the exchange rate of 14 December 2023, the date on which Beam Suntory, Inc was granted a put option for the complete ownership of the brand), a derivative is resulting from granting a put option for the purchase of the business. Since the agreement was defined close to year-end (14 December 2023) and within an arm-length negotiation under prevailing market conditions not limited only to the target's business performance, the fair value variation assessment as of 31 December 2023 of the derivative can be deemed negligible even when considering potential fluctuations in the target's performance during the remaining days of 2023.
At the time of the expiry of the options and in case of satisfaction of the conditions stated in the relevant agreement between parties, the derivatives will be replaced by an increased equity interest in the companies.

Photo submitted by Sonja Steingruber. Finalist of the 2023 Annual Report Photo Contest

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ii. Cash and cash equivalents

DISCLOSURE

	2023	Of which perimeter effect	2022
at 31 December	€ million	€ million	€ million
Bank current accounts and cash	269.9	(3.7)	332.7
Term deposit maturing within 3 months	350.4	-	102.7
Cash and cash equivalents	**620.3**	**(3.7)**	**435.4**

Cash and cash equivalent grew from €435.4 million to €620.3 million, benefitting from liability management initiatives occurred in 2023 and supported by significant credit lines for a total of €719.5 million, of which €400.0 million are committed and expiring in 2028 (undrawn at 31 December 2023). The balance of the credit lines, uncommitted for an amount of €319.5 million, was drawn down for €84.6 million at 31 December 2023.
For additional details, reference is made to cash flow information and the net financial debt (note 6 viii-'Reconciliation with net financial debt and cash flow statement').

iii. Other current financial assets

DISCLOSURE

	2023	2022 post-reclassifications
at 31 December	€ million	€ million
Valuation at fair value of forward contracts	2.6	1.8
Other financial assets	18.7	17.0
Of which:		
Marketable securities maturing more than 3 months	13.9	14.2
Financial receivables from Terra Moretti (i.e., business disposal)(1)	2.0	2.0
Other financial assets	2.8	0.8
Other current financial assets	**21.3**	**18.7**

(1) The financial receivable associated with the past sale of Sella&Mosca S.p.A. and Teruzzi&Puthod S.r.l..

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iv. Other non-current financial assets

DISCLOSURE

	at 31 December	
	2023	2022
	€ million	€ million
Non-current assets for hedging derivatives	2.9	41.5
Term deposit	4.7	4.8
Financial receivables from Terra Moretti (i.e., business disposal)[1]	-	1.0
Other non-current financial assets	2.3	0.9
Non-current financial assets	**9.8**	**48.2**

[1] The non-current financial receivable associated with the past sale of Sella&Mosca S.p.A. and Teruzzi&Puthod S.r.l..

Non-current assets for hedging derivatives of €2.9 million referred to pre-hedge derivatives associated with loans and the variation occurred during the period was derived from the hedging derivatives unwinding following the liability management initiative managed in 2023 (for detailed information please refer to the 'Significant events of the period' paragraph in the management board report).

v. Non-current financial debt

DISCLOSURE

	at 31 December		
	2023	Of which perimeter effect	2022
	€ million	€ million	€ million
Bond issued in 2017	-	-	150.0
Bond issued in 2019	-	-	149.8
Bond issued in 2020	547.2	-	546.5
Bond issued in 2023	298.6	-	-
Non-current bonds	**845.8**	**-**	**846.3**
Liabilities and loans due to banks	**901.5**	**1.2**	**770.9**
Lease payables	60.0	0.6	65.1
Liabilities for put option and earn-out payments	209.0	(2.8)	236.3
Other non-current financial liabilities	**269.0**	**(2.3)**	**301.4**
Total non-current financial debt	**2,016.3**	**(1.1)**	**1,918.7**

The main financial liabilities and the main changes that occurred in the composition of financial liabilities during the year are as follows.

BONDS

At 31 December 2023, the Bonds item included the following issues placed by the Parent Company, which are fully €-denominated.

	at 31 December		
	Original nominal value	Maturity	Coupon rate fixed
	€ million		
Bond issued in 2017	150.0	5 April 2024	2.165%
Bond issued in 2019	150.0	30 April 2024	1.655%
Bond issued in 2020	550.0	6 October 2027	1.250%
Bond issued in 2023	300.0	18 May 2030	4.710%

On 11 May 2023, Davide Campari-Milano N.V. successfully completed the placement of an unrated 7-year bond issue, targeted at institutional investors. The placement is for €300 million maturing on 18 May 2030, paying a fixed annual coupon of 4.71%, issued at an issue price of 100%. The proceeds of the issue will be used by the Company for general corporate purposes. Moreover, during 2023 the private placements issued in 2017 and 2019 for €150.0 million each with maturity date in April 2024 were reclassified to current financial debt.

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LIABILITIES AND LOANS DUE TO BANKS

This item includes €-denominated loans entered with leading banks as follows.

at 31 December 2023	Original nominal value	Residual nominal value		Maturity	Interest rate	Nominal rate at 31 December 2023
		Non-current	Current[1]			
	€ million	€ million	€ million			
Loan 2021	100.0	100.0	-	30 June 2026	fixed rate	1.325%
Loan 2022	50.0	50.0	-	10 October 2025	floating interest rate linked to Euribor plus spread	4.800%
Term Loan US 2022	380.1	330.3	27.1	6 December 2027	floating interest rate linked to Sofr plus spread	6.778%
Loan 2023	50.0	20.8	16.7	31 March 2026	floating interest rate linked to Euribor plus spread	4.979%
Term Loan 2023	400.0	400.0	-	30 June 2029	floating interest rate linked to Euribor plus spread	5.225%

[1] The current portion is classified in current liabilities-loans due to banks.

at 31 December 2023	Original nominal value	Residual nominal value		Maturity	Interest rate	Nominal rate at 31 December 2023
		Non-current	Current[1]			
	€ million	€ million	€ million			
Term Loan 2019[2]	250.0	250.0	-	31 July 2024	floating interest rate linked to Euribor plus spread[3]	1.126%
Loan 2021	100.0	100.0	-	30 June 2026	fixed rate	1.325%
Loan 2022	50.0	50.0	-	10 October 2025	floating interest rate linked to Euribor plus spread	3.002%
Term Loan US 2022	393.8	370.3	23.4	6 December 2027	floating interest rate linked to Sofr plus spread	5.552%

[1] The current portion is classified in current liabilities-loans due to banks.
[2] The loan was accompanied by a revolving credit facility for the same amount and maturity, at an interest rate link to Euribor plus spread, as well as drawdown fees. The revolving credit facility was not used at 31 December 2022.
[3] Inclusive of the related interest rate swap.

The increase compared to last year was related to the liability management initiative managed during 2023. On 5 May 2023, Davide Campari-Milano N.V. entered into a term facility of €400 million (reported in line Liabilities and loans due to banks) and a revolving facility of the same amount, hence an agreement for a total amount equal up to €800 million with a pool of banks. The term facility has termination date on 30 June 2029 while the revolving facility termination date is on 30 June 2028 with an extension option at 30 June 2029 at the banks' discretion. The scope of the agreement is general corporate purposes of Campari Group. The facilities are sustainability-linked and provide for a variable component of the interest rate applicable depending on the achievement of certain ESG targets identified by Campari Group and particularly focused on the reduction of emissions, the responsible use of water and gender equality. Concomitantly, the term loan of €250.0 million subscribed by Davide Campari-Milano N.V. in 2019 with original termination date in July 2024 was terminated in advance and repaid.

Moreover, in April 2023, another loan with a duration of 3 years for a nominal amount of €50.0 million was subscribed.

LIABILITIES FOR PUT OPTIONS AND EARN-OUT

€ million	Total	Variation impacting profit or loss	Variation impacting Group net equity or investment value
at 31 December 2022	**236.3**		
Payments	(3.4)	-	(3.4)
Perimeter effect	0.5	-	0.5
Remeasurement	8.4	(0.1)	8.5
Reclassification to current liability	(24.0)	-	
Exchange rate differences and other changes	(8.8)	-	(8.8)
at 31 December 2023	**209.0**		
Of which measured at fair value	209.0		
Of which measured at amortised cost	-		

€ million	Total	Variation impacting profit or loss	Variation impacting Group net equity or investment value
at 31 December 2021	**50.4**		
Increases	20.8	-	20.8
Perimeter effect	171.0		171.0
Remeasurement	(6.6)	-	(6.6)
Exchange rate differences and other changes	0.6		0.6
at 31 December 2022	**236.3**		
Of which measured at fair value	236.3		
Of which measured at amortised cost	-		

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At 31 December 2023, the long-term portion mainly included:

- the estimated payable for put options linked to Wilderness Trail Distillery, LLC totalling €148.9 million, whose value decreased by €19.8 million, depending on the remeasurement and exchange rate effects;
- the estimated payable for put options and earn-out linked to Ancho Reyes and Montelobos totalling €59.7 million, which increased by €19.2 million, depending on the remeasurement and exchange rate effects;
- the estimated payable for the earn-out related to CT Spirits Japan Ltd. in the amount of €0.3 million.

The estimated payable for Trans Beverages Ltd. totalling €21.1 million after related remeasurement and exchange rates effects was reclassified together to current financial debt with the estimated earn-out payable for Lallier, being payable in 2024.

vi. Current financial debt

DISCLOSURE

	at 31 December		
	2023	Of which perimeter effect	2022 post-reclassifications
	€ million	€ million	€ million
Bond issued in 2017	150.0	-	-
Bond issued in 2019	150.0		
Accrued interest on bonds	14.5	-	5.7
Loans due to banks	130.6	10.0	107.0
Lease payables	16.0	0.1	14.4
Liabilities for put option and earn-out payments	26.1	-	3.4
Liabilities on hedging contracts	0.1	-	-
Current liabilities for hedge derivatives, not reported using hedge accounting procedures	0.2	-	-
Other financial liabilities	1.2	0.7	8.4
Current financial debt	**488.6**	**10.7**	**138.9**

The main financial liabilities and the main changes that occurred in the composition of financial liabilities during the year are as follows.

- **Bonds**
  Bonds issued in 2017 and in 2019 for €150.0 million each with maturity date in April 2024 were reclassified from long to short term items.

- **Liabilities and loans due to banks**
  At 31 December 2023, loans due to banks reported a net increase of €23.6 million due to increased current portion of medium / long-term loans and usage of some short-term loans managed dynamically to strengthen the Group's financial structure further and achieve greater flexibility to respond promptly to the volatile macroeconomic context.

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Liabilities for put options and earn-out payments

€ million

at 31 December 2022	**3.4**	variation impacting profit or loss	variation impacting Group net equity or investment value
Remeasurement	(1.2)	(1.2)	-
Reclassification from non-current liability	24.0	-	-
Exchange rate differences and other changes	(0.1)	0.1	(0.2)
at 31 December 2023	**26.1**		
Of which measured at fair value	22.8		
Of which measured at amortised cost	3.3		
at 31 December 2022	**48.2**	variation impacting profit or loss	variation impacting Group net equity or investment value
Payments	(45.0)	-	-
Exchange rate differences and other changes	0.2	(0.1)	0.3
at 31 December 2022	**3.4**		
Of which measured at fair value	**-**		
Of which measured at amortised cost	3.4		

At 31 December 2023, the short-term portion of the item included a liability of €3.3 million for the purchase of the residual non-controlling shares in J.Wray and Nephew Ltd., secured by restricted cash and cash equivalents.
The increase reported during 2023 was primarily related to the estimated payable for Trans Beverages Ltd. totalling €21.1 million. Moreover, the short-term portion also included the estimated payout for the earn-out related to Lallier, which was reclassified from the long-term portion during the year, amounting to €0.6 million.

vii. Lease components in the statement of financial position

ACCOUNTING POLICY

The Group has various agreements in place for the use of offices, vehicles, machinery, shops and other minor assets belonging to third parties. Each agreement is subject to a detailed analysis to define whether or not a right-of-use/financial liability has to be recognised. Variable lease payments that are not linked to an index or rate continue to be charged to the statement of profit or loss as costs for the period.

Lease agreements are generally entered into for a term of 3-10 years but may contain options to extend them. The terms of a lease are negotiated individually and may contain a wide range of different terms and conditions. Such agreements do not include covenants, but the leased assets may be used to guarantee the liability arising from contractual commitments.
The value assigned to the rights of use corresponds to the amount of the lease liabilities recognised, plus initial direct costs incurred, lease payments settled on the start date of the agreement or previously and restoration costs, net of any lease incentives received. Restoration costs, which may be recognised in rare cases, normally relate to offices, for which there could be a contractual requirement to restore them to their original state at the end of the lease agreement. The Group estimates the restoration obligation based on the agreement with the lessor or by using expert valuations of third parties. The value of the liability, discounted to present value, as determined above, increases the right of use of the underlying asset, and a dedicated provision is created to offset.

The discount rate used to measure the financial liability is the incremental borrowing rate ('IBR') when the implicit interest rate in the lease agreement cannot be easily determined (explicit interest rates in lease agreements are rare). The incremental borrowing rates used to evaluate leasing contracts are determined by the Group and are revised on a recurring basis; they are applied to all agreements with similar characteristics, which are treated as a single portfolio of agreements. The rates are determined using the average effective debt rate of the subsidiary, appropriately adjusted and the most important elements considered in adjusting the rate are the credit-risk spread of each country observable on the market and the different durations of the lease agreements.

The term of the lease is calculated considering the non-cancellable period of the lease together with a) the periods covered by an option to extend the agreement, if it is reasonably certain that it will be exercised, or b) any period covered by an option to terminate the lease contract, if it is reasonably certain that it will not be exercised. The Group assesses whether it is reasonably certain that any exercising of such options to extend or to terminate the agreements will take place, considering all the relevant factors that create a financial incentive for such decisions.

DISCLOSURE

Changes in the lease payables in 2023 and 2022 are provided in the tables below.

Lease payables	at 31 December 2022	Addition	Payments	Interest expenses	Reclassification	Perimeter effect	Exchange rate differences and other changes	at 31 December 2023
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Within 12 months	(14.4)	-	19.3	-	(21.3)	(0.1)	0.5	(16.0)
Over 12 months	(65.1)	(14.1)	-	(3.3)	21.3	(0.6)	1.8	(60.0)
Total lease payables	**(79.5)**	**(14.1)**	**19.3**	**(3.3)**	**-**	**(0.6)**	**2.2**	**(76.0)**

Lease payables	at 31 December 2021	Addition	Payments	Interest expenses	Reclassification	Exchange rate differences and other changes	at 31 December 2022
	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Within 12 months	(13.5)	-	18.1	-	(18.8)	(0.2)	(14.4)
Over 12 months	(70.4)	(9.6)	-	(2.9)	18.8	(0.9)	(65.1)
Total lease payables	**(83.9)**	**(9.6)**	**18.1**	**(2.9)**	**-**	**(1.1)**	**(79.5)**

The IBRs applied in 2023 and 2022 were as follows.

Applied IBRs for the year ended 31 December 2023 Currency	Within 5 years	From 5 to 10 years	Over 10 years
EUR	4.8%	4.9%	4.6%
US$	5.9%	5.9%	5.7%
GBP	6.0%	5.8%	5.7%

Applied IBRs for the year ended 31 December 2022 Currency	Within 5 years	From 5 to 10 years	Over 10 years
EUR	4.7%	4.8%	4.2%
US$	6.0%	5.8%	5.3%
GBP	5.9%	5.5%	4.9%

The increase in IBR is connected with the macro-economic scenario.

The amounts recognised in the cash flow statement were as follows.

	For the years ended	
€ million	2023	2022
Total cash outflow for leases	(16.0)	(15.1)
Total cash outflow for interests	(3.3)	(2.9)
Total cash outflow for lease	**(19.3)**	**(18.1)**

The tables below show the breakdown of financial liabilities for leases by asset class.

€ million	Within 12 years	Over 12 months	Total
Buildings	(10.1)	(48.6)	(58.7)
Vehicles	(3.5)	(7.1)	(10.6)
Machinery	(1.0)	(3.2)	(4.2)
Other	(0.7)	(1.6)	(2.3)
Land	-	(0.2)	(0.2)
Total financial liabilities for leases as of 31 December 2023	**(15.4)**	**(60.6)**	**(76.0)**
Total financial assets for leases as of 31 December 2023	**-**	**-**	**-**
Total financial assets and liabilities (net value) as of 31 December 2023	**(15.4)**	**(60.6)**	**(76.0)**

€ million	Within 12 years	Over 12 months	Total
Buildings	(9.5)	(55.5)	(64.9)
Vehicles	(3.2)	(5.0)	(8.3)
Machinery	(0.9)	(3.8)	(4.7)
Other	(0.8)	(0.6)	(1.4)
Land	-	(0.2)	(0.2)
Total financial liabilities for leases as of 31 December 2022	**(14.4)**	**(65.1)**	**(79.5)**
Total financial assets for leases as of 31 December 2022	**-**	**-**	**-**
Total financial assets and liabilities (net value) as of 31 December 2022	**(14.4)**	**(65.1)**	**(79.5)**

viii. Reconciliation with net financial debt and cash flow statement

DISCLOSURE

	at 31 December	
	2023	2022 post-reclassifications
	€ million	€ million
Cash and cash equivalents	620.3	435.4
Cash (A)	**620.3**	**435.4**
Securities	13.9	14.2
Other current financial assets	7.4	4.5
Current financial receivables (B)	**21.3**	**18.9**
Loans due to banks current	(130.6)	(107.0)
Current portion of lease payables	(16.0)	(14.4)
Current portion of bonds	(300.0)	-
Other current financial payables	(16.0)	(14.2)
Current portion of payables for put option and earn-out	(26.1)	(3.4)
Current financial payables (C)	**(488.6)**	**(138.9)**
Net current financial debt (A+B+C)	**153.0**	**315.3**
Loans due to banks non-current[1]	(901.5)	(770.9)
Non-current portion of lease payables	(60.0)	(65.1)
Non-current portion of bonds	(845.8)	(846.3)
Non-current portion of payables for put option and earn-out	(209.0)	(236.3)
Non-current financial debt (D)	**(2,016.3)**	**(1,918.7)**
Net debt (A+B+C+D)[2]	**(1,863.3)**	**(1,603.4)**
Reconciliation with the Group's net financial debt as shown in the Management report:		
Non-current financial assets for hedging derivatives	2.9	41.5
Term deposits	4.7	4.8
Non-current financial receivables	2.3	1.9
Group net financial debt	**(1,853.5)**	**(1,555.3)**

(1) Including related derivatives.
(2) In accordance with ESMA guidelines.

A reconciliation of the net financial debt with the statement of financial position is provided below.

	at 31 December	
	at 31 December 2023	at 31 December 2022 post-reclassifications
	€ million	€ million
Cash and cash equivalents	620.3	435.4
Bonds current	(300.0)	-
Loans due to banks current	(130.6)	(107.0)
Other current financial assets	21.3	18.7
Other current financial liabilities	(58.1)	(32.0)
Short-term net financial debt including liabilities for put option and earn-out payments	**153.0**	**315.2**
Bonds non-current	(845.8)	(846.3)
Loans due to banks non-current	(901.5)	(770.9)
Other non-current financial assets	9.8	48.2
Other non-current financial liabilities	(269.0)	(301.4)
Medium-/long-term net financial debt including liabilities for put option and earn-out payments	**(2,006.5)**	**(1,870.5)**
Net financial debt	**(1,853.5)**	**(1,555.3)**

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Reconciliation of the changes in financial liabilities used in financing activities with the cash flow statement.

Cash Flow generated (absorbed) from financial liabilities		Bonds	Payables for interest		Borrowings		Lease payables		Other financial assets (liabilities)
€ million	**Current**	**Non-current**	**Current**	**Current**[3]	**Non-current**[1]	**Current**	**Non-current**	**Current**	**Non-current**
at 31 December 2022	-	(846.3)	(5.6)	(107.0)	(770.9)	(14.4)	(65.1)	7.4	48.2
Notional liabilities addition	-	-	-	-	-	-	(14.1)	-	-
Interest accrued	-	-	(60.3)	-	-	-	(3.0)	(8.5)	-
New financing[2]	**-**	**(300.0)**	**-**	**(216.9)**	**(450.0)**	**-**	**-**	**-**	**-**
Repayment[2]	**-**	**1.5**	**60.3**	**267.4**	**250.0**	**19.3**	**-**	**8.3**	**1.4**
Of which long-term debt[4]				-	250.0				
Of which other borrowings				267.4					
Perimeter effects	-	-	-	(10.0)	(1.2)	-	(0.6)	(0.7)	-
Exchange rate effects	-	-	-	(6.0)	12.8	0.4	1.4	(0.5)	(0.1)
Reclassification	(299.9)	299.9	-	(61.0)	61.0	(21.3)	21.3	6.3	(6.3)
Other movements	(0.1)	(0.8)	(8.9)	2.9	(3.2)	-	-	7.8	(32.4)
at 31 December 2023	**(300.0)**	**(845.8)**	**(14.5)**	**(130.6)**	**(901.5)**	**(16.0)**	**(60.0)**	**20.2**	**10.9**

(1) Included related derivatives.
(2) Cash flow generated (absorbed) from financial liabilities.
(3) Net change in short-term financial payables and bank loans is equal to €50.5 million (proceeds of €216.9 net of repayments of €267.4).
(4) The repayment of non-current borrowings related to the long-term debt item is €50.0.

Cash Flow generated (absorbed) from financial liabilities		Bonds	Payables for interest		Borrowings		Lease payables		Other financial assets (liabilities)
€ million	**Current**	**Non-current**	**Current**	**Current**[3]	**Non-current**[1]	**Current**	**Non-current**	**Current**	**Non-current**
at 31 December 2022	(50.0)	(845.5)	(6.3)	(198.1)	(355.2)	(13.5)	(70.5)	3.6	5.7
Notional liabilities addition	-	-	-	-	-	-	(9.6)	-	-
Interest accrued	-	-	(22.4)	-	-	-	(2.7)	0.8	1.0
New financing[2]	**-**	**-**	**-**	**(227.2)**	**(443.8)**	**-**	**-**		
Repayment[2]	**50.0**	**-**	**23.1**	**350.7**	**-**	**18.1**	**-**	**1.0**	**1.4-**
Of which long-term debt[4]	-	-	-	46.8	-	-	-	-	-
Of which other borrowings	-	-	-	303.9	-	-	-	-	-
Perimeter effects	-	-	-	(0.1)	(0.7)	-	-	-	-
Exchange rate effects	-	-	-	(4.3)	-	(0.3)	(1.7)	0.9	0.3
Reclassification	-	-	-	(31.8)	31.8	(18.8)	18.8	-	-
Other movements	-	(0.8)	-	3.7	(3.1)	0.2	0.8	1.1	39.8
at 31 December 2023	**-**	**(846.3)**	**(5.6)**	**(107.0)**	**(770.9)**	**(14.4)**	**(65.1)**	**7.4**	**48.1**

(1) Included related derivatives.
(2) Cash flow generated (absorbed) from financial liabilities.
(3) Net change in short-term financial payables and bank loans is equal to €76.7 million (proceeds of €227.2 net of repayments of €303.9).
(4) The repayment of non-current borrowings related to the long-term debt item is €46.8.

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7. Risk management and capital structure

This section details accounting policies for shareholders' equity, share-based payments, basic and diluted earnings per share. Judgements and estimates are stated with regard to compensation plans. This section also details the Group's capital structure and the financial risks it is exposed to. For information on the composition of and changes in shareholders' equity during the periods under review, refer to the statement of changes in shareholders' equity.

i. Capital management

DISCLOSURE

With regard to capital management, Campari Group has implemented a dividend distribution policy which reflects the Group priority to use its available financial sources mainly to fund external growth via acquisitions. Concomitantly, via the Parent Company Davide Campari-Milano N.V., the Group carries out share buyback programs on a rolling basis intended to meet the obligations arising from share-based payments plans currently in force or to be adopted. The financial requirements deriving from the aforementioned capital management operations are managed dynamically, maintaining an appropriate level of flexibility with regard to acquisition opportunities and funding options, also taking into account the optimal and sustainable level of financial solidity which is monitored on an ongoing basis through the index net debt on EBITDA-adjusted. For the purposes of the ratio calculation, net debt (refer to note 6 viii-'Reconciliation with net financial debt and cash flow statement') is the value of the Group's net financial debt at 31 December 2023, whereas the EBITDA-adjusted relates to the Operating result excluding depreciation and amortisation excluding the separately highlighted components that may be considered non-representative of the current operating results (refer to note 3 vi-'Selling, general and administrative expenses' and 5 viii-'Depreciation and amortisation') calculated based on the reported value at the closing date of the reference period.
At 31 December 2023 this multiple was 2.5 times, compared with 2.4 times at 31 December 2022. The pro-forma index adjusted at 31 December 2022 to take into account the annual effect on EBITDA of the business sale and acquisition of the related last 12 months was equal to 2.2 times and it was considered more consistent in comparative terms with the current year. The increase in the ratio at 31 December 2023 was mainly driven by the increase in the net financial debt, which fully reflected the significant extraordinary capital investments compared with the increase in EBITDA-adjusted.

ii. Nature and extent of the risks arising from financial instruments

The Group's main financial instruments include current accounts, short-term deposits, short and long-term loans due to bank, lease payables and bonds. The purpose of these is to finance the Group's operating activities. In addition, the Group has trade receivables and payables resulting from its operations.
The main financial risks to which the Group is exposed are market (currency and interest rate risk), credit and liquidity risk. These risks are described below, together with an explanation of how they are managed.
To cover these risks, the Group uses derivatives, primarily interest rate swaps, cross-currency swaps and forward contracts, to hedge interest rate and exchange rate risks

CREDIT RISK

In specific markets in which the Group operates, sales are concentrated in a limited number of key customers. Therefore, a possible change in the priorities or deterioration of the financial conditions of these customers could have significant adverse effects on the Group's business and outlook. Furthermore, if these key customers view the contractual terms and conditions as no longer acceptable, they may ask for them to be renegotiated, resulting in less favourable terms and conditions for the Group. Examples of mitigation measures: monitoring of customers at market level, strategy and innovation development at corporate and market-level, multi-country investment strategy.

With regard to trade transactions, the Group works with medium-sized and large customers (large-scale retailers, domestic and international distributors) on which credit checks are performed in advance. Each company carries out an assessment and control procedure for its customer portfolio, constantly monitoring amounts received. In the event of excessive or repeated delays, supplies are suspended. Historically, losses on receivables represent a very low percentage of revenues and outstanding annual receivables, and significant hedging and/or insurance is put in place where there is uncertainty about cash collection.
Financial transactions are carried out with leading domestic and international institutions, monitored ratings to minimise counterparty insolvency risk.
The maximum risk associated with commercial and financial transactions at the reporting date is equivalent to the net carrying amount of these assets, also taking the risk of expected credit loss estimated by the Group using the business model identified.

LIQUIDITY RISK

The Group's ability to generate substantial cash flow through its operations minimises liquidity risk. This risk is defined as the difficulty in raising funds to cover the Group's financial obligations payment.
The table below summarises financial liabilities at 31 December 2023 by maturity, based on contractual repayment obligations, including non-discounted interest.

at 31 December 2023	On demand	Within 1 year	Due in 1 to 2 years	Due in 3 to 5 years	Due after 5 years	Total
	€ million	€ million	€ million	€ million	€ million	€ million
Bonds	-	326.7	21.0	606.1	328.3	1,282.1
Loans due to banks	-	179.8	177.8	605.0	267.2	1,229.7
Leases	-	18.8	17.1	37.6	8.3	81.8
Payables for put option and earn-out	-	26.0	60.1	-	148.9	235.1
Other financial liabilities	-	4.7	-	-	-	4.7
Trade payables	55.6	465.5	-	-	-	521.1
Other non-financial liabilities	20.0	170.2	-	-	-	190.2
Total liabilities	**75.6**	**1,191.6**	**276.0**	**1,248.8**	**752.7**	**3,544.7**

at 31 December 2022 post-reclassifications	On demand	Within 1 year	Due in 1 to 2 years	Due in 3 to 5 years	Due after 5 years	Total
	€ million	€ million	€ million	€ million	€ million	€ million
Bonds	-	12.6	312.6	570.6	-	895.8
Loans due to banks	-	141.9	307.0	546.0	0.2	995.2
Leases	-	14.4	13.3	34.4	17.3	79.5
Payables for put option and earn-out	-	9.5	61.3	0.1	168.8	239.7
Other financial liabilities	-	5.5	-	-	-	5.5
Trade payables	45.9	491.4	4.4	-	-	541.6
Other non-financial liabilities	24.4	148.1	-	-	-	172.5
Total liabilities	**70.3**	**823.5**	**698.6**	**1,151.1**	**186.3**	**2,929.9**

The Group's financial payables, except non-current payables with a fixed maturity, consist of short-term bank debt. Thanks to its liquidity and satisfactory generation of cash flow from operations, the Group has sufficient resources to meet its financial commitments at maturity. In addition, there are unused credit lines that could cover any liquidity requirements for a total of €719.5 million, of which €400.0 million are committed and expiring in 2028 (undrawn as of 31 December 2023). The balance of the credit lines, uncommitted for an amount of €319.5 million, was drawn down for €84.6 million at 31 December 2023.

INTEREST RATE RISK

A breakdown of the effective interest rate, taking all the cost components of the amortised costs into account, divided by type of financial liability is as follows.

				at 31 December	
	Nominal interest rate	Effective interest rate[1]	Maturity	2023	2022
			€ million	€ million	€ million
Loans due to banks	Fixed rate 1.183% + variable rate[2][3]	5.515%	2027	1,032.1	877.9
Parent Company bond issues					
Issued in 2017	Fixed rate 2.165%	2.165%	2024	150.0	150.0
Issued in 2019	Fixed rate 1.655%	1.655%	2024	150.0	149.8
Issued in 2020	Fixed rate 1.250%	1.412%	2027	547.2	546.5
Issued in 2023	Fixed rate 4.710%	4.710%	2030	298.6	
Leases	Incremental borrowing rate	Incremental borrowing rate	2024-2029	76.0	79.5

(1) Calculated on any difference included in the amortised cost accounting.
(2) The figure shown relates to the applied rate and maturity of the loans due to banks by Davide Campari Milano N.V. and Campari America, LLC, responsible for nearly all market funding.

The Group is exposed to the risk of fluctuating interest rates in respect of its financial assets, loans due to banks and lease agreements. Derivative contracts intended to hedge interest rate exposures connected with financing are not subject to established quantitative policy concerning the optimal level of exposure to fixed or variable rates: the Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The preferred exposure to fixed or variable rates is dynamically managed centrally within the Group, considering current and future market conditions, the Group's level of indebtedness, business performance and in the context of the Group's expansion initiatives.
The Parent Company's 2017, 2019, 2020 and 2023 bond issues pay interest at a fixed rate. Overall, at 31 December 2023, the nominal exposure of the Group's total financial debt was 40% (30% 2022) at variable-rate, while the effective exposure, including the related hedging derivatives for the term loan subscribed in 2023, stood at 24% at variable-rate.

SENSITIVITY ANALYSIS

The table below shows the effects of a possible change in interest rates on the Group's statement of profit or loss, if all other variables remain constant. A negative value in the table indicates a potential net reduction in profit or loss, while a positive value indicates a potential net increase in this item. The assumptions used with regard to a potential change in rates are based on an analysis of the trend on the reporting date.
With regard to the fixed-rate financial liabilities hedged by interest rate swaps, the change in the hedging instrument offsets the difference in the underlying liability, with practically no effect in the statement of profit or loss.

			Profit or loss
	Increase/decrease in interest rates in basis point	Decrease in interest rates	Decrease in interest rates
		€ million	€ million
at 31 December 2023			
€	+/- 5 basis points	(0.7)	0.7
US$	+30/-10 basis points	(1.5)	0.5
Other currencies		0.1	(0.7)
Total effect		**(2.0)**	**(0.4)**
at 31 December 2022			
€	+/- 5 basis points	(0.6)	0.6
US$	+30/-10 basis points	0.3	(1.2)
Other currencies		2.5	(3.3)
Total effect		**2.2**	**(4.0)**

EXCHANGE RATE RISK

The Group develops its business activities globally, and sales in non-€ markets are progressively increasing. However, the establishment of Group companies in countries including the United States, Brazil, Australia, Argentina and Switzerland allows exchange rate risk to be partly hedged, since both costs and income are denominated in the same currency.
For Campari Group, net exposure to foreign exchange effects is limited to transactions concluded among Group companies relating to certain sales and purchases regulated in currencies other than the functional currencies of the companies. Although these transactions represent only a portion of the overall business, the Group policy regularly determines the net exposure to the primary currencies to mitigate the residual foreign exchange risk by using forward and option derivatives agreements. Derivative contracts aiming to mitigate currency exchange risks are dynamically and qualitatively managed based on business needs and specific contexts and circumstances. These are not framed within fixed or quantitative policies regarding the percentage of coverage to be achieved. To avoid excessive coverage, the budget for future transactions is typically hedged at a level between 50% and 90% throughout the whole year.

SENSITIVITY ANALYSIS

An analysis was performed on the effects of a possible change in the exchange rates against the € on the statement of profit or loss, keeping all the other variables constant. This analysis does not include the consolidated financial statements' effect on translating the financial statements of subsidiaries denominated in a foreign currency following a possible change in exchange rates. The assumptions adopted regarding a potential change in rates are based on an analysis of forecasts provided by financial information agencies on the reporting date. The types of transactions included in this analysis are sales and purchases in any currency other than the Group's functional currency. The effects on shareholders' equity are determined by changes in the fair value of forward contracts on future transactions, which are used as cash flow hedges.

			Net equity
	Increase/decrease in interest rates in basis point	Decrease in interest rates	Decrease in interest rates
		€ million	€ million
at 31 December 2023			
US$	+2%/-6%	2.8	(1.0)
Other currencies		0.2	(0.3)
Total effect		**3.0**	**(1.4)**
at 31 December 2022			
US$	+8%/-11%	2.9	(1.8)
Other currencies		0.1	(0.1)
Total effect		**3.1**	**(1.9)**

MARKET AND PRICE RISK

Market risk consists of the possibility that changes in exchange rates, interest rates or the prices of raw materials or commodities (alcohol, aromatic herbs, sugar, cereals and agave) could negatively affect the value of assets, liabilities or expected cash flows.
The price of raw materials depends on a wide variety of factors, which are difficult to forecast and are largely beyond the Group's control. Historically, the Group has had no problem obtaining high-quality quantities of raw materials. However, we cannot exclude that the Group could face challenges in getting supplies of raw materials. The Group is in the process of implementing measures aimed at limiting the risk of raw material price fluctuations, including co-investments agricultural production agreements with local producers, the benefits of which can be seen over the medium-term as they are related to natural growing processes.

The Campari Group has a substantial inventory of aged product categories, such as Bourbon whiskey, Scotch whisky, Canadian whisky, rum, cognac and tequila, which mature over lengthy periods. While the maturing inventory is stored at numerous locations around the world, the loss as a result of contamination, fire or other natural disaster or destruction resulting from negligence or the acts of third parties or otherwise of all or a portion of the inventory of any one of those aged product categories may not be replaceable and, consequently, may lead to a substantial decrease in the supply of those products. Additionally, the judgemental nature of determining how much of the Group's aged products to lay down in any given year for future consumption involves an inherent risk of forecasting error. Finally, price is another critical element, as the recoverability of the cost incurred in the maturing process is subject to the Group's ability to select an adequate range of premium products capable of satisfying the needs of demanding customers while the loss of sales and market shares or lead to future excess inventory and decreased profit margin. The Group regularly reviews its marketing and production strategy to mitigate those risks enabling long-term forecasting analytical tools.

iii. Debt management

The Group's debt management objectives are based on its ability to ensure that it retains an optimal level of financial soundness, while maintaining an appropriate level of liquidity that enables it to secure an economic return and, at the same time, access external sources of funding. The Group monitors changes to its net debt/EBITDA-adjusted ratio on an ongoing basis as commented in the above note 7 i-' Capital management'.

iv. Shareholders' equity

ACCOUNTING POLICY

Own shares (both ordinary and special voting shares) are reported as a reduction in shareholders' equity.

DISCLOSURE

The Group manages its capital structure and changes it based on the prevailing economic conditions and the specific risks of the underlying asset. To maintain or change its capital structure, the Group may adjust the dividends payments to shareholders and/or issue new shares. For information on the composition of and changes in shareholders' equity during the periods under review, see the statement of changes in shareholders' equity.

SHARE CAPITAL AND STRUCTURE

The following movements occurred during 2023 in the composition of the share capital.

	No. of shares				Nominal value (€)			
	Ordinary shares	Special voting shares A	Special voting shares B	Total	Ordinary shares	Special voting shares A	Special voting shares B	Total
Share capital at 31 December 2022	1,161,600,000	665,718,342	-	1,827,318,342	11,616,000	6,657,183		18,273,183
Conversion from special voting shares A to special voting shares B	-	(594,021,404)	594,021,404	-	-	(5,940,214)	5,940,214	-
Special voting shares B allocation	-	-	-	-	-	-	17,820,642	17,820,642
Share capital at 31 December 2023	1,161,600,000	71,696,938	594,021,404	1,827,318,342	11,616,000	716,969	23,760,856	36,093,826

To foster the involvement of a stable base of long-term (loyal) shareholders, Davide Campari-Milano N.V.'s articles of association ('Articles of Association') were amended to adopt a mechanism based on the assignment to loyal shareholders of special voting shares, to which multiple voting rights are attached, in addition to the one granted by ordinary shares (the 'Special Voting Mechanism'). The Special Voting Mechanism entails the possibility of assigning to loyal long-term shareholders: (i) two voting rights for each Campari ordinary share held for an uninterrupted period of two years, through the assignment of a special voting share A ('Special Voting Share A') with a nominal value of €0.01 each; (ii) five voting rights for each ordinary share held for an uninterrupted period of five years, through the assignment of a special voting share B ('Special Voting Share B') with a nominal value of €0.04 each and (iii) ten voting rights for each ordinary share held for an uninterrupted period of ten years ('Special Voting Share C') with a nominal value of €0.09 each. The features of the Special Voting Shares (A, B, C) are described in the Articles of Association as well as in the terms and conditions for Special Voting Shares ('SVS Terms'). The Special Voting Shares are not tradeable on a regulated market.
Davide Campari-Milano N.V. established a separate special capital reserve for the purpose of satisfying obligations related to special voting shares. At the board's discretion, the issuance of special voting shares may be executed using the funds from the special capital reserve, in lieu of an actual monetary payment for the respective shares.

On 4 August 2023, the Company communicated the conclusion of the conversion of n. 594,021,404 Special Voting Shares A held by the controlling shareholder Lagfin S.C.A., Société en Commandite par Actions ('Lagfin') and other shareholders into an equal number of Special Voting Shares B, allowing five years loyal shareholders to increase voting rights from 2 to 5 votes, in accordance with the Special Voting Mechanism approved by the Shareholders' meeting on 27 March 2020 (the 'Special Voting Mechanism'). The Special Voting Mechanism was introduced with the aim of encouraging a capital structure more supportive of Campari's long-term growth strategy, i.e., organic growth combined with external growth, and rewarding a shareholder base with a long-term investment horizon.

OUTSTANDING SHARES, OWN SHARES RIGHTS ASSOCIATED TO THE SHARES

During 2023, Davide Campari-Milano N.V. managed a share buyback program activated under Article 5 of Regulation (EU) n.596/2014, intended to meet the obligations arising from stock option plans and other share-based incentive plans, currently in force or to be adopted, the beneficiaries of which are (or will be) employees or members of the administrative and/or or management bodies of either the Company or other Campari Group's companies.

The program coordinated and executed by Morgan Stanley Europe SE and implemented in accordance with the resolution approved by the Company's Annual General Meeting held on 12 April 2022 ended on 31 May 2023. The overall value allocated was €89.2 million for a reported number of 9,081,375 Campari shares acquired in the period from 12 May 2022 to 31 May 2023. This program included a contractually agreed reward mechanism to allocate an amount deriving from its outperformance (the outperformance is the difference between the purchase price and the average Volume Weighted Average Price ('VWAP'), during the execution period) to energy efficiency projects, namely, the installation of photovoltaic panels at the production site in Jamaica, which will be implemented during 2024. With this energy efficiency project, Campari Group confirms its strong commitment to the decarbonisation agenda through the responsible use of resources and reduction of the environmental impacts of its production activities, environment being one the four of its sustainability roadmaps.

The table below shows the reconciliation between the number of outstanding shares.

	No. of shares				Nominal value (€)			
	Ordinary shares	Special voting shares A	Special voting shares B	Total	Ordinary shares	Special voting shares A	Special voting shares B	Total
Outstanding shares at 31 December 2022	1,121,647,577	597,856,391	-	1,719,503,968	11,216,476	5,978,564	-	17,195,040
Outstanding shares under share repurchase program	(1,850,962)	-	-	(1,850,962)	(18,510)	-	-	(18,510)
Ordinary shares assigned under share-based programs	12,185,643	-	-	12,185,643	121,856	-	-	121,856
Conversion from special voting shares A to special voting shares B	-	(594,021,404)	594,021,404	-	-	(5,940,214)	23,760,856	17,820,642
Special voting shares allocation	-	36,822,611	(20,000)	36,802,611	-	368,226	(800)	367,426
Outstanding shares at 31 December 2023	1,131,982,258	40,657,598	594,001,404	1,766,641,260	11,319,823	406,576	23,760,056	35,486,455
Total own shares held	29,617,742	31,039,340	20,000	60,677,082	296,177	310,393	800	607,371
Own shares as a % total respective shares	2.55%	43.29%	-	3.32%				

	No. of shares					
	Ordinary shares	Special voting shares[1]	Total	Special voting shares A	Special voting shares B	Total
Outstanding shares at 31 December 2021	1,132,490,271	617,606,804	1,750,097,075	11,324,903	6,176,068	17,500,971
Ordinary shares repurchased under share repurchase program	(12,722,262)	-	(12,722,262)	(127,223)	-	(127,223)
Ordinary shares assigned under share-based programs	1,879,568	-	1,879,568	18,796	-	18,796
Special voting shares allocation	-	(19,750,413)	(19,750,413)	-	(197,504)	(197,504)
Outstanding shares at 31 December 2022	1,121,647,577	597,856,391	1,719,503,968	11,216,476	5,978,564	17,195,040
Total own shares held	39,952,423	67,861,951	107,814,374	399,524	678,620	1,078,144
Own shares as a % total respective shares	3.44%	10.19%	5.90%			

[1] Special voting shares A.

With reference to ordinary shares, between 1 January and 31 December 2023, the Company granted 12,185,643 own shares, out of which 12,158,728 shares were sold for a total cash inflow of €54.8 million, corresponding to the average exercise price multiplied by the number of own shares sold to beneficiaries upon the exercise of their stock option rights, while additionally 26,915 shares were transferred in the context of share matching plans. In the same period and through the share buyback program completed on 31 May 2023, the Company purchased 1,850,962 shares at an average price of €11.3, for a total amount of €21.0 million (the amount includes €0.9 million liabilities paid in connection with the share buyback program). At 31 December 2023, the Company held 29,617,742 own shares, equivalent to 2.5% of the share capital.

With reference to special voting shares, between 1 January and 31 December 2023 n. 36,802,611 of special voting shares (A and B), equivalent to €367,426, were allocated to shareholders entitled to achieve the related special voting rights. Focusing on special voting shares B, their value of €23.8 million has been derived from the dedicated special capital reserve for €17.8 million and from the special voting shares A reserve for €5.9 million respectively.

During the period, no cancellation of the treasury special voting shares has been resolved by the shareholders' meeting of the Company.

The table below shows changes in the number and values of own shares held during the periods considered.

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	No. of ordinary shares held		Purchase price (€ million)	
	2023	2022	2023	2022
Balance at 1 January	39,952,423	29,109,729	388.1	273.8
Purchases	1,850,962	12,722,262	21.0	128.1
Disposals	(12,185,643)	(1,879,568)	(102.7)	(13.9)
Final balance	29,617,742	39,952,423	306.4	388.1
% of share capital	2.55%	3.44%		

Sales of own shares during the year, which are shown in the above table at an amount equal to the original purchase cost of €102.7 million, were sold for a total cash inflow of €54.8 million corresponding to the average exercise price multiplied by the number of own shares sold to stock option beneficiaries. The Parent Company consequently reported a negative difference of €47.8 million which was recorded in shareholders' equity (embedded within the retained earnings) and partially offset by the use of the stock option reserve of €12.5 million. In the same period, the Company purchased shares through the buyback programs at an average price of €11.3 for a total amount of €21.0 million.

DIVIDENDS PAID AND PROPOSED

The table below shows the dividends proposed for the year and previous years.

	2023	2022	2021
	€	€	€
Dividend per share proposed	0.065	0.060	0.060
	€ million	€ million	€ million
Total amount proposed	78.1	67.3	67.9
Of which, to owners of the Parent	78.1	67.3	67.9
Of which, to non-controlling interests	-	-	-

The dividends submitted for the approval of the General Meeting of Shareholders called to approve the financial statements for the year ended 31 December 2023 is €78.1 million, calculated based on shares outstanding at 31 December 2023 (1,131,982,258) as well as on the new ordinary shares (69,667,738) issued following the successful placement in January 2024 (refer to the 'Significant events of the year' paragraph of the management board report). The dividend will be recalculated based on the total number of outstanding shares as of the coupon detachment date. For information purposes, based on the 29,617,742 own shares held at 31 December 2023, and taking into account the new ordinary shares issued in January 2024, the shares outstanding amounted to 1,201,649,996. The proposed dividend for the period is €0.065 per share, increasing by +8.3% compared to the previous financial year.

In terms of the distribution of dividends during the last four years, the utilisation of the retained earnings reserve was as follows.

Dividends paid during the year on ordinary shares

	2023	2022	2021	2020	2019
Dividend per share paid (€)	0.060	0.060	0.055	0.055	0.050
Total amount (€ million)	67.5	67.6	61.6	62.9	57.3
Retained earnings reserve (€ million)	67.5	67.6	61.6	62.9	57.3
Other reserve (€ million)	-	-	-	-	-

Photo submitted by Cecilia Romano. Finalist of the 2023 Annual Report Photo Contest

OTHER RESERVES AND RETAINED EARNINGS ATTRIBUTABLE TO GROUP SHAREHOLDERS

	Equity reserves					Retained earnings and other reserves					
	Cash flow hedge	Currency	Hyperinflation	Remeasurement of defined benefit plans	Total equity reserves	Treasury ordinary shares	Treasury special voting shares	Share-based payments	Other	Retained earnings	Total retained earnings and other
at 31 December 2022-post reclassifications, before non-controlling interest	**27.3**	**(99.9)**	**51.8**	**3.5**	**(17.4)**	**(0.4)**	**(0.7)**	**47.5**	**51.4**	**2,577.5**	**2,675.3**
Campari Group					**-**						
Cost of share-based payments for the period	-	-	-	-	**-**	-	-	21.7	-	-	**21.7**
Share-based payments exercised	-	-	-	-	**-**	-	-	(12.5)	-	12.5	**-**
Profits (losses) allocated to shareholders' equity	(23.6)	-	-	0.4	**(23.2)**	-	-	-	-	-	**-**
Tax recognised in shareholders' equity	5.7	-	-	(0.2)	**5.4**	-	-	-	-	-	**-**
Translation difference	-	(53.2)	-	-	**(53.2)**	-	-	-	-	-	**-**
Effects from hyperinflation accounting	-	-	15.4	-	**15.4**	-	-	-	-	-	**-**
Purchase of treasury shares	-	-	-	-	**-**	-	-	-	-	(20.9)	**(21.0)**
Sale of treasury shares	-	-	-	-	**-**	0.1	-	-	-	54.3	**54.4**
Changes in ownership interests	-	-	-	-	**-**	-	-	-	-	(14.1)	**(14.1)**
Special voting shares allocation	-	-	-	-	**-**	-	0.4	-	-	-	**0.4**
Conversion from special voting shares A to special voting shares B	-	-	-	-	**-**	-	-	-	(17.8)	-	**(17.8)**
Dividends	-	-	-	-	**-**	-	-	-	-	(67.5)	**(67.5)**
Net result of the period	-	-	-	-	**-**	-	-	-	-	330.5	**330.5**
at 31 December 2023 before non-controlling interest	**9.3**	**(153.1)**	**67.2**	**3.7**	**(72.9)**	**(0.3)**	**(0.3)**	**56.8**	**33.6**	**2,872.2**	**2,962.0**
Non-controlling interests changes in ownership interests	-	-	-	-	**-**	-	-	-	-	6.2	**6.2**
Dividends	-	-	-	-	**-**	-	-	-	-	(2.0)	**(2.0)**
Net result of the period	-	-	-	-	**-**	-	-	-	-	2.0	**2.0**
Translation difference	-	(6.0)	-	-	**(6.0)**	-	-	-	-	-	**-**
at 31 December 2023 including non-controlling interests	**9.3**	**(159.1)**	**67.2**	**3.7**	**(78.9)**	**(0.3)**	**(0.3)**	**56.8**	**33.6**	**2,878.5**	**2,968.3**

	Equity reserves					Retained earnings and other reserves					
	Cash flow hedge	Currency	Hyperinflation	Remeasurement of defined benefit plans	Total equity reserves	Treasury ordinary shares	Treasury special voting shares	Share-based payments	Other	Retained earnings	Total retained earnings and other
at 31 December 2021 before non-controlling interest	**(7.9)**	**(202.5)**	**36.9**	**(0.5)**	**(174.0)**	**(0.3)**	**(0.5)**	**30.0**	**51.4**	**2,446.9**	**2,527.5**
Campari Group Cost of share-based payments for the period	-	-	-	-	**-**	-	-	19.6	-	-	**19.6**
Share-based payments exercised	-	-	-	-	**-**	-	-	(2.1)	-	2.1	**-**
Profits (losses) allocated to shareholders' equity	46.2	-	-	5.2	**51.4**	-	-	-	-	-	**-**
Tax recognised in shareholders' equity	(11.1)	-	-	(1.2)	**(12.3)**	-	-	-	-	-	**-**
Translation difference	-	102.6	-	-	**102.6**	-	-	-	-	-	**-**
Effects from hyperinflation accounting	-	-	14.9	-	**14.9**	-	-	-	-	-	**-**
Purchase of treasury shares	-	-	-	-	**-**	(0.1)	(0.2)	-	-	(127.8)	**(128.1)**
Sale of treasury shares	-	-	-	-	**-**	-	-	-	-	7.0	**7.0**
Share capital reduction	-	-	-	-	**-**	-	-	-	-	-	**-**
Changes in ownership interests	-	-	-	-	**-**	-	-	-	-	(16.8)	**(16.8)**
Dividends	-	-	-	-	**-**	-	-	-	-	(67.6)	**(67.6)**
Net result of the period	-	-	-	-	**-**	-	-	-	-	333.0	**333.0**
Other variations	-	-	-	-	**-**	-	-	-	-	(0.4)	**(0.4)**
at 31 December 2022 before non-controlling interest	**27.3**	**(99.9)**	**51.8**	**3.5**	**(17.4)**	**(0.4)**	**(0.7)**	**47.5**	**51.4**	**2,576.3**	**2,674.1**
Non-controlling interests Changes in ownership interests	-	-	-	-	**-**	-	-	-	-	1.8	**1.8**
Dividends	-	-	-	-	**-**	-	-	-	-	-	**-**
Net result of the period	-	-	-	-	**-**	-	-	-	-	(1.5)	**(1.5)**
Translation difference	-	(1.9)	-	-	**(1.9)**	-	-	-	-	-	**-**
at 31 December 2022 including non-controlling interests	**27.3**	**(101.8)**	**51.8**	**3.5**	**(19.3)**	**(0.4)**	**(0.7)**	**47.5**	**51.4**	**2,576.6**	**2,674.4**

The change in the currency translation differences reserve mainly related to net assets denominated in US Dollar and Jamaican Dollar.

Changes in ownership interests referred to and included the impact of the movement of the year of non-controlling interests and connected liabilities. The movements are as follows.

for the year ended 31 December 2023	Reclassification of initial non-controlling interest value	Net result of the period[1]	Exchange rate of the period	Put and/or call option measurement	Total reclassification to Group equity
	€ million	€ million	€ million	€ million	€ million
Ancho Reyes and Montelobos	-	(0.4)	0.5	(20.8)	(20.7)
Champagne Lallier	-	(0.1)	-	0.9	0.8
Trans Beverages Company	-	0.3	(0.5)	(2.5)	(2.8)
Wilderness Trail Distillery	-	2.3	(7.6)	13.9	8.6
Changes in ownership interests	**-**	**2.1**	**(7.6)**	**(8.5)**	**(14.1)**

[1] Excluding the net result of the period of BBS Group equal to €(0.2) million and Thirsty Camel Ltd. equal to €0.2 million.

for the year ended 31 December 2022	Reclassification of initial non-controlling interest value	Net result of the period[1]	Exchange rate of the period	Put and/or call option measurement	Total reclassification to Group equity
	€ million	€ million	€ million	€ million	€ million
Ancho Reyes and Montelobos	-	(1.3)	0.2	6.4	5.4
Champagne Lallier	-	(1.0)	0.1	0.1	(0.7)
Trans Beverages Company	1.4	1.1	(0.1)	(20.8)	(18.4)
Wilderness Trail Distillery	170.1	-	(2.2)	(171.0)	(3.0)
Changes in ownership interests	**171.5**	**(1.2)**	**(1.9)**	**(185.2)**	**(16.8)**

[1] Excluding the net result of the period of BBS Group equal to €(0.3) million.

v. Share-based payments

ACCOUNTING POLICY

COMPENSATION PLANS IN THE FORM OF STOCK OPTIONS

The Group has multiple incentive plans in place, including benefits in the form of stock option plans, governed in accordance with the shareholders' resolution, pursuant to applicable law and implemented by means of a specific regulation ('Stock Option Regulations'). The purpose of the plan is to offer beneficiaries who occupy key positions at the Group the opportunity to own shares in Davide Campari-Milano N.V., thereby aligning their interests with those of other shareholders and fostering loyalty, in the context of the strategic goals to be achieved. The recipients are employees, directors and/or individuals who regularly work for one or more Group companies, who have been identified by the Board of Directors of Davide Campari-Milano N.V., and who, on the approval date of the plan and until the date that the options are exercised, have worked as employees and/or directors and/or in any other capacity at one or more Group companies without interruption. The Board of Directors of Davide Campari-Milano N.V. has the right to draft regulations, select beneficiaries and determine the share quantities and values for the execution of the stock option plans.
The fair value of stock options is represented by the value of the option calculated by applying the Black-Scholes model and the grant date starts once the options are assigned. Volatility is estimated with the help of data supplied by a market information provider together with a leading bank and corresponds to the estimate of volatility recorded in the period covered by the plan. The stock options are recorded at fair value with an offsetting entry in the stock option reserve. The dilutive effect of options not yet exercised is included in the calculation of diluted earnings per share.

DISCLOSURE

On 13 April 2023, the AGM approved a new stock option plan for an aggregate maximum number of options based on the ratio between €6,000,000 and the options' exercise price for the category of beneficiaries other than the members of the Board of Directors (while no options have been assigned to the members of the Board of Directors this year), in accordance with the Stock Option Regulation adopted by the Company. The options may be exercised during the two years after the end of the fifth year following the assignment date. For a more detailed explanation of the stock option plan, please refer to the relevant explanatory report of the Board of Directors, prepared in compliance with article 84-bis of the Italian Issuer Regulation, which is available at the registered office of the Company, on the Company's website (www.camparigroup.com/en/page/group/governance) and through the authorised storage mechanism 1Info (www.1info.it), in accordance with the terms prescribed by law. Options were granted on 2 May 2023 to individual beneficiaries. The total number of options granted in 2023 for the purchase of further shares was 450,033 (8,725,347 in 2022), with an average grant price of €11.61 (€10.29 in 2022), equivalent to the weighted average market price in the month preceding the day on which the options were granted.

The following table shows the changes in stock option plans during the periods concerned.

	at 31 December 2023		at 31 December 2022	
	No. of shares	Average allocation/ exercise price (€)	No. of shares	Average allocation/ exercise price (€)
Options outstanding at the beginning of the period	38,970,219	6.70	33,491,265	5.59
Options granted during the period	450,033	11.61	8,725,347	10.29
(Options cancelled during the period)	(727,195)	8.94	(1,336,625)	6.76
(Options exercised during the period)[1]	(12,158,728)	4.47	(1,844,088)	3.67
(Options expired during the period)	(33,391)	-	(65,680)	-
Options outstanding at the end of the period	26,500,938	7.72	38,970,219	6.70
Of which exercisable at the end of the period	6,173,487	6.16	8,980,965	3.82

[1] The average market price on the exercise date was €11.68.

The exercise prices for the options granted in each year range were as follows.

	Average exercise price
Allocations: 2015	3.54
Allocations: 2017	6.19
Allocations: 2018	6.25
Allocations: 2019	8.85
Allocations: 2020	6.41
Allocations: 2021	9.91
Allocations: 2022	10.29
Allocations: 2023	**11.61**

The following assumptions were used for the fair value measurement of options issued in 2023 and 2022.

Black-Scholes model parameters	2023	2022
Expected dividends (€)	0.065	0.060
Expected volatility (%)	21.18%	25.92%
Historic volatility (%)	28.58%	23.90%
Market interest rate	2.930%	1.354%
Expected option life (years)	7.00	7.00
Exercise price (€)	11.61	10.29

The average fair value of options granted in 2023 was €3.51 (€3.06 in 2022). The average remaining life of outstanding options at 31 December 2023 was 3.4 years (3.5 years at 31 December 2022).

ACCOUNTING POLICY

SHARE-BASED PAYMENTS IN THE FORM OF 'EMPLOYEES SHARE OWNERSHIP PLAN', 'EXTRA-MILE BONUS PLAN ('EMB') AND MID-TERM INCENTIVE PLAN ('MTI')

The Shareholders' meeting of 8 April 2021 approved the resolution for the implementation of the Employee Share Ownership Plan ('ESOP'). ESOP is a share matching plan offering employees the opportunity to invest in Davide Campari-Milano N.V. shares. The ESOP is intended for all Group employees, with the exception of members of the Board of Directors. These employees will be offered the opportunity to allocate certain amounts to the plan, which will be used to purchase shares of Davide Campari-Milano N.V. (the 'Purchased Shares') by the plan administrator and, after a three-year vesting period, complementary free shares will be awarded. The free shares granted represent an equity settled arrangement.
The accounting treatment for the ESOP follows the accounting treatment applied for benefits granted in the form of stock option plans. The fair value of the ESOP plan is represented by the value of the option calculated by applying the Black-Scholes model. In the event that the granting of the benefit in the form of a share-based scheme is not permitted or it is not effective on the basis of specific national legislation, the same benefits are granted in the form of a phantom stock option plan. These plans confer the same rights as the ESOP plan but are cash-settled and the initial fair value measurement is calculated by applying the Black-Scholes model. The cost resulting from this valuation is spread over the vesting period, with an impact on the profit or loss using a long-term liability offsetting account (in place of an equity reserve). As a subsequent measurement, at each balance sheet date and at least once a year and on the settlement date, the value of the phantom plan must be fully remeasured on the basis of the current market value of the Davide Campari-Milano N.V. shares. Any cumulative changes in fair value are recognised in the profit or loss in the remeasurement period to align the liability with the 'pro-rata' value of the expected bonus payment pay-out.

As part of this, the Extra-Mile Bonus Plan ('EMB') program was awarded in 2021 representing a preparatory assignment to the launch of the ESOP program with which it shares the main features. The fair value of the EMB plan is represented by the awarded number of rights assigned calculated based on the annual base gross salary of eligible employees at 31 December 2020, divided by twelve.

On 13 April 2022, the Annual General Meeting approved a Mid-Term Incentive plan ('MTI') based on Campari shares and aimed at rewarding Camparistas for their active participation in the Group performance and fostering their retention. Eligible

Camparistas will be granted a right to receive a number of Campari shares for free, subject to their uninterrupted employment over a three-year vesting period from the grant date. The number of award rights to be granted to each beneficiary will be calculated based on the beneficiary's annual base gross salary as of 31 December preceding the grant date. The MTI plan approved in April 2022 foresees 3 grants for the following three years, therefore the second grant was assigned in May 2023.

DISCLOSURE

The table below shows the changes in share-based rights during 2023, compared with 2022.

	at 31 December	
N. of rights	**2023**	**2022**
Outstanding rights at the beginning of the year	3,606,911	1,129,949
Assigned during the period	447,921	2,726,391
Cancelled during the period	(349,497)	(213,949)
Exercised during the period	(26,915)	(35,480)
Outstanding rights at the end of the year	3,678,420	3,606,911

If a share-based scheme is not permitted or is not effective based on specific national legislation, a phantom stock option plan is awarded, resulting in a liability. The latter, recorded under the item personnel long-term liabilities, was €0.3 million at 31 December 2023 (negligible at 31 December 2022).

vi. Other comprehensive income

The changes during the year and the related tax effect on other comprehensive income items for the years ended 31 December 2023 and 2022 were as follows.

	For the years ended	
	2023	**2022**
	€ million	**€ million**
Cash flow hedge:		
Profit (loss) for the period	(3.9)	4.5
Profit (losses) classified to other comprehensive income	(19.7)	41.8
Related Income tax effect	5.7	(11.1)
Total cash flow hedge	**(17.9)**	**35.2**
Foreign currency translation:		
Hyperinflation effects	15.4	14.9
Exchange differences on translation of foreign operations	(59.2)	100.7
Total foreign currency translation	**(43.8)**	**115.6**
Remeasurements of defined benefit plans:		
Gains/(losses) on remeasurement of defined benefit plans	0.4	5.2
Related Income tax effect	(0.2)	(1.2)
Total remeasurements of defined benefit plans	**0.2**	**4.0**

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vii. Shareholders' equity attributable to non-controlling interests

ACCOUNTING POLICY

For accounting policy over non-controlling interests relate to the portion of a subsidiary's shareholders' equity that is not directly or indirectly attributable to the Group, please refer to note 4 i-'Acquisition and sale of businesses and purchase of non-controlling interests'.

DISCLOSURE

The changes during the year are reflected below.

Non-controlling interests € million	Bellonnie et Bourdillon group	Ancho Reyes and Montelobos	Champagne Lallier group	Trans Beverages	Wilderness Trail Distillery	Thirsty Camel Ltd.	Total
at 31 December 2022	**1.4**	**-**	**-**	**-**	**-**	**-**	**1.4**
Net result	(0.2)	(0.4)	(0.1)	0.3	2.3	0.2	2.0
Translation difference	-	0.2	-	(0.2)	(6.1)	-	(6.0)
Perimeter effect for acquisition	-	-	-	-	-	0.3	0.3
Other movements	-	0.3	-	-	0.1	-	0.4
Dividends	-	-	-	(0.3)	(1.6)	-	(2.0)
Reclassification to group net equity	-	(0.1)	0.1	0.2	5.3	-	5.5
at 31 December 2023	**1.1**	**-**	**-**	**-**	**-**	**0.5**	**1.6**

Non-controlling interests € million	Bellonnie et Bourdillon group	Ancho Reyes and Montelobos	Champagne Lallier group	Trans Beverages	Wilderness Trail Distillery	Total
at 31 December 2021	**1.6**	**-**	**-**	**1.4**	**-**	**3.0**
Net result	(0.3)	(1.3)	(1.0)	1.1	-	(1.5)
Translation difference	-	0.3	-	-	(2.2)	(1.9)
Perimeter effect for acquisition	-	-	-	-	170.1	170.1
Other movements	-	-	0.1	(0.1)	-	-
Reclassification to group net equity	-	1.0	0.9	(2.4)	(167.9)	(168.4)
at 31 December 2022	**1.4**	**-**	**-**	**-**	**-**	**1.4**

The non-controlling interests at 31 December 2023 amounted to €1.6 million.
The main changes in 2023 were related to the acquisition of Thirsty Camel Ltd. and the recognition of the non-controlling interests related to the 40% minority stake of €0.3 million and the acquisition of the residual 20% minority interest in Champagne Lallier Group and the derecognition of the related minority interest. With regard to Wilderness Trail Distillery, Ancho Reyes and Montelobos and Trans Beverages, due to the existence of reciprocal purchase/sale agreements involving put/call option mechanisms with several existing non-controlling shareholders, the recognition of a financial liability related to the future purchase obligation (refer to note 6 v-'Non-current financial debt') and the simultaneous elimination of the amount recognised under non-controlling interests in favour of the Group's shareholders' equity (refer to note 'Other reserves and retained earnings attributable to Group shareholders' above) was required.

Company name	Country of business	% of minority interest 2023	% of minority interest 2022
Bellonnie et Bourdillon	Martinique	3.47%	3.47%
Ancho Reyes and Montelobos	Mexico	49.0%	49.0%
Champagne Lallier	France	-	20.0%
Trans Beverages	South Korea	49.0%	49.0%
Thirsty Camel Ltd.	New Zealand	40.0%	-
Wilderness Trail Distillery	United States	30.0%	30.0%

The financial statements of the subsidiaries shown below are based on the same accounting standards applied for the Parent Company and the adjustments measured in the context of the Purchase Price Allocation at the date of acquisition of control.

for the year ended 31 December 2023	Total non-controlling interest	Bellonnie et Bourdillon group	Ancho Reyes and Montelobos	Champagne Lallier group	Trans Beverages Co	Wilderness Trail Distillery	Thirsty Camel Ltd
Net sales	127.8	24.3	14.4	15.4	27.8	29.1	16.8
Profit (loss) for the period	(9.3)	(6.7)	(0.7)	(10.9)	0.5	8.0	0.4
Profit (loss) for the period attributable to non-controlling interest	**2.5**	**(0.2)**	**(0.4)**	**0.4**	**0.3**	**2.3**	**0.2**
Current assets	217.5	53.3	17.0	59.7	16.9	44.6	25.9
Non-current assets	630.1	49.0	11.2	44.2	0.3	521.1	4.3
Current liabilities	244.2	69.6	19.8	97.4	12.8	15.9	28.7
Non-current liabilities	7.9	1.8	2.0	0.2	0.2	3.4	0.3
Net assets	595.5	30.9	6.5	6.3	4.3	546.4	1.2
Net assets attributable to non-controlling interest	**171.8**	**1.1**	**3.1**	**1.3**	**2.0**	**163.9**	**0.5**
Of which represented as non-controlling interest in Campari Group statement of changes in shareholders' equity	**1.6**	**1.1**	**-**	**-**	**-**	**-**	**0.5**

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for the year ended 31 December 2022	Total non-controlling interest	Bellonnie et Bourdillon group	Ancho Reyes and Montelobos	Champagne Lallier group	Trans Beverages Co	Wilderness Trail Distillery
Net sales	72.2	23.3	11.5	15.9	21.5	-
Profit (loss) for the period	(13.7)	(8.2)	(2.5)	(5.1)	2.2	-
Profit (loss) for the period attributable to non-controlling interest	**(2.0)**	**(0.3)**	**(1.5)**	**(1.3)**	**1.1**	**-**
Current assets	154.7	45.0	9.3	51.2	16.0	33.4
Non-current assets	623.9	48.8	7.2	38.0	0.7	529.2
Current liabilities	153.9	56.7	11.2	71.9	11.4	2.7
Non-current liabilities	4.3	2.1	1.8	0.2	0.2	-
Net assets	620.3	34.9	3.5	17.1	5.0	559.8
Net assets attributable to non-controlling interest	**176.7**	**1.4**	**1.6**	**3.4**	**2.4**	**167.9**
Of which represented as non-controlling interest in Campari Group statement of changes in shareholders' equity	**1.4**	**1.4**	**-**	**-**	**-**	**-**

viii. Transactions with non-controlling interests

Except for the business combination completed during the year and involving non-controlling interests, there were no other transactions with them for the years ended 31 December 2023 and 2022.

ix. Basic and diluted earnings per share

ACCOUNTING POLICY

Basic earnings per share are calculated by dividing the Group's net result for the period by the weighted average number of shares outstanding during the period, excluding the Group's own shares held.
For the purposes of calculating the diluted earnings (loss) per share, the weighted average of outstanding shares is adjusted in line with the assumption that all potential share-based payment plans with diluting effect will be converted.

DISCLOSURE

		31 December 2023	31 December 2022
		€ million	**€ million**
Group net profit attributable to ordinary shareholders	€ million	330.5	333.0
Weighted average of ordinary share outstanding	Number	1,127,727,622	1,126,061,579
Basic earnings per share	**€**	**0.29**	**0.30**
Group net profit attributable to ordinary shareholders	€ million	330.5	333.0
Weighted average of ordinary share outstanding	Number	1,127,727,622	1,126,061,579
Weighted average of shares from the potential exercise of stock options with dilutive effect	Number	11,444,341	14,158,632
Weighted average of ordinary shares outstanding net of dilution	Number	1,139,171,963	1,140,220,211
Diluted earnings per share	**€**	**0.29**	**0.29**

8. Other disclosures

This section details accounting policies for provisions for risks, future charges and contingent assets and liabilities, fair value information on assets and liabilities, defined benefit and contribution plans. Judgements and estimates are stated with regard to contingent assets and liabilities and provisions. Moreover, this section discloses additional information which management considers being relevant for stakeholders.

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i. Provisions for risks, charges and contingent assets and liabilities

ACCOUNTING POLICY

Provisions arising from legal or constructive obligations resulting from past events are reliably estimated and reviewed periodically to reflect changes in circumstances, timescales and discount rates. Revisions to estimates of provisions are booked to the same statement of profit or loss item that contains the accrual or, if the liability relates to tangible assets (i.e., dismantling and restoration), these revisions are reported as an offsetting entry to the related asset. Where the financial impact of the timing is significant, and the payment dates of the obligations can be reliably estimated, the provision is discounted to present value. The related amount over time is allocated to statement of profit or loss. When the Group expects that all or part of the provisions will be repaid by third parties, a receivable is recorded under assets only if it is virtually certain, and the accrual and related repayment are posted to the statement of profit or loss.

Dedicated restructuring provisions are only reported if there is a restructuring obligation deriving from a formal detailed restructuring program, that has led to a reasonable expectation by interested parties that the restructuring will be carried out with an outflow of resources whose amount can be reliably estimated, either because the process has already started or because the main features of the restructuring program have already been communicated.
For detailed information on the accounting policy related to tax provisions, please refer to note 3 xiii.-'Taxation'.
The Group may be involved in legal proceedings in respect of which it is not possible to make a reliable estimate of any expected settlement. Such cases are reported as contingent liabilities with a specific disclosure made available for information purposes.

The Group discloses purely contingent assets and provides information when there are material amounts that are highly likely to be realised. The Group records the relevant asset only when the original uncertainty relating to it no longer applies and it is virtually certain that the asset will be realised.

DISCLOSURE

PROVISION FOR RISKS AND CHARGES

	Tax provision	Restructuring provisions	Agent severance fund	Other	Total
	€ million	€ million	€ million	€ million	€ million
at 31 December 2022	**5.5**	**7.8**	**1.0**	**21.2**	**35.6**
Change resulting from provisional allocation of acquisition value	3.5	-	-	-	3.5
at 31 December 2022 post-reclassifications	**9.0**	**7.8**	**1.0**	**21.2**	**39.0**
Accruals	-	1.7	0.2	13.8	15.7
Utilisations		(0.6)	(0.3)	(5.4)	(6.3)
Releases	-	(2.1)	(0.1)	(1.4)	(3.5)
Reclassification[*]	(0.3)		-	(0.5)	(0.7)
Exchange rate differences and other changes	(3.2)	-	-	0.5	(2.8)
at 31 December 2023	**5.5**	**6.8**	**0.8**	**28.2**	**41.4**
Of which:					
Due within 12 months		3.9		9.6	13.4
Due after 12 months	5.5	3.0	0.8	18.6	27.9

	Tax provision	Restructuring provisions	Agent severance fund	Other	Total
	€ million	€ million	€ million	€ million	€ million
at 31 December 2021	**5.5**	**8.0**	**1.3**	**19.6**	**34.4**
Change resulting from provisional allocation of acquisition value	-	-	-	-	-
at 31 December 2021 post-reclassifications	**5.5**	**8.0**	**1.3**	**19.6**	**34.4**
Perimeter effect for acquisition	-	-	-	-	-
Accruals	5.1	0.6	(0.1)	2.8	8.5
Utilisations		(0.2)	(0.2)	(0.9)	(1.3)
Releases	-	(1.0)	-	(1.3)	(2.3)
Reclassification	(4.9)	-		(0.1)	(5.0)
Exchange rate differences and other changes	(0.1)	0.4	-	1.1	1.3
at 31 December 2022	**5.5**	**7.8**	**1.0**	**21.2**	**35.6**
Of which:					
Due within 12 months	0.3	4.6		8.6	13.6
Due after 12 months	5.3	3.2	1.0	12.6	21.9

Other provisions involved recognition by the Company and subsidiaries of liabilities for various lawsuits, including a Brazilian legal dispute totalling €10.8 million over a distribution agreement, provision for onerous contract in China (€8.1 million) and a number of customer legal claims in France and Mexico totalling €5.9 million. Moreover, the other provisions for risks and charges were released for a total amount of €5.2 million to offset the cumulated losses incurred by the Japan joint-venture. Significant effect of the passage of time over provision was deemed to be not material.

CONTINGENT LIABILITY

The information reported below concerns contingent liabilities arising from outstanding disputes, for which the provision recognition criteria have not been met on the date of this report. Various disputes are outstanding with the Brazilian tax authorities; however, the Group believes it is unlikely to lose the cases, based on the information available at the date of this report.
On the date of this report, a dispute amounting to BRL6.6 million (€1.2 million at the exchange rate on 31 December 2023) including the related penalties (excluding interests) corresponding to production tax (IPI) remains ongoing. The tax authorities contested the correct classification of products sold by Campari do Brasil Ltda.. Based on the assessments conducted by external legal consultants, the Group believes that the outcome of the dispute will be in favour of the Company. It is therefore deemed unnecessary at present to create a specific provision.
Another outstanding dispute relates to a tax inspection report concerning the payment of ICMS (tax on the consumption of goods and services) with respect to sales made by Campari do Brasil Ltda. to four customers in 2000, 2005, 2007 and 2008. The amount specified, including penalties, totalled BRL71.6 million (€13.4 million at the exchange rate on 31 December 2023) plus interest. Based on the assessments conducted by external legal consultants, which have appealed the findings of the local tax authorities, the Group believes that the outcome of the dispute will be in favour of the Company. It is therefore deemed unnecessary at present to create a specific provision.

ii. Commitments and risks

ACCOUNTING POLICY

Guarantees are disclosed at fair value determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.
For the accounting policy on financial guarantees please refer to note 6-'Net financial debt'.

DISCLOSURE

The main commitments and risks of the Campari Group on the reporting date are divided into the following categories:

- **Contractual commitments to purchase goods or services**: totalled €551.4 million (€390.9 million at 31 December 2022). These mainly included commitments for the purchase of packaging and pallets, amounting to €260.0 million (€87.3 million at 31 December 2022); the purchase of raw materials, semi-finished goods totalling €156.6 million (€166.1 million at 31 December 2022); initiatives to enhance and outsource selected Group information technology services totalling €41.6 million (€45.1 million in 2022); the purchase of advertising and promotional services and sponsorships totalled €20.4 million (€24.0 million at 31 December 2022) as well as for general and maintenance services for €53.9 million (€50.1 million at 31 December 2022).
- **Existing contractual commitments for purchasing of property, plant and equipment, and intangible assets**: totalling €159.1 million (€26.1 million at 31 December 2022). The increase compared to 2022 mainly relates to tangible assets.
- **Financial guarantees**: the Group has provided financial guarantees in the context of the 50%-50% joint-venture in Dioniso Group with Moët Hennessy to create a premium pan-European Wines and Spirits e-commerce player and which holds the leading e-commerce platforms for wines and premium spirits in Italy (Tannico e Wineplatform S.p.A.) and in France (Ventealapropriete.com). The Group is providing 50% of financial support to Dioniso Group for the completion of business expansion transactions in case existing cash flows are not sufficient and the bank indebtedness or other third-party financing cannot be obtained at satisfactory conditions. At 31 December 2023, the estimated potential cash out for the Group in relation to Dioniso Group existing commitments in the form of put and/or call option connected with business combination and a committed liability for a personnel compensation scheme totalled €9.0 million (€11.7 million at 31 December 2022).
The Group has provided financial guarantees in the context of the interests in the third party investments in Monkey Spirits, LLC and Thirsty Camel Ltd for an amount of US$10 million; the financial guarantee has been granted to support the development of the brand and the business and is accompanied by the pledge on the shares belonging to other partners who have not participated in the same financial support.
- **Other guarantees**: the Group has provided other forms of security in favour of third parties, totalling €627.4 million at 31 December 2023 (€663.5 million at 31 December 2022). These mainly include securities to Group companies for credit lines totalling €566.3 million (€593.9 million at 31 December 2022) and customs guarantees for excise duties totalling €58.5 million (€63.3 million at 31 December 2022).
- **Contractual commitments for using of third-party assets not recognised using lease accounting**: the table below breaks down the amounts owed by the Group in future periods by maturity, relating to the main contractual commitments for the use of third-party assets. At 31 December 2023 they mainly related to warehouses for storing goods and maturing stock as well as information technology, vehicles and buildings. The increase compared to 2022 mainly refers to the subscription of new contracts to secure additional warehouse space for maturing inventories in line with the Group strategy, as well as new contracts for land and buildings.

		at 31 December
	2023	2022
	€ million	€ million
Within 1 year	21.2	13.7
1-5 years	12.7	13.2
After 5 years	21.6	13.8
Total	**55.5**	**40.6**

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iii. Fair value information on assets and liabilities

ACCOUNTING POLICY

FAIR VALUE ON FINANCIAL ASSETS AND LIABILITIES

For fair value information on financial assets and liabilities, please refer to note 6 i.-'Financial instruments'.

FAIR VALUE ON BIOLOGICAL ASSETS

The Group's biological assets include grapes for champagne production, sugar cane plantations for rum production and agave for tequila/mezcal production, which are used as raw materials for the production of those spirits.

Grape vines remain classified as fixed biological assets valued at cost, net of accumulated depreciation and accumulated impairment losses. Immature vines are stated at accumulated cost. Capitalisation of costs ceases when the vines reach maturity. Depreciation commences when the grape vines are considered mature, which is when they produce their first commercially viable crop. Grapes growing on the plant are immediately classified as biological inventory since agricultural output covers a one-year period and the harvest is expected to occur in the second half of the year. Taking into account the biological and vegetative cycle, all the costs incurred in anticipation of the future harvest (service, products and other ancillary costs) are considered as inventory in current biological assets at the reporting date at a value that is in line with the fair value of the growing grapes based on available information on commodities markets.

Sugar cane plantations remain classified as fixed biological assets valued at cost, net of accumulated depreciation and accumulated impairment losses up to the harvest, which occurs from February to June. At the harvest time, the agricultural output that covers a one-year period is classified as an inventory item at a value estimated based on the costs of infrastructure, land preparation and sugar cane cultivation, with reference to an active market for comparable plantation and similar output in terms of age and qualitative characteristics, if available.

Agave plantations remain classified as fixed biological assets valued at cost, net of accumulated depreciation and accumulated impairment losses. The vegetative cycle for the ripening of the agave fruit is approximately six years. During this period the agave plants have not yet matured to be used for distillation purposes but can theoretically be sold as medium-aged plants. Agave cannot be distinguished from planting and can only be harvested once. The value of the growing product is represented as biological inventory and the reported fair value is estimated on the basis of the costs of infrastructure, soil preparation and agave cultivation, in the absence of an active reference market for comparable plantations and similar productions in terms of age and qualitative characteristics.

The following biological assets are not measured at fair value and consequently are not represented in this disclosure section:

- grapevines and agave plantations which remain classified as fixed biological assets valued at cost, net of accumulated depreciation and accumulated impairment losses;
- sugar cane plantations remain classified as fixed biological assets valued at cost, net of accumulated depreciation and accumulated impairment losses, up to the annual harvest.

Fair value measurement of current biological assets in inventory (agricultural produce: agave, grapes and sugar) is determined based on the sale price net of estimated sales costs, if available, or having as the main reference the total production costs in case the agricultural product is so peculiar that there is the absence of any active reference market for comparable plantation and similar output in terms of age and qualitative characteristics.

DISCLOSURE

A summary of the financial and non-financial assets and liabilities measured at fair value is shown below. As complementary information, the fair value of the financial items measured at amortised costs based on the applicable business model is also included.

		at 31 December	
		2023	2022
		€ million	€ million
A) Items reported at fair value		**194.9**	**149.9**
	of which assets	**36.9**	**86.4**
Other current financial asset		-	16.2
Current assets for hedging derivatives		1.6	1.7
Current assets for hedge derivatives, not in hedge accounting		1.0	-
Non-current assets for hedging derivatives		2.9	41.5
Other non-current financial assets		-	1.0
Other non-current assets (non-financial item)		16.3	18.8
Biological asset inventory (non-financial item)		15.1	7.1
	of which liability	**232.2**	**236.3**
Current liabilities for hedging derivatives		0.1	-
Current liabilities for hedge derivatives, not in hedge accounting		0.2	-
Liabilities for put option and earn-out payments		231.8	236.3
B) Financial liabilities reported at amortised cost method but for which fair value information is provided		**2,192.9**	**1,698.4**
	of which liability	**2,192.9**	**1,698.4**
Loans due to banks		1,072.3	929.4
Bonds issued in 2017		149.0	147.1
Bonds issued in 2019		148.5	146.5
Bonds issued in 2020		504.4	475.4
Bonds issued in 2023		318.7	-

There were no changes in the Group's valuation processes, techniques and types of inputs used in the fair value measurements during the period regarding the fair value of a) financial and b) non-financial instruments. The valuation date for all items is 31 December 2023.

A) FINANCIAL INSTRUMENTS

Fair value of financial instruments:

- for financial assets and liabilities that are liquid or nearing maturity, it is assumed that the carrying amount equates to fair value; this assumption also applies to term deposits, securities that can be readily converted to cash, and variable-rate financial instruments;

- for the measurement of hedging instruments at fair value, the Group used valuation models based on market parameters;
- the fair value of non-current financial payables was obtained by discounting all future cash flows to present value under the conditions in effect at the end of the year.

Derivatives, valued using techniques based on market data, are mainly interest rate swaps and forward sales/purchases of foreign currencies to hedge both the fair value of the underlying instruments and cash flows.
The most commonly applied measurement methods include forward pricing and swap models, which use present value calculations. The models incorporate various inputs, including the non-performance risk rating of the counterparty, market volatility, spot and forward exchange rates and current and forward interest rates.

An analysis of financial instruments measured at fair value based on three different valuation levels is provided in the table below.

- level 1: valuation for the financial assets in question was calculated using a methodology based on the NAV, which was obtained from specialised external sources;
- level 2: valuation used for financial instruments measured at fair value was based on parameters such as exchange rates and interest rates, which are quoted on active markets or are observable on official yield curves;
- level 3: valuation used for financial liabilities deriving from or connected to business combinations, where a portion of the consideration was determined as a condition subordinated to the company's performance acquired, based on contractually agreed indicators.

at 31 December 2023	level 1	level 2	level 3
	€ million	€ million	€ million
Assets reported at fair value			
Current assets for hedging derivatives	-	1.6	-
Current assets for hedge derivatives, not in hedge accounting	-	1.0	-
Non-current assets for hedging derivatives	-	2.9	-
Other non-current assets	-	-	16.3
Biological asset inventory	-	-	15.1
Liabilities reported at fair value			
Current liabilities for hedging derivatives	-	0.1	-
Current liabilities for hedge derivatives, not in hedge accounting	-	0.2	-
Liabilities for put option and earn-out payments	-	-	231.8
Financial liabilities at fair value			
Loans due to banks	-	1,072.3	-
Bonds issued in 2017	-	149.0	-
Bonds issued in 2019	-	148.5	-
Bonds issued in 2020	-	504.4	-
Bonds issued in 2023	-	318.7	-

at 31 December 2022	Level 1	Level 2	Level 3
	€ million	€ million	€ million
Assets reported at fair value			
Assets reported at fair value	-	-	-
Other current financial asset	16.2	-	-
Current assets for hedging derivatives	-	1.7	-
Non-current assets for hedging derivatives	-	41.5	-
Other non-current financial assets	1.0	-	-
Other non-current assets	-	-	18.8
Biological asset inventory	-	-	7.1
Liabilities reported at fair value			
Liabilities for put option and earn-out payments	-	-	236.3
Financial liabilities at fair value			
Loans due to banks	-	929.4	-
Bonds issued in 2017	-	147.1	-
Bonds issued in 2019	-	146.5	-
Bonds issued in 2020	-	475.4	-

The following tables show the valuation techniques used in measuring level 2 and level 3 fair values at 31 December 2023 for financial instruments measured at fair value in the statement of financial position, and the significant unobservable inputs used.

type	valuation technique	significant unobservable inputs	inter-relationship between significant unobservable inputs and fair value measurement
Forward and option exchange contracts	The fair value is determined using quoted forward exchange rates at the reporting date based on high credit quality yield curves in the respective currencies. The models incorporate various inputs, including the counterparty's credit rating, market volatility, spot and forward exchange rates and current and forward interest rates.	Not applicable.	Not applicable.
Interest rate swaps	The fair value of interest rate swaps agreements is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources reflecting the applicable benchmark interbank rate used by market participants when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Group and the counterparty; this is calculated based on credit spreads derived from current credit default swap or bond prices.	Not applicable.	Not applicable.
Contingent consideration and put or put/call agreements connected with business combination	The valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate.	**Wilderness Trail Distillery option**: • Expected contractually target business performances measured over a period of 9 years from the acquisition; • Risk-adjusted discount rate: 3.9%. **Ancho Reyes and Montelobos option**: • Expected contractually target business performances measured over a period of 5 years from the acquisition; • Risk-adjusted discount rate: 3.5%. **Trans Beverage Company Ltd.**: • Expected contractually target business performances measured over a period of 6 years from the acquisition; • Risk-adjusted discount rate: 3.5%.	The estimated fair value would increase (decrease) if: • The expected contractually target business performances, was higher (lower); or • The risk-adjusted discount rate was lower (higher) with related impact in financial liabilities affecting the expected cash out value and Campari Group net equity.
Variable payments in form of earn-out agreements	The valuation model considers the present value of expected payments.	**CT Spirits Japan variable earn**: • Expected contractually target business performances measured over a period of 3 years from the acquisition date; • Risk-adjusted discount rate 3.5%. **Lallier group earn-out.**: • Company performance contractually envisaged with targets based on sales performances measured over a Certain period until 2023 included.	The estimated fair value would increase (decrease) if: • The expected contractually target business performances, was higher (lower) with related impact in financial liabilities affecting the expected cash out value and the statement of profit or loss.
Derivatives resulting from put/call agreement connected with equity investment and joint-venture	The valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate.	**Monkey Spirits, LLC**: • Expected contractually target business performances measured over a period of 3 years from the acquisition; • Risk-adjusted discount rate: 3.2%. **Spiritus Co Ltd.**: • Expected contractually target business performances measured over a period of 3 years from the acquisition; • Risk-adjusted discount rate 3.5%.	The estimated fair value would increase (decrease) if: • The expected contractually target business performances, was higher (lower); • The risk-adjusted discount rate was lower (higher) with related impact in financial liabilities affecting the expected cash out value and Campari Group net equity.
Derivative resulting from granting put option for the purchase of a business	The valuation model considers the enterprise value of the business target to be acquired.	**Beam Holding France S.A.S.**: The purchase price for the transaction is US$1.32 billion (composed by a fix component of US$1.2 billion and an additional potential earn-out of maximum US$0.11 billion).	If the fair value of the target business were higher (lower) than the acquisition price, the estimated fair value would increase (decrease). Since the Group granted the put option to the seller close to year end (14 December 2023) and within an arm-length negotiation under prevailing market conditions not limited only to the target's business performance, the fair value variation assessment as of 31 December 2023 can be deemed negligible even when considering potential fluctuations in the target's performance during the remaining days of 2023.

There were no transfers between fair value measurement levels during the period.

The following table shows a reconciliation from the opening balance to the closing balance of the periods for level 3 fair values.

€ million	Other non-current assets	Liabilities for contingent considerations, put option and earn-out and derivatives over equity investments and joint-ventures
Level 3 fair values at 31 December 2022	**18.8**	**236.3**
Change in fair value included in profit or loss	(1.7)	(1.4)
Change in fair value included in Group net equity	-	8.5
Disposal	-	(3.4)
Additions	0.1	0.5
Exchange rate effect and other movements	(0.9)	(8.8)
Level 3 fair values at 31 December 2023	**16.3**	**231.8**
Level 3 fair values at 31 December 2021	**0.8**	**50.4**
Change in fair value included in profit or loss	(0.2)	-
Change in fair value included in Group net equity	-	(6.6)
Additions	19.1	191.8
Exchange rate effect and other movements	(1.0)	0.6
Level 3 fair values at 31 December 2022	**18.8**	**236.3**

For the level 3 fair value items, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have been the following effects. The baseline is the contingent consideration recorded as put option liability in the consolidated financial statements at 31 December.

at 31 December 2023 € million	Profit or loss (+) increase/(-) decrease	Group net equity (+) increase/(-) decrease
Liabilities for contingent considerations, put option and earn-out		
Risk adjusted discount rate +/-1% (+/-100 basis points)	0.1/-0.1	10.5/-11.3
Expected contractually target business performances +/-10% (+/-1000 basis points)	-0.1/0.1	-17.8/+17.8

at 31 December 2022	Profit or loss (+) increase/(-) decrease	Group net equity (+) increase/(-) decrease
€ million		
Liabilities for contingent considerations, put option and earn-out		
Risk adjusted discount rate +/-1% (+/-100 basis points)	-	0.9/-0.9
Expected contractually target business performances +/-10% (+/-1000 basis points)	-	-20.0/+40.0

In light of the negligible amount of other non-current assets classified as level 3 fair value items (namely related to equity interests in third party investments) and derivatives over equity investments and joint-ventures, no sensitivity was detected as any reasonably possible changes at the balance sheet date of one of the significant unobservable inputs, keeping the other variables constant, would not have generated material effects either on the statement of profit or loss or on the group net equity.

FINANCIAL DERIVATIVES

A summary of financial derivatives implemented by the Group at 31 December 2023, broken down by hedging strategy, is shown below.

- **Derivatives used for fair value hedging**
  At 31 December 2023, certain Group subsidiaries have contracts for hedging payables and receivables in foreign currency in place that meet the requirements to be defined as fair value hedging instruments. These contracts were negotiated to match maturities with incoming and outgoing cash flows resulting from sales and purchases in individual currencies. At the reporting date the valuation of these contracts gave rise to the reporting of assets of €1.1 million and liabilities of €0.1 million (€1.3 million of assets and negligible amount of liabilities in 2022).
  Gains and losses on the hedged and hedging instruments used in all the Group's fair value hedges, corresponding to the contracts mentioned above, are summarised below.

	for the years ended 31 December	
	2023	2022
	€ million	€ million
Gains on hedging instruments	0.9	0.1
Losses on hedging instruments	(0.1)	-
Total gains (losses) on hedging instruments	**0.8**	**0.1**
Gains on hedged items	0.2	-
Losses on hedged items	(2.0)	(1.4)
Total gains (losses) on hedging items	**(1.8)**	**(1.4)**

- **Derivatives used for cash flow hedging**
  The Group uses the following contracts to hedge its cash flows:
  - interest rate swaps hedging the risk of interest rate fluctuations on future transactions relating to the stipulation of financial loans;
  - hedging of future sales and purchases in currencies other than the € and interest rates on future transactions.

  The fair value variation of the hedging instruments during the year generated a negative impact in other comprehensive income of €19.7 million and €3.9 million in profit or loss related to the reversal of cash flow reserve associated with the pre-hedge derivative (compared with positive impact of €41.8 million and €4.5 million respectively in 2022). At the reporting date, the valuation of these contracts gave rise to the reporting of assets of €2.9 million (€41.9 million of assets in 2022).

  The table below shows when the aforementioned hedged cash flows are expected to be received (paid), at 31 December 2023. These cash flows concern both interest and currency derivatives and have not been discounted. Since the company does not distinguish the outflow for positive and negative fair values of derivative contracts, the below cash outflows are presented net.

for the year ended 31 December 2023	Within one year	1-5 years	Total
	€ million	€ million	€ million
Cash inflows	0.5	11.7	12.2
Net cash flows	**0.5**	**11.7**	**12.2**

for the year ended 31 December 2022	Within one year	1-5 years	Total
	€ million	€ million	€ million
Cash inflows	15.2	30.6	45.8
Net cash flows	**15.2**	**30.6**	**45.8**

The overall changes in the cash flow hedge reserve and the associated deferred taxes are shown below.

	Gross amount	Tax effect	Net amount
	€ million	€ million	€ million
at 31 December 2022	35.9	(8.6)	27.3
Profit or loss impact	(6.1)	1.5	(4.7)
Net equity impact	(17.5)	4.2	(13.3)
at 31 December 2023	**12.3**	**(2.9)**	**9.3**

	Gross amount	Tax effect	Net amount
	€ million	€ million	€ million
at 31 December 2021	(10.4)	2.4	(7.9)
Profit or loss impact	4.5	(1.1)	3.4
Net equity impact	41.8	(10.0)	31.8
at 31 December 2022	**35.9**	**(8.6)**	**27.3**

- **Hedging derivatives not reported using hedge accounting**
  These instruments are mainly related to hedges of future purchases in currencies other than the €. At 31 December 2023, financial assets for €1.0 and financial liabilities of €0.2 million were recognised (at 31 December 2022 negligible amounts were reported for both financial assets and liabilities).

IBOR reform
With respect to the amendments to IFRS pertaining to phase 2 of the 'Interest Rate Benchmark Reform', the Group's impact was deemed negligible as of 31 December 2023, primarily associated with the transition away from Libor in US dollars. The newly introduced rates have since been seamlessly integrated into routine treasury management practices.

B) NON-FINANCIAL INSTRUMENTS

Fair value of non-financial instruments:
The table below details the hierarchy of non-financial instruments measured at fair value, based on the valuation methods used:

- level 1: the valuation methods use prices quoted on an active market for the assets and liabilities subject to valuation;
- level 2: the valuation methods take into account inputs other than the quoted market prices in level 1, but only those that are observable on the market, either directly or indirectly;
- level 3: the methods used take into account inputs that are not based on observable market data.

31 December 2023	level 1	level 2	level 3
	€ million	€ million	€ million
Assets valued at fair value			
Third-party investment		-	16.3
Biological assets in inventory		-	15.1

31 December 2022	level 1	level 2	level 3
	€ million	€ million	€ million
Assets valued at fair value			
Third-party investment	-	-	18.8
Biological assets in inventory	-	-	7.1

The following tables show the valuation techniques used in measuring level 2 and level 3 fair values at 31 December 2023 for non-financial instruments measured at fair value in the statement of financial position, and the significant unobservable inputs used.

type	valuation technique	significant unobservable inputs	inter-relationship between significant unobservable inputs and fair value measurement
Biological assets (inventory)	The fair value of agricultural products grown on the plant is determined by considering the market value of similar commodities and the biological/vegetative cycle which is based on all costs incurred in anticipation of the future harvest (service, products and other ancillary costs).	• Actual cost of cultivation and preparation of the land and the plant per hectare • Estimated yields per hectare • Estimated market price for similar commodities.	The estimated fair value would increase (decrease) if: • The estimated cost of cultivation and preparation of the land and plantation was higher (lower); or • The estimated yield per hectare was higher (lower).
Third-party investments	The valuation model considers investments in companies that are strategic investments for the Group for which the election has been to recognise changes in the related fair values through profit or loss. The fair value is defined based on the performance result of the companies based on the last Financial Statements available.	• Business performance.	The estimated fair value would increase (decrease) if the business performances, was higher (lower).

All the biological products (agave, sugar cane and grapes) are classified as current inventory in consideration of their annual vegetative growing process, apart from agave which is classified as inventory even during the 6-year growing period in consideration of the vegetative characteristics of the product. The amount disclosed in the consolidated accounts at 31 December 2022 for sugar cane and grapes, was used in the production process during the year 2023 and the value reported in the Group statement of the financial position at 31 December 2023 represented the new value of agricultural products that are growing on the plants.

The following table shows a reconciliation from the opening and the closing balance for level 3 fair values as of 31 December 2023 and 2022 respectively.
In 2023, the change in fair value indicated referred to the harvests of agave and sugar cane carried out during the year.

€ million	Biological assets in inventory[1]
at 31 December 2022	**7.1**
Harvest and reclassification to raw materials	(1.2)
Accretion	7.2
Change in fair value included in profit or loss (cost of goods sold)	1.0
Exchange rate differences	0.9
at 31 December 2023	**15.1**

[1] Please refer to note 5 iii-'Inventories and biological assets.

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€ million	Biological assets in inventory
at 31 December 2021	**3.7**
Harvest and reclassification to raw materials	(0.1)
Accretion	0.8
Change in fair value included in profit or loss (cost of goods sold)	2.2
Exchange rate differences	0.4
at 31 December 2022	**7.1**

In light of the negligible amount of biological assets in inventory classified as level 3 fair value items, no material sensitivity effect was detected as any reasonably possible changes at the balance sheet date of one of the significant unobservable inputs, keeping the other variables constant, would not have generated material effects either on the statement of profit or loss or on the inventory item.

iv. Defined benefit and contribution plans

ACCOUNTING POLICY

POST-EMPLOYMENT BENEFITS

Group companies provide post-employment benefits to staff, both directly and by contributing to external funds. The procedures for providing these benefits vary depending to the legal, fiscal and economic conditions in each country in which the Group operates.

DEFINED BENEFIT PLANS

The Group's obligations and the annual cost reported in the statement of profit or loss are determined by independent actuaries using the projected unit credit method.
The costs associated with an increase in the present value of the obligation, as the time for payment of the benefits draws nearer, are included under financial expenses, while the service costs are posted under the reporting line of cost of sales and selling, general and administrative expenses.

DEFINED CONTRIBUTION PLANS

Based on legal or contractual obligations, or on a voluntary basis, the Group fulfils post-employment employees obligations by paying contributions to a separate entity (publicly or privately administered pension funds), without making any actuarial calculation. At the end of the financial year, any liabilities for contributions to be paid are included in 'Other current liabilities', while the cost for the period is recognised under the reporting line of cost of sales and selling, general and administrative expenses.

DISCLOSURE

Regarding the Group's Italian subsidiaries, the defined benefit plans consist of the employee indemnity liability ('TFR'), to which its employees are entitled by law. Following the reform of the supplementary pension scheme in 2007, for companies employing at least 50 people, TFR contributions accrued up to 31 December 2006 are considered to be 'defined benefit plans', while contributions accruing from 1 January 2007, which have been allocated to a fund held at the INPS (Italian social security agency) or to supplementary pension funds, are considered to be 'defined contribution plans'. The portion of the TFR considered as a defined benefit plan consists of an unfunded plan that does not, therefore, hold any dedicated assets. The other unfunded defined benefit plans relate to Campari France Distribution SAS. Campari Deutschland GmbH and Campari Schweiz A.G. have some funded defined benefit plans in place for employees and/or former employees. These plans have dedicated assets.
The liability for medical insurance in place at 31 December 2023 relates to J. Wray and Nephew Ltd. and offers access to health care provided that employees stay with the company until pensionable age and have completed a minimum period of service. The cost of these benefits is spread over the employee's service period using a calculation methodology similar to that used for defined benefit plans.
The table below summaries of the changes in the present value of defined benefit obligations, and the fair values of the assets relating to the plan in 2023 and 2022.

€ million	Liabilities	Assets
Liabilities (assets) at 31 December 2022	**31.9**	**(4.4)**
Amounts included in profit or loss:		
Current service costs	2.6	-
Past service costs	(0.9)	-
Net interest	0.9	(0.1)
Total	**2.5**	**(0.1)**
Amounts included in the statement of other comprehensive income:		-
Gain/(losses) resulting from changes in actuarial assumptions	(0.5)	0.1
Exchange rate differences	-	(0.1)
Total	**(0.5)**	**(0.1)**

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Other changes:		-
Benefits paid	(1.2)	0.5
Contribution to the plan by other members	0.2	(0.6)
Contributions to the plan by employees	(0.3)	(0.2)
Benefits transferred	(1.4)	-
Total	**(2.6)**	**(0.3)**
Liabilities (assets) at 31 December 2023[1]	**31.3**	**(4.9)**

Liabilities (assets) at 31 December 2021	**37.6**	**(4.2)**
Amounts included in profit or loss:		
Current service costs	0.9	-
Past service costs	0.6	-
Net interest	0.3	-
Total	**1.8**	**-**
Amounts included in the statement of other comprehensive income:		
Gain/(losses) resulting from changes in actuarial assumptions	(5.1)	(0.1)
Exchange rate differences	0.3	(0.1)
Total	**(4.8)**	**(0.2)**
Other changes:		
Benefits paid	(1.3)	0.8
Contribution to the plan by other members	0.3	(0.6)
Contributions to the plan by employees	(0.5)	(0.1)
Benefits transferred	(1.2)	-
Total	**(2.7)**	**-**
Liabilities (assets) at 31 December 2022[2]	**31.9**	**(4.4)**

[1] Of which €22.6 million included under Defined benefit plans (note 8 iv); of which €3.9 million included under Other non-current liabilities (note 6 v-'Non-current financial debt' of this Campari Group consolidated financial statements).
[2] Of which €24.1 million included under Defined benefit plans (note 8 iv); of which €3.5 million included under Other non-current liabilities (note 6 v-'Non-current financial debt' of this Campari Group consolidated financial statements).

The table below shows the total changes in obligations for defined benefit plans financed using assets that serve the plan (funded obligations) and the liabilities relating to long-term unfunded benefits. It also includes benefits categorised as 'other liabilities' linked to medical cover provided by J. Wray and Nephew Ltd. to its current and/or former employees, and the long-term benefits of the Group's Italian companies ('TFR').

Current value of obligations	**Unfunded obligations**		**Funded obligations**		
€ Million	**Pension plans**	**Other liabilities**	**Gross value of pension plans**	**Fair value of assets**	**Net values**
Liabilities (assets) at 31 December 2022	**23.6**	**3.5**	**4.8**	**(4.4)**	**0.4**
Amounts included in profit or loss:					-
Current service costs	1.9	0.4	0.2	-	0.2
Past service costs	(0.9)	-	-	-	-
Net interest	0.7	-	0.1	(0.1)	-
Total	**1.8**	**0.4**	**0.3**	**(0.1)**	**0.2**
Amounts included in the statement of other comprehensive income:					
Gain/(losses) resulting from changes in actuarial assumptions	(1.4)	0.4	0.4	0.1	0.5
Exchange rate differences		(0.2)	0.2	(0.1)	0.1
Total	**(1.4)**	**0.2**	**0.6**	**(0.1)**	**0.6**
Other changes:					
Benefits paid	(0.4)	(0.3)	(0.5)	0.5	-
Contribution to the plan by other members		-	0.2	(0.6)	(0.3)
Contributions to the plan by employees	(0.4)	-	0.2	(0.2)	-
Benefits transferred	(1.4)	-		-	-
Total	**(2.2)**	**(0.3)**	**(0.1)**	**(0.3)**	**(0.4)**
Liabilities (assets) at 31 December 2023[1]	**21.8**	**3.9**	**5.7**	**(4.9)**	**0.8**

Liabilities (assets) at 31 December 2021	**28.9**	**3.3**	**5.4**	**(4.2)**	**1.2**
Amounts included in profit or loss:					-
Current service costs	0.4	0.2	0.2	-	0.2
Past service costs	0.6	-	-	-	-
Net interest	0.3	-	-	-	-
Total	**1.3**	**0.3**	**0.3**	**-**	**0.2**

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Amounts included in the statement of other comprehensive income:					
Gain/(losses) resulting from changes in actuarial assumptions	(4.3)	(0.2)	(0.6)	(0.1)	(0.7)
Exchange rate differences	-	0.1	0.1	(0.1)	-
Total	**(4.3)**	**-**	**(0.5)**	**(0.2)**	**(0.7)**
Other changes:					
Benefits paid	(0.5)	-	(0.8)	0.8	-
Contribution to the plan by other members	-	-	0.3	(0.6)	(0.3)
Contributions to the plan by employees	(0.6)	-	0.1	(0.1)	-
Benefits transferred	(1.2)	-		-	-
Total	**(2.4)**	**-**	**(0.3)**	**-**	**(0.3)**
Liabilities (assets) at 31 December 2022[2]	**23.6**	**3.5**	**4.8**	**(4.4)**	**0.4**

[1] Of which €22.6 million included under Defined benefit plans (note 8 iv); of which €3.9 million included under Other non-current liabilities (note 6 v-'Non-current financial debt' of this Campari Group consolidated financial statements).
[2] Of which €24.1 million included under Defined benefit plans; of which €3.5 million included under Other non-current liabilities.

The cost of work provided is classified under personnel costs, financial liabilities on obligations are classified under financial liabilities, and the effects of the recalculation of actuarial impacts are recognised in the other items of the statement of other comprehensive income. The table below provides a breakdown of the values of assets that service the pension plans.

	at 31 December	
	2023	**2022**
Equity investments	-	2.2
Insurance policies	4.9	2.2
Fair value of plan assets	**4.9**	**4.4**

Obligations related to the plans indicated above are calculated on the basis of the following assumptions.

	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Current value of obligations	**Unfunded pension plans**		**Funded pension plans**		**Other plans**	
Discount rate	3.75% - 4.07%	3.10% - 3.74%	1.83%-1.90%	2.25%-4.00%	13.00%	11.50%-12.00%
Future salary increases	2.00% - 4.00%	2.00% - 3.00%	1.40%-2.40%	1.00%		
Future pension increases			1.20%-2.00%	2.00%-2.25%		
Growth rate of healthcare costs					7.00%	0.00%-7.00%
Expected return on assets			1.90%	3.94%		
Staff turnover rate	0.00% - 40.41%	0.00% - 35.29%				
Forecast inflation rate	1.65% - 3.00%	1.65% - 3.00%	1.20%	1.10%	5.50%	

The rates relating to the costs of future medical costs are not included in the assumptions used in determining the above-defined benefit obligations. Thus, any changes in these rates would not have any effect.

A quantitative sensitivity analysis of the significant assumptions used at 31 December 2023 is provided below. Specifically, it shows the effects on the final net obligation arising from a positive or negative percentage change in the key assumptions used.

	Unfunded pension plans			**Funded pension plans**			**Other plans**		
	Change in the assumptions	**Impact of positive change**	**Impact of negative change**	**Change in the assumptions**	**Impact of positive change**	**Impact of negative change**	**Change in the assumptions**	**Impact of positive change**	**Impact of negative change**
2023									
Discount rate	+/- 0.5%	-3.03% /-0.78%	0.80% /3.25%	+/- 0.25% +/- 0.5% +/-1.00%	-7.9% /-1.75%	1.77% /9.20%	+/- 1.0%	-6.70% /-4.80% /-3.30%	3.30% /4.80% /5.90%
Future salary increases				+/- 0.25% +/- 0.5% +/-1.00%	1.30% /3.43%	-1.20% /-3.25%			
Future pension increases									
Forecast inflation rate	+/- 0.5%								
Staff turnover rate	+/- 0.5%	-0.15% /-0.04%	0.05% /0.08%						
Growth rate of healthcare costs	+/- 0.5%								

2022									
Discount rate	+/-0.25% +/-0.5%	-3.14% /-1.06%	1.09% /3.35%	+/- 0.5%	-7.40%	8.50%	+/- 1.0%	-6.95%	8.21%
Future salary increases				+/- 0.5%	1.10%	-1.00%			
Future pension increases									
Forecast inflation rate	+\- 0.5%	0.43% /1.83%	-1.72% /-0.43%						
Staff turnover rate	+\- 0.5%	-2.28% /-0.33%	0.34% /2.89%						
Growth rate of healthcare costs							+/- 1.0%	8.21%	-6.92%

The sensitivity analysis shown above is based on a method involving extrapolation of the impact on the net obligation for defined benefit plans of reasonable changes to the key assumptions made at the end of the financial year. The methodology and the assumptions made in preparing the sensitivity analysis remain unchanged from the previous year. Given that pension liabilities have been adjusted based on the consumer prices index, the pension plan is exposed to the various countries' inflation rates, to interest rate risks, and to changes in the future salary and pension increases. Given that the assets servicing the plans mainly relate to investments in bonds, the Group is also exposed to market risk in the related sectors. Overall, considering the contained exposure to funded pension plans leveraging on plan assets, the financial volatility of markets is not generating material disruption or criticality.

The following payments are the expected contributions made in future years to provide for the obligations of the defined benefit plans.

€ million	at 31 December 2023	Unfunded pension plans	Funded pension plans	Other plans
Within 12 months	14.9	14.3	0.4	0.2
From 1 to 5 years	5.3	2.8	1.8	0.7
From 5 to 10 years	8.4	4.0	3.1	1.3
Total	**28.6**	**21.1**	**5.4**	**2.2**
Average plan duration (years)	**12**	**9**	**12**	**14**

€ million	at 31 December 2022	Unfunded pension plans	Funded pension plans	Other plans
Within 12 months	16.6	16.0	0.4	0.2
From 1 to 5 years	4.6	2.2	1.8	0.6
From 5 to 10 years	9.8	5.0	3.7	1.1
Total	**30.9**	**23.2**	**5.8**	**1.9**
Average plan duration (years)	**7**	**9**	**9**	**5**

v. Related parties

DISCLOSURE

At 31 December 2023 Davide Campari-Milano N.V. was controlled by Lagfin S.C.A., Société en Commandite par Actions. Davide Campari-Milano N.V. and its Italian subsidiaries have adopted the national tax consolidation scheme for 2021 to 2023. At 31 December 2023, the individual Italian companies' income tax receivables and payables were recorded from or to, respectively, Lagfin S.C.A., Société en Commandite par Actions. Furthermore, Lagfin S.C.A., Société en Commandite par Actions, Davide Campari-Milano N.V. and some of its Italian subsidiaries, have joined the Group-wide VAT scheme. All tax receivables and payables are non-interest-bearing.

The tables below indicate the amounts for the various categories of transactions with related parties.

	Receivables for tax consolidation	Payables for tax consolidation	Receivables (payables) for Group VAT	Other non-current tax receivables	Other financial liabilities
31 December 2023	**€ million**	**€ million**	**€ million**	**€ million**	**€ million**
Lagfin S.C.A., Société en Commandite par Actions	20.0	(9.2)	(3.2)	0.1	(1.2)
Total	**20.0**	**(9.2)**	**(3.2)**	**0.1**	**(1.2)**
% on the related financial statements item	**43.5%**	**41.4%**	**3.6%**	**0.5%**	**2.1%**

	Receivables for tax consolidation	Payables for tax consolidation	Receivables (payables) for Group VAT	Other non-current tax receivables
31 December 2022	**€ million**	**€ million**	**€ million**	**€ million**
Lagfin S.C.A., Société en Commandite par Actions	0.7	(56.2)	(0.5)	0.1
Total	**0.7**	**(56.2)**	**(0.5)**	**0.1**
% on the related financial statements item	**3.8%**	**77.4%**	**0.5%**	**0.2%**

	Selling, general and administrative expenses
2023	**€ million**
Lagfin S.C.A., Société en Commandite par Actions	(0.1)
Total	**(0.1)**
%	-

In 2022 no transactions with related parties were accounted in the profit or loss.

vi. Remuneration to the Parent Company's Board of Directors

DISCLOSURE

The remuneration to the Parent Company's Board of Directors included in selling, general and administrative expenses was as follows.

	for the years ended 31 December	
	2023	2022
	€ million	€ million
Short-term fix and variable remuneration	7.9	7.0
Stock options[1]	3.0	3.2
Last mile long-term retention scheme[2]	10.0	10.0
Total	**20.9**	**20.1**

(1) The value shown above also includes the liability relating to the cancellation of plans granted to outgoing directors.
(2) Pursuant to the Remuneration Policy, a last mile incentive scheme with retention purpose to be potentially awarded to the current CEO has been approved by the Parent Company's corporate bodies and therefore implemented as illustrated in the Remuneration report in the 'Governance' section.

On the date of this report, a payable to directors of €33.8 million was recognised in the Group's accounts (at 31 December 2022 amounted to €23.2 million).

vii. Employees

DISCLOSURE

The tables below indicate the average number of employees at the Group, broken down by business segment, category and region.

Business segment	2023	2022
Production	2,023	1,726
Sales and distribution	1,885	1,672
General	856	768
Total	**4,764**	**4,166**
Category		
Managers	783	691
Office staff	2,869	2,513
Manual workers	1,112	962
Total	**4,764**	**4,166**
Region		
Italy	1,147	990
Abroad	3,617	3,175
Total	**4,764**	**4,166**

At 31 December 2023, the average number of employees was 4,764, of which 1,147 were based in Italy and 3,617 around the world, mostly in the Americas. No Group employees are based in the Netherlands.

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9. Subsequent event

i. Group significant events and corporate actions

PLACEMENT OF NEW ORDINARY SHARES AND SENIOR UNSECURED CONVERTIBLE BONDS

On 10 January 2024, Davide Campari-Milano N.V. successfully completed two financial transactions. Firstly, the Company placed new ordinary shares totalling approximately €650 million in gross proceeds through an accelerated bookbuilding offering at €9.33 per ordinary share. Secondly, it issued senior unsecured convertible bonds due in 2029 with an aggregate principal amount of €550 million, which are convertible into new and/or existing ordinary shares of the Company. These actions were undertaken in connection with exclusive negotiations initiated with Beam Suntory, Inc. on 14 December 2023, aimed at acquiring 100% ownership of the outstanding share capital of Courvoisier S.A.S., the owner of the Courvoisier brand. For further details, please consult the 'Significant events of the year' paragraph in the management board report.

DAVIDE CAMPARI-MILANO N.V.-COMPANY ONLY FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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COMPANY ONLY PRIMARY STATEMENTS

Statement of profit or loss[(1)]

	Notes	for the years ended 31 December	
		2023	2022
		€ Million	€ Million
Gross sales		**1,134.0**	**1,080.8**
Excise duties[(2)]		(93.7)	(94.5)
Net sales	3 I	**1,040.4**	**986.4**
Cost of sales	3 II	(428.1)	(381.6)
Gross profit		**612.3**	**604.8**
Advertising and promotional costs	3 III	(80.8)	(85.6)
Contribution margin		**531.5**	**519.2**
Selling, general and administrative expenses	3 V	(226.5)	(193.9)
Operating result		**305.0**	**325.3**
Financial expenses	3 VIII	(44.5)	(28.2)
Financial income	3 VIII	17.6	2.1
Dividends	3 VIII	105.9	331.9
Share of profit (loss) of joint-ventures	3 X	(9.3)	(6.6)
Profit before taxation		**374.7**	**624.4**
Taxation	3 XI	(86.5)	(108.4)
Profit for the period		**288.2**	**516.1**

(1) For information on the definition of alternative performance measures reported in the management board report, see the paragraph 'Definitions and reconciliation of the Alternative Performance Measures ('APMs' or non-GAAP measures) to GAAP measures'. Furthermore selling, general and administrative expenses for the year 2022 have been restated to properly reflect the change in representation (note 2- iv. 'change in representation').

(2) Excise duties where Campari Group acts as an agent

Statement of other comprehensive income

	Notes	for the years ended 31 December	
		2023	2022
		€ Million	€ Million
Profit for the period (A)		**288.2**	**516.1**
B1) Items that may be subsequently reclassified to the statement of profit or loss			
Cash flow hedge:			
Gains (losses) on cash flow hedge	6 I	(23.8)	46.0
Related Income tax effect	3 XI	5.7	(11.0)
Total cash flow hedge		**(18.1)**	**35.0**
Total: items that may be subsequently reclassified to the statement of profit or loss (B1)		**(18.1)**	**35.0**
B2) Items that may not be subsequently reclassified to the statement of profit or loss			
Remeasurements of defined benefit plans:			
Gains/(losses) on remeasurement of defined benefit plans	8 IV	0.1	(0.2)
Related Income tax effect	3 XI	-	0.1
Total remeasurements of defined benefit plans		**0.1**	**(0.2)**
Total: items that may not be subsequently reclassified to the statement of profit or loss (B2)		**0.1**	**(0.2)**
Other comprehensive income (expenses) (B=B1+B2)		**(18.0)**	**34.8**
Total comprehensive income (A+B)		**270.2**	**550.8**

Statement of financial position (before appropriation of results)

	Notes	2023	2022
		for the years ended 31 December	
		€ Million	€ Million
ASSETS			
Non-current assets			
Property, plant and equipment	4 I	152.0	120.8
Right of use assets	4 I	5.2	4.0
Goodwill	4 II	355.3	355.3
Brands	4 II	388.2	388.4
Intangible assets with a finite life	4 II	36.7	35.7
Investments in subsidiaries and joint-ventures	4 III	2,302.8	2,312.9
Other non-current assets	4 IV	6.2	6.3
Other non-current financial assets	6 IV	4.2	42.5
Total non-current assets		**3,250.7**	**3,266.0**
Current assets			
Inventories	5 III	166.4	126.7
Trade receivables	5 I	191.8	160.9
Other current financial assets	6 III	195.4	150.6
Cash and cash equivalents	6 II	443.6	119.0
Income tax receivables	3 XI.	14.0	-
Other current asset	4 V	36.8	11.4
Total current assets		**1,047.9**	**568.5**
Total assets		**4,298.6**	**3,834.5**

LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity[1]			
Share capital		36.1	18.3
Statutory reserve		22.0	39.8
Legal Reserve		9.0	27.1
Retained earnings and other reserves		1,818.9	1,314.6
Profit for the period		288.2	516.1
Total shareholders' equity	**7 III**	**2,174.3**	**1,915.9**
Non-current liabilities			
Bonds	6 V	845.8	846.3
Loans due to banks	6 V	572.1	401.8
Other non-current financial liabilities	6 V	6.6	9.4
Post-employment benefit obligations	8 IV	4.2	4.1
Provisions for risks and charges	8 I	2.0	6.4
Deferred tax liabilities	3 XI	14.0	19.7
Other non-current liabilities	4 VI	32.5	21.4
Total non-current liabilities		**1,477.2**	**1,309.2**
Current liabilities			
Bonds	6 VI	300.0	-
Loans due to banks	6 VI	17.7	8.3
Other current financial liabilities	6 VI	107.1	173.9
Trade payables	5 II	172.5	175.9
Income tax payables	3 XI	-	58.8
Other current liabilities	4 VII	49.9	192.5
Total current liabilities		**647.1**	**609.5**
Total liabilities		**2,124.3**	**1,918.7**
Total liabilities and shareholders' equity		**4,298.6**	**3,834.5**

[1] The published figures at 31 December 2022 have been restated to reflect the change in representation occurred in 2023 (note 2- iv. 'change in representation').

Statement of cash flow

		for the years ended 31 December	
	Notes	2023	2022
		€ Million	€ Million
Operating profit		**305.0**	**325.3**
Depreciation and amortisation	3 VII	25.2	23.3
Gain or loss on sale of fixed assets		-	(0.3)
Impairment of tangible fixed assets, goodwill, trade-mark and sold business		0.8	-
Net cost of share-based instruments	10 III	10.1	9.4
Change in payables to employees		12.0	4.2
Change in provisions		(0.2)	(0.8)
Change in net operating working capital	5	(73.9)	(2.3)
Income taxes refund (paid)		(155.8)	(76.8)
Impairment loss in subsidiaries	4 III	15.4	8.9
Other operating items including other indirect taxes		3.5	(17.5)
Cash flow generated from (used in) operating activities		**142.3**	**273.4**
Purchase of tangible and intangible fixed assets	4 I-II	(77.9)	(169.1)
Disposal of tangible and intangible assets		5.5	0.5
Change in investments in subsidiaries[1]	4 III	(149.4)	18.8
Change in investments in joint-ventures	4 III	(7.1)	(20.5)
Put options and earn out payments		-	(44.5)
Interests received	3 VIII	12.2	0.7
Decrease (increase) in short-term deposits and investments		0.3	(1.0)
Dividends received	3 VIII	105.9	331.9
Cash flow generated from (used in) investing		**(110.5)**	**116.8**
Proceeds from issue of bonds, notes and debentures	6 V	298.5	-
Repayments of bonds, notes and debentures	6 VI	-	(50.0)
Proceeds from non-current borrowings	6 V	450.0	50.0
Repayment of non-current borrowings	6 VIII	(250.0)	(46.7)
Net change in short-term financial payables and bank loans	6 VIII	(20.2)	(99.0)
Payment of lease liabilities	6 VII	(1.9)	(1.9)
Interests paid on other financial items		(30.3)	(22.2)
Interest on paid leases	3IX-6 VIII	(0.2)	(0.1)
Other intercompany inflows (outflows) of cash		(125.4)	(87.4)
Inflows (outflows) of other financial items		6.0	(3.9)
Purchase of own shares	7 III	(21.0)	(127.9)
Sale of own shares	7 III	54.8	7.0
Dividend paid to equity holders of the Parent	7 III	(67.5)	(67.6)
Cash flow generated from (used in) financing activities		**292.9**	**(449.7)**
Net change in cash and cash equivalents: increase (decrease)		**324.7**	**(59.6)**
Cash and cash equivalents at the beginning of period	6 II	119.0	178.6
Cash and cash equivalents at end of period	6 II	443.6	119.0

[1] The capital contribution to C. Espana S.L. of €150.0 million, which was recorded at 31 December 2022, was effectively executed and paid out in January 2023 and thus effected the cash flow of the period.

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Statement of changes in shareholders' equity[1]

	Notes	Share capital	Statutory reserve	Legal reserve	Retained earnings and other reserves	Profit for the period	Total
		€ Million	€ Million	€ Million	€ Million	€ Million	€ Million
at 31 December 2022		**18.3**	**39.8**	**27.1**	**1,314.6**	**516.1**	**1,915.9**
Allocation of prior year result	7 iii				516.1	(516.1)	-
Dividend payout to Parent Company shareholders	7 iii				(67.5)		(67.5)
Increase (decrease) through treasury share transactions	7 iii				33.9		33.9
Increase (decrease) through share-based payment transactions	7 iii				21.8		21.8
Increase (decrease) through other changes	7 III	17.8	(17.8)		-		-
Total comprehensive income (expense)		**-**	**-**	**(18.1)**	**0.1**	**288.2**	**270.2**
at 31 December 2023		**36.1**	**22.0**	**9.0**	**1,818.9**	**288.2**	**2,174.3**

	Share capital	Statutory reserve	Legal reserve	Retained earnings and other reserves	Profit for the period	Total
	€ Million	€ Million	€ Million	€ Million	€ Million	€ Million
at 31 December 2021	**18.3**	**39.8**	**(7.8)**	**1,317.1**	**166.9**	**1,534.2**
Allocation of prior year result				166.9	(166.9)	-
Dividend payout to Parent Company shareholders				(67.6)		(67.6)
Increase (decrease) through treasury share transactions				(121.1)		(121.1)
Increase (decrease) through share-based payment transactions				19.6		19.6
Increase (decrease) through other changes	-	-		-		-
Total comprehensive income (expense)			**35.0**	**(0.2)**	**516.1**	**550.8**
at 31 December 2022	**18.3**	**39.8**	**27.1**	**1,314.6**	**516.1**	**1,915.9**

[1] The published figures at 31 December 2022 have been restated to reflect the change in representation occurred in 2023 (note 2- iv. 'change in representation').

NOTES TO THE COMPANY ONLY FINANCIAL STATEMENTS

1. General information

Davide Campari-Milano N.V. is a company listed on the Italian Stock Exchange, with its legal domicile in Amsterdam, in the Netherlands, and its corporate address at Via Franco Sacchetti 20, 20099 Sesto San Giovanni, Milan, Italy.

For the purposes of its business operations in Italy, the Company has established a secondary seat with a permanent representative office within the meaning set forth in article 2508 of the Italian Civil Code.

The Company is entered in both the Netherlands Chamber of Commerce under the number 78502934 and the Milan Monza Brianza Lodi Chamber of Commerce under the number 06672120158.

At 31 December 2023, 54.4% of the share capital and 84.0% of the total voting rights of the Company were held by Lagfin S.C.A., Société en Commandite par Actions, headquartered in Luxembourg, in turn controlled by Artemisia Management S.A., Société Anonyme, which is the ultimate controlling company of Campari Group.

Davide Campari-Milano N.V. is the Parent Company of Campari Group. It trades directly on the Italian market and, through its subsidiaries, on the international alcoholic and non-alcoholic beverages markets.

The Group has a global distribution reach, trading in over 190 nations with leading positions in Europe and the Americas. It has 22 production sites, its own distribution network in 26 countries and employs around 4,700 people.

As the Parent Company of Campari Group, Davide Campari-Milano N.V. has also drawn up the consolidated financial statements of Campari Group at 31 December 2023.

The financial statements of Davide Campari-Milano N.V. for the year ending 31 December 2023 were approved and authorised for issue on 27 February 2024 by the Board of Directors.

The Board of Directors reserves the right to amend the results up to the General Meeting of Shareholders date, should any significant events requiring changes occur.

2. Accounting information and material general accounting policies

The annual financial statements of Davide Campari-Milano N.V. (represented by the 'Company financial statements'), for the year ending 31 December 2023, were prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code and the International Financial Reporting Standards issued by the International Accounting Standards Board ('IASB') and ratified by the European Union ('IFRS-EU'). These include all the international accounting standards (International Accounting Standards-'IAS') and interpretations of the International Financial Reporting Interpretations Committee ('IFRIC'), formerly the Standing Interpretations Committee ('SIC').

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the date of signing the Company only financial statements.
The financial statements were prepared in accordance with the historical cost method and taking any value adjustments into account where appropriate for certain categories of assets and liabilities, which were measured in accordance with the methods provided by IFRS.

Comparative information shall be disclosed in respect of the preceding period for all amounts reported in the financial statements. Comparative information has been included for narrative and descriptive information where it is relevant to an understanding of the current period's financial statements. Whether individual items or groups of items have been disclosed separately in the primary financial statements or in the notes depends on their materiality. Materiality is judged by reference to the size and nature of the item. The deciding factor is whether the omission or misstatement could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements.

For ease of reference, all the figures in the notes of these Company only financial statements are expressed in € million, whereas the original data and all percentages relating to changes between two periods or to percentages of net sales or other indicators are always calculated/recorded in €.

The Company is continuously improving its financial disclosures to make them more accessible and understandable to our stakeholders. Material accounting policies applied by the Company based on IFRS have been identified and are indicated within the notes to the consolidated financial statements with 'Accounting policy', as well as key assumptions and estimates. Disclosures are provided for transactions and other events or conditions that are material for the Group, following more or less the sequence of items in the consolidated statement of financial position and the consolidated statement of profit or loss.
In the rationalization process aimed at improving disclosures, some information relating to the comparative year may have undergone minor variations to ensure consistent information in the two years under comparison.

i. Form and content

In line with the structure of the financial statements chosen by the Group, which is also adopted for the annual financial statements of the Company itself, the statement of profit or loss has been classified by function, and the statement of financial position is based on a distinction between current and non-current assets and liabilities.
We consider that this format will provide a more meaningful representation of the items contributing to the results and financial position. The cash flow statement was prepared using the indirect method.
In 2023, the Company did not carry out any atypical and/or unusual transactions which, due to their materiality or size, type of counterparties to the transaction, or method for determining the price and timing of the event (proximity to year-end), could give rise to concerns over the accuracy or completeness of the information in the financial statements, conflicts of interest, or the safeguarding of company assets.

ii. Transactions in foreign currencies (not hedged with derivatives)

Revenues and costs related to foreign-currency transactions are reported at the exchange rate on the date the transaction is carried out. Monetary assets and liabilities in foreign currencies are initially converted into € at the exchange rate in effect on the transaction date and subsequently converted into € at the exchange rate applying on the reporting date, with the difference in value being posted to the statement of profit or loss. Non-monetary assets and liabilities arising from the payment/collection of a foreign currency advance are initially recognised at the exchange rate in effect on the transaction date. They are not subsequently modified to take account of any change in the exchange rate in effect on the reporting date.

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iii. Use of estimates

Preparation of the financial statements and the related notes in accordance with IFRS requires management to make estimates and assumptions that impact the Company's assets and liabilities and items in the profit or loss during the year. These estimates and assumptions, which are based on the best valuations available at the time of their preparation and are reviewed regularly, may differ from the actual circumstances and may be revised accordingly at the time that circumstances change, or when new information becomes available. Future outcomes can consequently differ from estimates. Details of critical estimates and judgements which could have a material impact on the financial statements are set out in the related notes as follows:

- Goodwill and intangible assets: management judgement of the assets to be recognised and synergies resulting from an acquisition. Management judgement and estimate required in determining future cash flows and appropriate applicable assumptions to support the intangible asset value. Please refer to note 4 ii-'Intangible assets' of the Company only financial statements at 31 December 2023;
- Investments in subsidiaries: management judgement in assessing any value of the investments in subsidiaries exceeding their recoverable amounts. Please refer to note 4 iii-'Investments in subsidiaries and joint-ventures and share of profit (loss) of joint-ventures' of the Company only financial statements at 31 December 2023;
- Compensation plans in the form of share-based payments: management estimate in determining the assumptions in calculating the fair value of the plans. Please refer to note 7 iv-'Share-based payments' of the company only financial statements at 31 December 2023;
- Taxation: management judgement and estimate required to assess uncertain tax positions and the recoverability of deferred tax assets. Please refer to note 3 xi-'Taxation' of the Company only financial statements at 31 December 2023.

- **Macroeconomic and geopolitical uncertainty**
During 2023, the Company has continued to monitor and analyse the evolution of macroeconomic and geopolitical uncertainties.
The critical review that was conducted included the ongoing Russia-Ukraine conflict which started in February 2022, and a detailed analysis has been performed to identify, and consequently manage, the principal risks and uncertainties to which the Company is exposed.

In addition, the Company, like all members of the spirts industry, faces the challenges of the present high inflation, even with a decreasing trend, related volatility in commodity prices and rising energy prices, combined with elevated interest rate levels, which continue to impact the current global environment. Although economic momentum should strengthen as real income and consumer spending increase due to expected decreasing inflation, the downside effect of high interest rates still persists, also in terms of changes in consumer behaviour. The Company constantly monitors the evolution of the macroeconomic scenario with the aim of mitigating the implications on its operations and performance also by leveraging the favourable sales mix and the price increases that it has started to implement throughout last year.

- **Climate and other environmental matters**
The Company recognises that climate change is one of the greatest challenges for the future of the planet and is actively engaged on its path related to the defined sustainability priorities to which all major global functions contribute. It is important to highlight that within the current macroeconomic landscape, production activities, the entire value chain, and the execution of the Company's strategies are susceptible to the impacts of climate change. These impacts encompass both acute and extreme unpredictable events, as well as chronic factors such as rising temperatures and drought, presenting physical risks-climate change is therefore a major disruptive force with the potential to drive substantial changes to the Company's operations in the short to medium and long term.
Climate risk can affect companies, financial institutions, households, countries, and the financial system in general. However, opportunities may arise for those companies that enable the transition to a low-carbon economy.
Following a very positive progression in 2022 regarding the Group's environmental commitments, more challenging medium and long-term environmental targets have been set during 2023 at Campari Group level as described deeply in the Sustainability disclosures included in the Annual report 2023 to which reference is made. The impact of the climate change assessment and the related targets set have been considered in evaluating estimates and judgements in the preparation of the Company only financial statements. The details of the climate risk assessment were deemed proportionate to the nature of the business and the current assessment was sufficient to identify the physical climate risks as well as the transition risks that are material to the Group's operations or financial condition. The analysis of climate change carried out in 2023 did not result in any issue not attributable to and not addressable in the ordinary course of business and did not highlight any material economic issue that had any material impact on these Company only financial statements. The assessment and considerations made were consistent with those carried out and disclosed in the Campari Group consolidated financial statements at 31 December 2023.

Specific additional supplementary information is provided below with respect to the identified priorities and their impact on the Company's disclosure.

GOING CONCERN INCLUDING NET FINANCIAL DEBT

In terms of its operating and financial profiles, the Company continues to be very sound and has not been exposed to any going-concern issues during 2023 thanks to the agility and resilience of its organisation. The positive business momentum for the Company has continued since the beginning of the year thanks to solid brand momentum in a resilient consumer environment, particularly in the on-premise channel. The Company also benefitted from the price increases implemented last year and continued to take advantage of price increase opportunities during 2023, which helped mitigate the inflation pressure on margins.
With regard to the Company's net debt position and namely with respect to financial assets, these are not subject to particular risks, since the investments considered are always the subject of a careful and scrupulous preliminary analysis and are always aligned with the financial needs of the moment. With respect to financial liabilities, the Group's indebtedness ratios measured internally (given the lack of covenants on existing debt) were under control and consistently at a level considered entirely manageable by the Company. During 2023, the Company's financial structure was confirmed to have been strengthened by the availability of significant committed and uncommitted credit lines. No renegotiation of interest rates has been performed. The Company terminated in advance some pre-hedging derivatives as part of the ordinary course of its financial business management to mitigate fixed interest rate exposure. The debt profile is appropriately balanced between variable and fixed rate, thus minimising the Company's exposure to market risk. In 2023, with respect to lease and rental agreements, there have not been nor new significant negotiations, including sub-leases, nor significant contract amendments generating financial receivables or liabilities. In terms of fair value measurement hierarchies of financial items, there were no changes to be reflected other than those disclosed in the related notes.

A separate analysis has been performed with reference to financial liabilities arising from earn-out agreements valued at fair value and where the basis of the estimate is linked to brand performance. The analysis was conducted in conjunction with the considerations described in relation to the impairment test on goodwill, brands and intangible assets with a finite life, in order to ensure homogeneity and consistency in the valuation, and from the analyses no particular circumstances emerged requiring significant revisions of these liabilities.
The macroeconomic trend during 2023 did not trigger any significant change in customers' contracts or any change in the revenue recognition criteria previously identified. No significant anticipated partial payments were experienced, indicating an implicit price concession to be accounted for or an impairment loss.
To facilitate liquidity management, the Company continued the reverse factoring program, confirmed with a limited number of trusted suppliers involved, consistent with the previous years: the trade payables under reverse factoring agreements continued to be classified as a component of the Company's operating working capital with no separate disclosure as primary line items of the Company only financial statements in consideration of the total exposure.

IMPAIRMENT OF GOODWILL, BRANDS AND INTANGIBLE ASSETS WITH A FINITE LIFE AND INVESTMENTS IN SUBSIDIARIES

In the current context of macro challenges including cost inflation, geopolitical tensions and tightening of monetary policies, the Company performed an assessment to identify any triggering event implying the risk of impairment on its goodwill, trademark and intangible assets with a finite life. This assessment confirmed that neither external nor internal events were triggering substantial change on the recoverability of these intangible assets, thus no impairment loss was identified for the year ended 31 December 2023.
During 2023, the positive business momentum has continued across key brands, thanks to solid brand momentum in a resilient consumer environment. In the current macroeconomic circumstances, there was no evidence of significant deterioration of consumer demand affecting business plans.
With respect to the investments in subsidiaries, the Company performed an in-depth analysis on their recoverability and ensure that the value is not carried at above their recoverable amounts. In this respect, as of 31 December 2023, impairment loss was identified for the investment in Campari Argentina S.A., for €9.6 million, due to the extremely volatile macroeconomic context with a severe devaluation of Argentina pesos, as well as for the investment in Camparino S.r.l. (for €1.1 million) and Terrazza Aperol S.r.l. (for €4.7 million).

TAXATION

During the year, all material assumptions and estimates considered in the preparation of the 2023 Company only financial statements were reviewed. In particular, the tax rates were investigated to check for any changes that occurred during the period in the Italian tax jurisdictions and any amendments substantially enacted were considered in assessing both current and deferred taxes. The review conducted has not identified any new triggering events, which could have an effect on the recoverability on deferred tax assets and on the recognition of any additional liabilities for uncertain tax positions.

iv. Change in representation

The disclosure of 'Selling, general and administrative expenses and other operating income and expenses' was reviewed and changed to 'Selling, general and administrative expenses'. Other operating income and expenses, which include certain transactions or events identified by the Company as not relevant for assessing the annual performance and which therefore merely represent adjusting elements for performance indicators that are only disclosed in the Group's management board report, were included by nature in the items of respective relevance and thus not disclosed separately anymore. Consistently the same changes were applied to the statement of profit or loss. To reflect such change in representation also comparative data for full year 2022 have been restated accordingly in the statement of profit or loss and disclosure of selling, general and administrative expenses.
Moreover, also the statements of cash flows were subject of an improved disclosure. The item 'other operating items including changes in other indirect taxes' formerly included also the 'net costs of share-based instruments', which are now disclosed as separate non-cash item.
Also, the disclosure of 'Shareholders' equity' has been reviewed to highlight the separate statutory reserve of the Company. It is noted that the changes in representation are not implying changes in the disclosures provided in the Company only financial statements at 31 December 2022, which remains fully comprehensive and complete.
As a consequence, the new structures and enhanced presentation of disclosures defined to help readers of the annual financial statements to gain a better understanding of the Company's result for the period and statements of cash flows and financial position impacted also the related primary statements which were amended consistently.

v. Changes in accounting standards

- **Summary of the new accounting standards adopted by the Company from 1 January 2023**
  Amendments to IAS 1-'Presentation of Financial Statements' and IFRS Practice Statement 2: Disclosure of Accounting Policies (issued on 12 February 2021). The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. These amendments were applied in the context of the disclosures of these Company only financial statements, which were adapted accordingly.

  Amendments to IAS 8-'Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates' (issued on 12 February 2021). The amendments introduce a new definition of 'accounting estimates', clarifying the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. This amendment was applied with no material impact to be reported.

  Amendments to IAS 12-'Income Taxes': Deferred Taxes Related to Assets and Liabilities Arising from a Single Transaction (issued on 7 May 2021). The amendment requires an entity to recognise deferred tax on initial recognition of particular transactions to the extent that the transaction gives rise to equal amounts of deferred tax assets and liabilities. The proposed amendments would apply to transactions such as leases and decommissioning obligations for which an entity recognises both an asset and a liability. This amendment was already applied by the Company.

  Amendments to IAS 12- 'Income Taxes': International Tax Reform-Pillar Two Model Rules (issued 23 May 2023). The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which is effective immediately, and require new disclosures about the Pillar Two exposure from 31 December 2023. The mandatory exception applies retrospectively. However, because no new legislation to implement the top-up tax was entered into force at 31 December 2023 in any jurisdiction in which the Group operates and no related deferred taxes were recognised at that date, the retrospective application has no impact on the Company only financial statements. This amendment was applied by the Company and new disclosures are also reflected in these Company only financial statements.

- **Accounting standards, amendments and interpretations that have been endorsed but are not yet applicable/ have not been adopted in advance by the Company**
The Company is still assessing the impact of these amendments on its financial position or operating results, in so far as they are applicable.

Amendment to IAS 1-'Presentation to Financial Statements' includes the following amendments with first application on 1 January 2024:

- Classification of Liabilities as Current or Non-current and Deferral of Effective Date (issued on 23 January 2020 and 15 July 2020 respectively). The amendment specifies the requirements to classify liabilities as current or non-current by clarifying i) what is meant by a right to defer the settlement; ii) that if an entity has the right to roll over an obligation for at least twelve months after the end of the reporting period, it classifies the obligation as non current, even if it would otherwise be due within a shorter period; iii) that the classification is unaffected by the likelihood that an entity will exercise its deferral right; and iv) that the settlement refers to a transfer to the counterparty that results in the extinguishment of the liability.
- Non-current Liabilities with Covenants (issued on 31 October 2022). The amendments clarify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current; while additional disclosures are required for non-current liabilities arising from loan arrangements that are subject to covenants to be complied with within twelve months after the reporting period.

Amendment to IFRS 16-'Leases', Lease Liability in a Sale and Leaseback (issued on 22 September 2022). A sale and leaseback transaction involves the transfer of an asset by an entity (the seller-lessee) to another entity (the buyer-lessor) and the leaseback of the same asset by the seller-lessee. The amendment specifies how a seller-lessee measures the lease liability, which arises in a sale and leaseback transaction, to ensure that it does not recognise any amount of the gain or loss related to the right-of-use retained. The amendment does not change the accounting for leases unrelated to sale and leaseback transactions. The first application is scheduled for 1 January 2024.

- **Accounting standards, amendments and interpretations not yet endorsed**
The Company is still assessing the impact of these amendments on its financial position or operating results, in so far as they are applicable.

Amendments to IAS 21-'The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability' (issued on 15 August 2023). The amendments clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable. The first application is scheduled for 1 January 2025.

Amendments to IAS 7-'Statement of Cash Flows' and IFRS 7-'Financial Instruments: Disclosures: Supplier Finance Arrangements' (issued on 25 May 2023), which address the disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The amendments will be effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted.

3. Results for the period

This section details accounting policies for net sales, cost of sales, point of sale materials, personnel costs, depreciation and amortisation, financial income and expenses, lease components share of profit (loss) of joint-ventures, as well as taxation. Judgments and estimates are stated regarding taxation.

This section discloses the information on costs and revenues, gains and losses affecting the results and performance for the period ended 31 December 2023, as well as financial information for taxation and joint-ventures.

i. Net sales

ACCOUNTING POLICY

REVENUE RECOGNITION

Revenues are recognised when the customer gains control of the goods. Transfer of control is determined using a five-step analytical model applied to all revenues from customer contracts.
This occurs when the goods are delivered to the customer, who has complete discretion over the sales channel and price of the products themselves, and there is no unfulfilled obligation that could affect acceptance by the customer. Delivery takes place when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and the customer has accepted the products in accordance with the sales contract, the terms and conditions of acceptance have expired, or the Company has objective evidence that all criteria for acceptance have been met. The Company's revenues mainly include sales of spirits on the market.

Revenues are recognised at the price stated in the contract, net of any estimates of deferred discounts or incentives granted to the customer in line with industry practice, for example:

- Volume/value discounts based on cumulative sales above a threshold at the end of a given period;
- Performance-based discounts (such as discounts, rebates, performance bonuses, logistical discounts), based on promotional activities performed by the customer and agreed upon in advance;
- Customer incentives, such as discount vouchers, free products, price protection, market development allowances, and price reduction allowances (to compensate for low sales);
- Product placement allowances (such as contributions for placement and range).

Historical experience is used to estimate deferred discounts/incentives based on agreements with clients, and revenues are recognised only to the extent that it is highly probable that there will be no need for subsequent significant adjustments.

No financing element is deemed to be present as sales are made with only a brief delay before payment: contracts are generally not entered into when there is more than one year between the transfer of the goods and the payment by the customer. Discounts relating to specific payment terms that lower the Company's collection risk, reduce administrative costs, and/or improve liquidity (such as payments at the time of sale) are recognised as a reduction in revenue. A liability reducing the related trade receivable is recognised for deferred discounts due to customers in relation to sales made up to the end of the period. Such liabilities can then be offset against the amounts payable by the customer. Receivables are recognised when the goods are delivered, as this is the point in time that the consideration is unconditional because only the passage of time is required before payment is due.

CONSUMPTION TAXES RECOGNITION

The Company incurs consumption taxes. Excise duty is a production tax that is payable by the manufacturer, becomes payable when the product is removed from captive warehouses, and is not directly related to the sales value: the excise duty is consequently recognised as a cost for the Company. Excise duties are normally recovered through the sales, although they are generally not shown as a separate item on external invoices. Excise duty increases are not always passed on to the customer, and if a customer does not pay for the product received, the Company cannot request a refund of the excise duty. For excise duties passed on to customers, the Company considers itself an agent of the regulatory authorities. Consequently, the re-invoiced excise values are excluded from the presentation of net sales in the primary statements and are presented to offset the cost incurred by the Company.

DISCLOSURE

	for the years ended 31 December	
	2023	2022
	€ Million	€ Million
Sale of goods	489.5	463.0
Sales to group companies[1]	550.9	523.4
Total net sales	**1,040.4**	**986.4**

[1] Please refer to note 8 v-'Related parties' for further information about sales to Group companies.

	for the years ended 31 December	
	2023	2022
	€ Million	€ Million
Italy	491.4	474.5
Germany	137.6	123.4
United States	86.7	86.9
France	59.9	49.2
Switzerland	18.9	19.0
Belgium	18.0	18.4
Austria	16.9	20.2
United Kingdom	12.1	14.4
Spain	12.0	8.2
Other	186.8	172.3
Total net sales	**1,040.4**	**986.4**

	for the years ended 31 December		
	€ Million	Percentage of Company sales	Main region for brands
Global priority brands	**631.6**	**60.7%**	
Aperol		41.0%	SEMEA
Campari		17.3%	SEMEA
SKYY[1]		1.3%	NCEE
Grand Marnier		0.5%	SEMEA
Wild Turkey portfolio[1][2]		0.4%	SEMEA
Jamaican rums portfolio[3]		0.3%	SEMEA
Regional priority brands	**279.4**	**26.9%**	**-**
Sparkling Wine&vermouth		9.8%	NCEE
Crodino		5.5%	SEMEA
Italian specialties		4.8%	SEMEA
Aperol Spritz RTD		2.9%	NCEE
The GlenGrant		1.8%	SEMEA
Espolòn		0.6%	SEMEA
Other[4]		1.4%	-
Local priority brands [5]	**99.5**	**9.6%**	**-**
Rest of the portfolio	**29.8**	**2.9%**	**-**
Total	**1,040.4**	**100.0%**	**-**

(1) Excludes ready-to-drink.
(2) Includes American Honey.
(3) Includes Appleton Estate, Wray and Nephew Overproof and Kingston 62.
(4) Includes Braulio, Cynar, Averna, Frangelico and Del Professore.
(5) Includes Bisquit and Dubouché, Bulldog, Forty Creek, Trois Rivières, Maison La Mauny, Ancho Reyes, Montelobos and Lallier.

In 2023, net sales totalled €1,040.4 million, showing an increase of 5.5% on the previous year. This item included sales of €491.4 million on the Italian market, of which €489.5 million was directly managed by the Company. The performance in the Italian market in 2023 was very satisfactory, with the aperitifs delivering solid results with a strong contribution from the successful execution of price increases, despite poor weather affecting aperitifs in their peak seasons. The overall sales to Group companies that primarily conduct their businesses in the international markets amounted to €550.9 million, increasing 5.3% from the previous year.

ii. Cost of sales

DISCLOSURE

	for the years ended 31 December	
	2023	2022
	€ Million	€ Million
Materials and manufacturing costs	374.9	322.4
Distribution costs	53.1	59.2
Total cost of sales	**428.1**	**381.6**
Raw materials and finished goods acquired from third parties	317.2	269.7
Variable transport costs	41.8	49.0
Personnel costs[1]	30.3	25.6
External production and maintenance costs	11.9	13.0
Depreciation/amortisation[1]	8.5	7.5
Utilities	6.7	6.4
Inventory write-downs	1.8	1.8
Other costs	9.9	8.7
Total cost of sales	**428.1**	**381.6**

(1) For an analysis of personnel costs and depreciation and amortisation components by nature, please see also the breakdown of personnel costs in notes 3 vi-'Personnel costs' and 3 vii-'Depreciation and amortisation'.

The cost of sales in 2023 was €428.1 million, reflecting a €46.5 million increase compared to 2022. As a percentage of net sales, the cost of sales was 41.2% in 2023, a slight uptick from the 38.7% recorded in 2022 and mainly driven by input costs inflation and the strengthening of the staffing structure essential for the efficient management of the burgeoning business is underway.

iii. Advertising and promotional costs

ACCOUNTING POLICY

Point-of-sale materials are charged to advertising and promotional costs at the time when the items are purchased.
Costs incurred in research, developing alternative products or processes, or conducting technological research and development are recognised in profit or loss in the period in which they are incurred.

DISCLOSURE

	for the years ended 31 December	
	2023	2022
	€ Million	€ Million
Merchandising and promotional costs	25.7	26.7
Advertising spaces	16.9	23.0
Sponsorships, testimonial, influencers and events	19.9	17.1
Media production	9.0	8.4
Research and innovationù[1]	5.8	6.5
Personnel costs	0.4	0.4
Other, including trade allowance for promotional purposes	3.0	3.5
Total advertising and promotional costs	**80.8**	**85.6**

[1] Research and innovation activities referred mainly to market research and packaging studies.
[2] For an analysis of personnel costs and depreciation and amortisation components by nature, please see also the breakdown of personnel costs in notes 3 vi-'Personnel costs'.

iv. Public grants

In 2023, operating grants for an overall €1.5 million were recorded in the statement of profit or loss (€1.6 million in 2022). These public contributions were mainly due to the financing of marketing activities for the promotion of quality wines in non-EU countries.

Photo submitted by Marta Guidarelli. Finalist of the 2023 Annual Report Photo Contest

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v. Selling, general and administrative expenses

ACCOUNTING POLICY

With the aim of improving presentation and disclosure, some comparative data have been adapted in a consistent manner with the method of presentation for the year ending 31 December 2023. In particular, some elements previously classified separately as other income and expenses have been included by nature in the items of respective relevance.

DISCLOSURE

	for the years ended 31 December	
	2023	**2022**
	€ Million	**€ Million**
Personnel costs[1]	116.5	100.9
Services, utilities, maintenance and insurance	73.4	59.9
Depreciation/amortisation[1]	16.7	15.8
Travel, business trip, training and meetings	18.1	14.6
Board fees and indemnities	7.9	7.0
Agents and other variable sales costs	4.7	5.3
Expenses for use of third-party assets	1.6	2.3
Other	(12.3)	(12.1)
Total selling, general and administrative expenses	**226.5**	**193.9**

[1] For an analysis of personnel costs and depreciation and amortisation components by nature, please see also the breakdown of personnel costs in notes 3 vi-'Personnel costs' and 3 vii-'Depreciation and amortisation'.

In 2023, selling, general and administrative expenses came to €226.5 million in accretion compared with the €193.9 million reported in 2022. As a percentage of net sales, the cost of sales was 21.8% in 2023, a slight uptick from the 19.7% recorded in 2022, reflecting the strengthening of personnel costs and services to support the evolution of the business. The 'Other' item is mainly attributable to transactions related to contracts with Group companies (refer to note 8 v-'Related parties' for further information about transactions with Group companies).

The expenses incurred during the year included components that may be considered non-representative of the current operating results. Throughout the year 2023, they referred mainly to costs associated with restructuring and reorganisation projects (€10.1 million), mergers and acquisitions projects (€3.5 million) together with long-term non-recurring last mile incentive plans for retention purposes to be potentially recognised to senior management (€10.0 million).

vi. Personnel costs

ACCOUNTING POLICY

For detailed information on the accounting policy on post-employment plans and share based payments, please refer to note 7 iv-'share-based payments' and 8 iv-'defined benefit and contribution plans', respectively.

	for the years ended 31 December	
	2023	**2022**
	€ Million	**€ Million**
Salaries and wages	80.7	71.1
Social security contributions	27.3	21.6
Cost of defined contribution plans	6.6	5.7
Cost of defined benefit plans	0.3	0.5
Other costs relating to mid/long-term benefits	2.0	3.0
Cost of share-based payments	10.1	9.4
Last-mile and restructuring costs	20.1	15.6
Total personnel costs	**147.2**	**126.9**
Of which:		
Included in cost of sales	30.3	25.6
Included in selling, general and administrative expenses	116.5	100.9
Included in advertising and promotional expenses[1]	0.4	0.4
Total	**147.2**	**126.9**

[1] Includes personnel costs relating to the management of brand houses.

Personnel costs totalled 147.2 million euros, reflecting an increase of €20.3 million compared to the preceding year. This upturn is primarily attributed to the reinforcement of the Company's capabilities and the natural generational turnover. The total personnel costs also included the expenses associated with indemnities and non-recurring last mile long-term incentive schemes with retention purposes to be potentially recognised to senior management.

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vii. Depreciation and amortisation

ACCOUNTING POLICY

For detailed information on the accounting policy, please refer to notes 3 ix-'Lease components in the statement of financial position', 4 i-'Property, plant and equipment, right of use assets, 4 ii-'Intangible assets' and 8 iii-'Fair value information on assets and liabilities'.

DISCLOSURE

	for the years ended 31 December	
	2023	2022
	€ Million	€ Million
Property, plant and equipment	7.6	6.6
Intangible assets	0.2	0.2
Right of use assets	0.8	0.8
Depreciation and amortization included in cost of sales	**8.5**	**7.5**
Property, plant and equipment	2.8	2.8
Intangible assets	12.7	11.8
Right of use assets	1.2	1.1
Depreciation and amortization included in selling, general and administrative expenses	**16.7**	**15.8**
Property, plant and equipment	10.3	9.4
Intangible assets	12.9	12.0
Right of use assets	1.9	1.9
Total depreciation and amortization in the statement of profit or loss	**25.2**	**23.3**

viii. Financial income and expenses

ACCOUNTING POLICY

Financial income and expenses include interest income and charges in respect of financial instruments and the results of hedging transactions used to manage interest rate risk. Borrowing costs are recognised in the income statement based on the effective interest method. The remaining financial components include items in respect of post-employment plans and the discount unwind of long-term obligations. The exchange gain or loss is inclusive of derivatives agreement impacts, excluding cash flow hedges that are used to cover the currency risk of highly probable future currency transactions.
For detailed information on the accounting policy for financial instruments, please refer to note 6 i.-'Financial instruments'.

DISCLOSURE

	for the years ended 31 December	
	2023	2022
	€ Million	€ Million
Interest expenses	(35.8)	(22.2)
Bank expenses	(1.8)	(1.3)
Remeasurement effect from liability management	-	(4.6)
Discounting from put option liabilities and change in estimate	0.1	-
Net interest on defined benefit plans	(0.1)	-
Other expenses	(3.7)	(1.8)
Total financial expenses	**(41.2)**	**(29.9)**
Dividends	105.9	331.9
Bank and term deposit interests	12.2	0.7
Exchange gain net	(3.3)	1.7
Other income	5.3	1.4
Total financial income	**120.1**	**335.7**
Net financial income (expenses)	**78.9**	**305.8**

In 2023, net financial income (expenses) reported a total net income of €78.9 million, compared to a net income of €305.8 million in 2022. The overall variance was attributable to the lower dividend income collected from Group companies compared to 2022 (€105.9 million and €331.9, million respectively). The financial expenses have been partially offset by income deriving by hedging derivatives unwinding following the liability management initiative managed during 2023 for €7.7 million (please refer to the Significant events of the period paragraph in the management board report).
Focusing on the main cost components of the year 2023, interest expenses stood at €35.8 million compared to €22.2 million reported in 2022. This increase was mainly attributable to the higher interest rates, which particularly affected the new term loans subscribed by the Company in 2023.

Financial income and expenses arising from bond emissions and the related hedging instruments are shown below.

	for the years ended 31 December	
	2023	2022
	€ Million	€ Million
Financial expenses to bondholders	(21.4)	(12.8)
Net changes in fair value and other amortized cost components	(0.9)	(0.8)
Cash flow hedge reserve reported in the statement of profit or loss during the year	(1.3)	(1.3)
Net interest expenses on bonds	**(23.6)**	**(14.9)**

ix. Leases components

ACCOUNTING POLICY

For detailed information on the accounting policy, please refer to note 3 ix.-'lease components'.

DISCLOSURE

	for the years ended 31 December	
	2023	2022
	€ Million	€ Million
Interest of lease	0.2	0.1
Depreciation and amortization on right-of-use underlying assets	1.9	1.9
Variable lease payment not included in measurement of lease liability	3.4	0.6
Expense related to leases with low value	1.8	2.3
Other	0.1	1.5
Total lease components in the statement of profit or loss	**7.6**	**6.4**

The low-value leases included in the statement of profit or loss mainly referred to information technology equipment. In contrast, while line variable leases include lease payments mainly referred to warehouses for storing products.

x. Share of profit (loss) of joint-ventures

ACCOUNTING POLICY

JOINT-VENTURES RECOGNITION

A joint-venture exists where there is a joint-control agreement under which the parties, that hold joint control have a right to the net assets covered by the agreement. Joint control is the contractually agreed sharing of control under an agreement, which solely exists when decisions on relevant activities require unanimous consensus from all the parties sharing control. The factors considered to determine significant influence or joint control are similar to those necessary to determine control over subsidiaries.

JOINT-VENTURES MEASUREMENT

Joint-ventures are initially recognised at cost plus acquisition-related costs and are subsequently reported in the company-only financial statements using the equity method from the date on which significant influence or joint control commences and ending when that influence or control ceases.
If there is a significant loss of influence or joint control, the holding and/or investment is recognised at fair value and the difference between the fair value and the carrying amount is recorded in the statement of profit or loss.

Any committed payments to increment the ownership interest in a joint-venture, in the form of a put and/or call option or a combination of both, cannot be estimated and recorded as a financial liability at the time of the transaction since the guidance valid for financial instruments does not apply to interests in joint-ventures that are accounted for using the equity method. These written agreements for put and/or call options are derivative agreements and represented in the Company's accounts as financial instruments measured at fair value with an impact in the statement of profit or loss. When the call and/or put options expire, the derivatives will be replaced by an increased value of the investment to be recorded against the cash out for the derivative settlement.
Contingent or committed payments in the form of an incentive plan granted to personnel of the joint-venture are recorded as an incremental cost of the investment once the attainment of the performance condition becomes probable, based on the fair value of the replacement award as of the acquisition date.
The Company assesses the existence of any impairment indicators whenever events or circumstances indicate that the carrying amount of the investment may not be recoverable; any impairment loss is allocated to the investment with effect in the statement of profit or loss. If the Company's interest in any losses of the joint-venture exceeds the carrying amount of the equity investment in the financial statements, the value of the equity investment is derecognised, and the Company's portion of further losses is not reported, unless, and to the extent to which, the Company has a legal or implicit obligation to cover such losses.

DISCLOSURE

€ Million	Investment in joint-ventures
at 31 December 2022	**35.5**
Share of profit (loss)	(9.3)
Capital injection	5.0
Increase in interests	2.6
Reclassifications to subsidiaries	(1.7)
at 31 December 2023	**32.2**

On 1 March 2023, the Company acquired the remaining 60% interest in CT Spirits Japan Ltd. ('CTSJ'), in which it previously had a 40% joint-venture interest. Consequently, the increase in interest effect included the contribution paid by the Company amounting to €2.1 million (JPY298.4 million), as well as a variable earn-out of €0.5 million due in 2025. CTSJ has been subsequently reclassified as investments in subsidiaries, having become a wholly owned subsidiary for an amount of €1.7 million, embedding the cumulated loss of €0.9 million for the period before consolidation.

Moreover, during 2023, a capital injection in the Dioniso joint-venture (contribution equally supported by Moët Hennessy) of €5.0 million was also completed in 2023.
The Company recorded an overall loss of €8.3 million, applying the equity method for its joint-venture interests during the year (€6.6 million in 2022). The loss was mainly driven by non-recurring recognition of impairment loss over its intangible assets.

xi. Taxation

ACCOUNTING POLICY

Current tax is based on taxable profit for the year. Taxable profit is different from accounting profit due to temporary differences between accounting and tax treatments and due to items that are never taxable or tax deductible. Tax benefits are not recognised unless it is probable that the tax positions are sustainable.
Preparing the taxation estimates, a detailed assessment is performed considering uncertainties regarding the tax treatment of transactions carried out, which could give rise to disputes with the tax authorities with related tax liabilities included in current liabilities. Current tax assets and liabilities are offset when a legal right of set-off exists, provided that the realisation of the asset and the settlement of the liability occur simultaneously.
Other non-income taxes, such as property and capital taxes, are included in operating expenses. Penalties and interest on tax liabilities are included in selling, general and administrative expenses and financial income and expenses, respectively, unless they qualify as income taxes based on the local legislation, being in that case classified as income taxes.
Deferred tax assets and liabilities are calculated on all temporary differences between the asset and liability values recorded in the financial statements and the corresponding values recognised for tax purposes using the liability method. Those values are determined based on the tax rates projected to be applicable under the respective Italian laws in those periods when the temporary differences are generated or derecognised. The Company has also opted for the national tax consolidation procedure, governed by Article 117 et seq of the Italian Consolidated Law on Income Tax (TUIR). The decision to adopt this procedure is reflected in the accounting entries, showing receivables and payables arising from the tax consolidation procedure towards the controlling shareholder Lagfin S.C.A., Société en Commandite par Actions.

DISCLOSURE

Taxes are calculated based on the applicable regulations at the rates in force, which, in 2023, were 24.0% for IRES (corporate income tax) and 5.57% for IRAP (regional production tax). A breakdown of the current and deferred taxes included in the Company's statement of profit or loss and statement of other comprehensive income is as follows.

	for the years ended 31 December	
	2023	2022
Profit or loss and other comprehensive income	**€ Million**	**€ Million**
Current taxes for the year and previous years	(86.6)	(111.6)
Deferred tax expenses of the year	-	3.2
Taxes recorded in the statement of profit or loss	**(86.5)**	**(108.4)**
Taxes recorded in the statement of comprehensive income	**5.7**	**(11.0)**
Financial position	**€ Million**	**€ Million**
Deferred tax liabilities	(14.0)	(19.7)
Net deferred tax	**(14.0)**	**(19.7)**

RECONCILIATION OF TAX CHARGES

The following table shows a reconciliation of the theoretical tax charge against the Company's actual tax charge.
Based on the legal provisions, the theoretical rate used is the rate in force during the year in question, considering the rates for IRES (corporate income tax) and IRAP (regional production tax) taxes, which have different tax bases. Tax base differences are included under permanent differences.

	for the years ended 31 December	
	2023	2022
	€ Million	**€ Million**
Profit before tax	**374.7**	**624.4**
Applicable tax rate	29.57%	29.57%
Theoretical taxes at current tax rate	**110.8**	**184.6**
Permanent differences	(21.1)	(73.2)
Taxes relating to previous financial years	(0.2)	0.6
Item with different theorical tax rate	(3.2)	(16.4)
Other differences	0.2	12.7
Actual tax liability in the statement of profit or loss	**86.5**	**108.4**
Actual tax rate	**23.1%**	**17.4%**

Taxation in 2023 amounted to €86.5 million compared to €108.4 million reported in 2022.
Profit before taxation represents the basis on which tax is calculated in accordance with current tax regulations.
The reported tax rate in the 2023 period was 23.1%, compared to a reported tax rate of 17.4% in 2022. The discrepancy in the reported net tax burden was driven by the dividend received from subsidiaries (€105.9 million in 2023 compared with €331.9 million in 2022), for which current Italian tax law provides for lower than nominal taxation partially offset by withholding tax applicable in the distributing entity jurisdiction for an amount of €0.2 million (€12.7 million in 2022).

Following the enactment of Italian legislation adopting the Pillar Two Directive of 22 December 2022 (referred to as Legislative Decree of 27 December 2023, no. 209 or 'Italian Pillar Two legislation'), Davide Campari-Milano N.V. became subject to the Italian Pillar Two legislation as of 1 January 2024. This legislation is applicable for the Group's financial year commencing on 1 January 2024 and has been either enacted or substantially enacted in certain jurisdictions where Campari Group operates. Campari Group has assessed its potential exposure to income taxes (both current and deferred), based on the latest tax filings, country-by-country reporting, and financial statements of the entities within Campari Group. According to the preliminary assessment, the Pillar Two effective tax rates in almost all jurisdictions where Campari Group operates exceed 15%. However, there may be a few jurisdictions where the transitional safe harbour relief does not currently apply, resulting in Pillar Two effective tax rates close to 15%. Additionally, subsequent Ministerial decrees will provide detailed implementing rules regarding applicable safe harbours. Based on the available information, it is believed that there will not be significant exposure to Pillar Two income taxes in those jurisdictions. Moreover, concurrently, Campari Group is implementing an internal tax and accounting solution to address the tax compliance requirements associated with each country's implementation of Pillar Two legislation.

BREAKDOWN OF DEFERRED TAXES BY TYPE

Details of deferred tax income/assets and expenses/liabilities posted to the statement of profit or loss and statement of financial position are broken down by type below.

	Statement of financial position		Statement of profit or loss		Other comprehensive income Statements	
	at 31 December		for the years ended 31 December		for the years ended 31 December	
	2023	2022	2023	2022	2023	2022
	€ Million	€ Million	€ Million	€ Million	€ Million	€ Million
Deferred expenses	9.3	6.8	2.6	2.9	-	-
Taxed funds	1.4	1.4	-	(0.1)	-	-
Unrealized exchange losses	9.9	7.9	2.0	-	-	-
Other	2.4	1.8	0.6	2.1	-	(2.5)
Reclassified in reduction of deferred tax liabilities	(23.1)	(17.9)		-	-	-
Deferred tax assets	**-**	**-**	**5.1**	**4.9**	**-**	**(2.5)**
Accelerated depreciation	(0.1)	(0.1)		-	-	-
Gains subject to deferred taxation	(0.1)	(0.1)		-	-	-
Goodwill and trademarks deducted locally	(23.9)	(20.7)	(3.2)	(2.4)	-	-
Cash flow hedging	(2.9)	(8.6)			5.7	(8.6)
Unrealized exchange profit	(7.3)	(5.4)	(1.9)	(2.9)	-	-
Other	(2.8)	(2.8)	-	-	-	-
Reclassification of deferred tax assets	23.1	17.9	-		-	-
Deferred tax liabilities	**(14.0)**	**(19.7)**	**(5.1)**	**(5.3)**	**5.7**	**(8.6)**
Total	**(14.0)**	**(19.7)**	**-**	**(0.3)**	**5.7**	**(11.0)**

Deferred tax assets arise from temporary differences and mainly relate to costs that are deductible based on certain tax measures, to the creation of taxed provisions (such as the provision for inventory impairment, provisions for risks, provision for expected future losses on receivables), to directors' remuneration and, lastly, to unrealised exchange-rate losses. Temporary differences that entailed reporting deferred tax liabilities related mainly to the amortisation of goodwill and brands, the deferral of gains made in previous years, and, lastly, unrealised exchange-rate gains.

The amounts credited and debited under this item are recognised in the statement of profit or loss for the period or under other comprehensive income or expense if the temporary difference is also recorded under other comprehensive income or expense.

The breakdown of income tax receivables and payables is as follows.

	2023	2022
	€ Million	€ Million
Income tax receivable	3.0	-
Receivables from controlling shareholder for tax consolidation[1]	11.0	-
Income tax receivables	**14.0**	**-**
Income tax payable	-	3.3
Payables to controlling shareholder for tax consolidation[1]	-	55.5
Income tax payables	**-**	**58.8**

[1] Please refer to paragraph 10 vi-'Related parties' for more information.

Income tax receivables and payables are all due within 12 months. The corporate income tax payable is shown net of advance payments and taxes deducted at source.
At 31 December 2023, the Company's tax receivable amounts to €14.0 million, which compared to tax payables €58.8 million at 31 December 2022 due to lower taxable income for IRES and IRAP purposes than the previous year, arose mainly from the different business results.

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4. Operating assets and liabilities

This section details accounting policies for property plant and equipment, right of use assets, intangible assets, post-employment plans and share-based payments. Judgements and estimates are stated with regard to goodwill and intangible assets.

This section discloses the information on the assets used to generate the Company's performance and the liabilities incurred.

i. Property, plant and equipment and right of use

ACCOUNTING POLICY

Property, plant and equipment are stated at cost less accumulated depreciation, which is applied on a straight-line basis to estimated residual values over their expected useful lives.
For right of use assets, please refer to the note 3 ix -'Lease components'.
Land, even if acquired in conjunction with a building, is not depreciated, nor are held-for-sale tangible assets reported at the lower of their carrying amount and fair value less cost to sell. Barrels are depreciated based on the useful life, which can vary depending on the maturing work in progress for the liquid. For lease-hold-improvements, the period of depreciation is the shorter of the economic life of the asset and the contract duration of the underlying lease agreement. For right of use assets, unless the Company is reasonably certain that it will obtain ownership of the leased asset at the end of the lease term, they are amortised on a straight-line basis over their estimated useful life or the term of the agreement, whichever is the shorter.
The Company's depreciation rate ranges by asset category are as follows:

- Business-related properties and light construction: **3%-10%**;
- Plant and machinery: **10%**;
- Furniture, office and electronic equipment: **10%-20%**;
- Vehicles: **20%-25%**;
- Miscellaneous equipment: **20%-30%**

Depreciation ceases on the date on which the asset is classified as held for sale or on which the asset is derecognised for accounting purposes, whichever occurs first.
The Company performs impairment tests when there is an indication of impairment at the level of individual fixed assets or group of fixed assets to ensure that property, plant and equipment are not carried at above their recoverable amounts.
Borrowing costs are not capitalised as part of the cost of an asset since borrowings are not generally attributable to the acquisition, construction, or production of a qualifying asset.

DISCLOSURE

	Land and builings	Plant and machinery	Other	Total
	€ Million	€ Million	€ Million	€ Million
Carrying amount at the beginning of the period	124.4	162.9	26.0	313.3
Accumulated depreciation at the beginning of the period	(60.1)	(111.8)	(20.6)	(192.5)
at 31 December 2022	**64.3**	**51.1**	**5.5**	**120.8**
Additions[1]	12.1	29.2	0.5	41.8
Disposals	-	(0.1)	-	(0.1)
Depreciation	(3.2)	(6.3)	(1.0)	(10.5)
Reclassifications	(0.5)	0.1	0.5	-
Impairment	-	(0.2)	-	(0.2)
Other movements	-	-	-	-
at 31 December 2023	**72.7**	**73.8**	**5.5**	**152.0**
Carrying amount at the end of the period	136.0	191.2	27.1	355.0
Accumulated depreciation at the end of the period	(63.2)	(118.2)	(21.6)	(203.0)

[1] Additions in property, plant and equipment exclude advances to suppliers for fixed assets, which are considered as capital expenditure in the cash-flow.

	Land and builings	Plant and machinery	Other	Total
	€ Million	€ Million	€ Million	€ Million
Carrying amount at the beginning of the period	122.5	144.7	26.1	293.4
Accumulated depreciation at the beginning of the period	(57.0)	(109.8)	(19.9)	(186.6)
at 31 December 2021	**65.6**	**34.9**	**6.3**	**106.7**
Additions	2.1	21.2	0.4	23.7
Disposals	-	(0.2)	-	(0.2)
Depreciation	(3.1)	(5.3)	(1.0)	(9.4)
Reclassifications	(0.2)	0.5	(0.3)	-
at 31 December 2022	**64.3**	**51.1**	**5.5**	**120.8**
Carrying amount at the end of the period	124.4	162.9	26.0	313.3
Accumulated depreciation at the end of the period	(60.1)	(111.8)	(20.5)	(192.5)

LAND AND BUILDINGS

This item included the land occupied by the Novi Ligure facility, the buildings essential for carrying out the business, i.e., the building that accommodates the Company's headquarters, and the Canale, Alghero and Caltanissetta production units. This item also includes the water system, plumbing works and electricity units. Increases totalling €12.1 million during the year were related mainly to capacity expansion at some production facilities.

PLANT AND MACHINERY

The item included plants, machinery and tanks for the production units and the facilities attached to the Company's headquarters. Increases totalling €29.2 million during the year were related mainly to capacity expansion at some production facilities.

OTHER

This item included various devices, including laboratory equipment and other assets, such as furniture, electronic machines, cars and goods vehicles.
There are no restrictions or covenants on the aforementioned assets.

	Land and buildings	Plant and machinery	Other	Total
Right of use assets by nature	**€ Million**	**€ Million**	**€ Million**	**€ Million**
at 31 December 2022	**0.1**	**2.1**	**1.8**	**4.0**
Additions	-	0.4	2.6	2.9
Depreciation	-	(0.6)	(1.3)	(1.9)
Other changes	-	-	0.2	0.2
at 31 December 2023	**0.1**	**1.9**	**3.2**	**5.2**
Carrying amount at the end of the period	0.1	4.1	5.5	9.7
Accumulated amortization at the end of the period	-	(2.2)	(2.3)	(4.5)
at 31 December 2021	**0.1**	**2.6**	**2.1**	**4.8**
Additions	-	0.2	0.9	1.1
Depreciation	-	(0.7)	(1.2)	**(1.9)**
at 31 December 2022	**0.1**	**2.1**	**1.8**	**4.0**
Carrying amount at the end of the period	0.1	3.6	5.1	8.8
Accumulated amortization at the end of the period	-	(1.5)	(3.3)	(4.8)

There are no restrictions or covenants on the aforementioned assets.

ii. Intangible assets

ACCOUNTING POLICY

INTANGIBLE ASSETS RECOGNITION

Intangible assets with definite life are recorded at cost, net of accumulated amortisation and any impairment losses.
Intangible assets produced internally are not capitalised. They are reported in the statement of profit or loss in the financial year in which they are incurred; there are no significant development costs to be considered. The costs of innovation projects and studies are fully recorded in the statement of profit or loss in the year in which they are incurred.
Software licences represent the cost of purchasing licences and, if incurred, external consultancy fees; there are normally no costs associated with internal personnel necessary for development. These costs are recorded in the year in which the internal or external costs are incurred to train personnel.
The following contracts are managed as a service contract with the related costs expensed as they are incurred: cloud computing arrangements under which i. the Company contracts to pay a fee in exchange for a right to access the supplier's application software for a specified term; ii. the cloud infrastructure is managed and controlled by the supplier, insofar as access to the software is on an 'as needed' basis over the internet or via a dedicated line and iii. the contract does not convey any rights over tangible assets to the Company. Any prepayment giving a right to a future service is recognised as a prepaid asset. Detailed analysis is undertaken to determine whether the implementation costs for software hosted under cloud arrangements can be capitalised.

INTANGIBLE ASSETS AMORTISATION AND IMPAIRMENT

Intangible assets with a finite life are amortised on a straight-line basis in relation to their useful life. They are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. The amortisation period of intangible assets with a finite life is reviewed at least at the end of every financial year to ascertain any changes in their useful life, which, if identified, will be treated as changes in estimates.

INTANGIBLE ASSETS WITH INDEFINITE LIFE IMPAIRMENT TEST

Goodwill, brands and other intangible assets with an indefinite life are not amortised and are reviewed for impairment tests every year or more frequently if there is any indication that the asset may be impaired. The annual approval of the impairment test results is performed by the Board of Directors of Davide Campari-Milano N.V., which takes place before the approval of the annual financial reports (consolidated and Company only).
The ability to recover the assets is ascertained by comparing the carrying amount to the related recoverable value, which is represented by the higher of the fair value, less cost of disposal, and the value in use.
In the absence of a binding sale agreement, the fair value is estimated based on recent transaction values in an active market or based on the best information available to determine the amount that could be obtained from selling the asset. The value in use is determined by discounting expected cash flows resulting from the use of the asset and, if significant and reasonably determinable, the cash flows resulting from its sale at the end of its useful life. Cash flows are determined based on reasonable, documentable assumptions representing the best estimate of the future economic conditions that will occur during the remaining useful life of the asset, with greater weight given to external information. Growth rate assumptions are applied to the years beyond the business plan horizon. The discount rate applied considers the implicit risk of the business segment.
When it is not possible to determine the recoverable value of an individual asset, the Company estimates the recoverable value of the cash-generating unit to which the asset belongs. Impairment loss is recorded if the recoverable value of an asset is lower than its carrying amount by posting the related cost in the statement of profit or loss. Goodwill impairments can no longer be written back.

DISCLOSURE

- **Goodwill and Brands**
  At 31 December 2023, goodwill and brands came to €355.3 million and €388.2 million, respectively.
  Changes in goodwill and brands during 2023 and 2022 are shown in the tables below.

	Goodwill	Brands	Total
	€ Million	€ Million	€ Million
at 31 December 2022	**355.3**	**388.4**	**743.7**
Additions	-	-	-
Amortization	-	(0.2)	(0.2)
at 31 December 2023	**355.3**	**388.2**	**743.5**
at 31 December 2021	**355.3**	**258.6**	**613.9**
Additions	-	129.9	129.9
Amortization	-	(0.2)	(0.2)
at 31 December 2022	**355.3**	**388.4**	**743.7**

The breakdown of the brands is as follows.

		at 31 December
	2023	2022
	€ Million	€ Million
Trademarks with indefinite useful life		
Picon	123.6	123.6
The GlenGrant and Old Smuggler	88.8	88.8
Averna and Braulio	65.5	65.5
Frangelico	54.0	54.0
Bulldog	35.0	35.0
Riccadonna-Mondoro, of which:	12.3	12.3
Riccadonna	11.3	11.3
Mondoro	1.0	1.0
Del Professore	6.4	6.4
Cynar	1.6	1.6
Cinzano	0.8	0.8
Total trademarks with indefinite useful life	387.9	387.9
Trademarks with definite useful life		
X-Rated	0.3	0.5
at 31 December 2023	**388.2**	**388.3**

Brands with a finite life include the X-Rated brands. In 2015, its useful life was reviewed and determined as a total of ten years from 2016.

- **Intangible assets with a finite life**
  Changes in this item that occurred in 2023 and 2022 are shown in the tables below.

	Software	Other	Total
	€ Million	€ Million	€ Million
Carrying amount at the beginning of the period	95.1	11.2	106.3
Accumulated amortization at the beginning of the period	(62.1)	(8.5)	(70.6)
at 31 December 2022	**33.0**	**2.7**	**35.7**
Additions	19.9	-	19.9
Disposal	(5.5)	-	(5.5)
Amortisation	(12.0)	(0.7)	(12.7)
Impairment	(0.6)	-	(0.6)
at 31 December 2023	**34.7**	**2.0**	**36.7**
Carrying amount at the end of the period	108.8	11.2	120.0
Accumulated amortization at the end of the period	(74.1)	(9.2)	(83.3)
Carrying amount at the beginning of the period	79.7	11.2	90.9
Accumulated amortization at the beginning of the period	(50.9)	(7.9)	(58.8)
at 31 December 2021	**28.8**	**3.4**	**32.1**
Additions	15.4	-	15.4
Amortisation	(11.2)	(0.7)	(11.8)
at 31 December 2022	**33.0**	**2.7**	**35.7**
Carrying amount at the end of the period	95.1	11.2	106.3
Accumulated amortization at the end of the period	(62.1)	(8.5)	(70.6)

Intangible assets with a finite life are amortised according to their remaining useful life.
Net investment in information technology, totalling €19.9 million, primarily related to projects to continuously upgrade the new information technology environment.

- **Impairment test on goodwill and brands**
  Goodwill and brands with an indefinite life are not amortised but are instead subject to impairment tests, which are carried out annually or more frequently if events or changes in circumstances indicate a possible loss.
  In accordance with IAS 36, the recoverable amount of an asset is the greater of its 'fair value less the cost to sell' and its 'value in use'. With reference to the goodwill of Davide Campari-Milano N.V., the entire entity is identified as the lowest level of cash generation unit and the recoverable amount was measured using the fair value criterion minus the cost of sales. This methodology applies parameters associated with the valuation assigned to comparable businesses acquired in an active market in terms of the type of business acquired and transaction structure. These are implicit parameters or multiples derived from the ratio between the acquisition price and specific economic and financial values relating to comparable transactions. The fair value method was used to determine the recoverable amount of goodwill, using the EV/EBITDA (enterprise value/earnings before interest, taxes, depreciation and amortisation) multiple associated with those samples of comparable acquisitions in the spirit sector. The multiples considered reflected the average industry transactions EBITDA multiples, applied to the relevant profitability generated by the Company. The average multiple applied was c.18 times. The use of this multiple is considered particularly effective as it avoids distortions caused by different tax regulations, financial structures as well as extraordinary profit and facilitates comparison at the international level.
  In 2023, the impairment test confirmed the full recoverability of the goodwill booked in the Company with sufficient headroom to exclude impairment losses that may arise from meaningful business downside risks. Moreover, a sensitivity analysis of the recoverable amount based on the fair value was performed conservatively, assuming a reduction of 20% to the metrics to which the multiple is applied. The sensitivity analyses confirmed the full recoverability of the value recorded for the goodwill.
  It should be noted that the brand values booked in the separate financial statements of Davide Campari-Milano N.V. have already been tested within the impairment test of trademark values at the Group level, confirming the full recoverability of them (for details on the methodology, please refer to note 4 ii -'Impairment test on goodwill and brands' of Campari Group consolidated financial statements at 31 December 2023).

iii. Investments in subsidiaries and joint-ventures

ACCOUNTING POLICY

Subsidiaries are entities over which the Company has control: control is achieved when the Company has valid rights which enable it to use its power over the investee to affect the amount of the investor's returns.
Investments in subsidiaries are recorded at cost, including purchase price and other costs directly attributable to the acquisition, such as professional fees for legal services, transfer taxes and other transaction costs.
The initial recognition of the cost of the subsidiary is inclusive of the payments made at inception and the best estimate of any variable or contingent considerations, having as reference the consideration the acquirer transfers in the context of a business combination, managed at Campari Group level, even in the form of exercise price of options on non-controlling interests, giving the acquirer present access to returns associated with the ownership interest in the shares subject to the option. Options not giving the acquirer present access to returns associated with the ownership interest in the shares subject to the option are derivative financial instruments accounted for at fair value, with any subsequent change in the fair value recognised in the statement of profit or loss.
Investments are finally tested for impairment every time there is an impairment indicator due to one or more events that occurred after the initial recognition, which impact the future cash flows of the subsidiaries and the dividends they could distribute. If the tests show evidence of impairment, the loss in value must be recorded as an impairment in the statement of profit or loss and the carrying amount is consequently reduced to its recoverable amount, usually determined based on the higher of the value in use and fair value less costs of disposal. If the subsidiary's losses exceed its share capital and reserves, the carrying amount of the investment is derecognised and the portion of any further losses is posted to liabilities as a specific provision reflecting the extent to which the Company is required to fulfil legal or implicit obligations concerning the subsidiary or, at least, to cover its losses.
For detailed information on the accounting policy on joint-ventures, please refer to note 3 x-'share of profit (loss) of joint-ventures'.

DISCLOSURE

The list of investments in direct and indirect subsidiaries, including additional information extracted from their last financial statements available or approved by the legally competent bodies, is as follows.

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Name	Head office	Currency	Share value	Equity value	Profit (loss) of the year	Investment percentage	Carrying amount	Carrying amount
			In local currency (LC)	€ Million	€ Million	Direct	Indirect	€ Million
Campari (Beijing) Trading Co. Ltd.	Beijing	CNY	104,200,430	(8.1)	(8.0)	100.00	-	5.3
Campari America, LLC	New York	USD	566,321,274	1,343.8	59.3	100.00	-	515.4
Campari Argentina S.A.[1]	Buenos Aires	ARS	1,179,465,930	11.3	(8.3)	98.81	1.19	16.1
Campari Australia Pty Ltd.	Sydney	AUD	56,500,000	59.5	4.6	100.00	-	43.0
Campari Austria GmbH	Wien	EUR	500,000	3.2	2.6	100.00	-	2.2
Campari Benelux S.A.	Bruxelles	EUR	1,000,000	3.2	2.1	61.01	38.99	4.3
Campari Deutschland GmbH	Munich	EUR	5,200,000	15.7	9.1	100.00	-	19.0
Campari do Brasil Ltda.	Alphav-ille-Baru-eri-SP	BRL	156,870,056	60.1	12.0	99.9999	0.0001	57.8
Campari España S.L.U.	Barcellona	EUR	4,279,331	675.6	0.4	100.00	-	628.3
Campari India Private Ltd.[2]	New Dheli	INR	172,260	1.8	-	99.99	0.01	1.6
Campari International S.r.l.	Sesto San Giovanni	EUR	700,000	5.7	3.3	100.00	-	2.3
Campari Mexico S.A. de C.V.	Guadala-jara	MXN	5,525,434,642	280.5	2.1	-	100.00	
Campari New Zealand Ltd.	Auckland	NZD	10,000	1.1	(0.5)	-	100.00	
Campari Peru SAC[3]	Lima	PEN	34,733,588	11.5	0.6	-	100.00	
Campari RUS LLC	Moscow	RUB	210,000,000	15.1	1.4	100.00	-	12.0
Campari Schweiz A.G.	Baar	CHF	500,000	2.6	1.7	100.00	-	5.0
Campari Singapore Pte Ltd.	Singapore	SGD	19,100,000	13.2	(0.6)	100.00	-	14.3
Campari South Africa Pty Ltd.	Cape Town	ZAR	310,247,750	17.9	0.9	-	100.00	
Campari Ukraine LLC	Kiev	UAH	87,396,209	4.7	2.2	99.00	1.00	0.1
Forty Creek Distillery Ltd.[3]	Grimsby	CAD	105,500,100	40.9	2.2	100.00	-	76.9
Glen Grant Ltd.	Rothes	GBP	24,949,000	139.6	6.6	100.00	-	164.3
J. Wray&Nephew Ltd.	Kingston	JMD	750,000	249.3	38.7		100.00	
Campari Hellas Single Member Societe Anonyme	Volos	EUR	6,811,220	19.7	2.6	100.00	-	29.0
Société des Produits Marnier Lapostolle S.A.S.	Paris	EUR	27,157,500	171.6	69.1	100.00	-	655.0

Name	Head office	Currency	Share value	Equity value	Profit (loss) of the year	Investment percentage	Carrying amount	Carrying amount
			In local currency (LC)	€ Million	€ Million	Direct	Indirect	€ Million
Campari France S.A.S.	Paris	EUR	112,759,856	274.5	12.6	-	100.00	
Camparino Srl	Milano	EUR	48,880	0.7	(0.7)	100.00	-	6.2
Campari Mexico Destiladora, S.A. de C.V.	San Igna-cio Cerro Gordo	MXN	10,100,000	0.4	(0.1)	-	100.00	
Bellonnie et Bourdillon S.A.S.	Ducos Martiniq-ue	EUR	5,100,000	6.2	(5.9)	-	96.53	
Distilleries Agricoles De Sainte Luce S.A.S.	Ducos Martiniq-ue	EUR	2,000,000	(1.6)	(1.1)	-	96.53	
SCEA Trois Rivières	Ducos Martiniq-ue	EUR	5,920	0.9	0.4	-	96.53	
Casa Montelobos, S.A.P.I. de C.V.	Mexico City	MXN	144,810,964	(2.8)	(2.1)	-	51.00	
Licorera Ancho Reyes Y Cia S.A.P.I. de C.V.	Mexico City	MXN	177,888,738	2.1	1.5	-	51.00	
Champagne Lallier S.A.S.	Ay	EUR	3,575,420	(9.0)	(8.3)	-	100.00	
Sci Athena	Ay	EUR	1,000	(0.4)	(0.1)	-	100.00	
Scev Des Gloriettes	Oger	EUR	34,301	(0.5)	(0.1)	-	100.00	
SCEA Eric Luc	Ay	EUR	700,000	1.5	0.1	-	95.00	
Wilderness Trail Distillery, LLC	Kentucky	USD	-	-	-	-	70.00	
Wilderness Trace Distillery, LLC	Kentucky	USD	-	59.2	10.0	-	70.00	
Terrazza Aperol S.r.l.	Venice	EUR	20,000	0.3	(1.2)	100.00	-	0.8
Trans Beverages Company Ltd.	Seoul	KWD	2,000,000,000	4.6	0.5	-	51.00	
CT Spirits Japan Ltd.	Tokyo	YEN	100,000,000	6.5	0.5	100.00	-	11.7
Thirsty Camel Ltd.	Auckland	NZD	5,180,000	(0.5)	(1.8)	-	60.01	
Total investments in subsidiaries								**2,270.6**

(1) The share capital does not include effects related to the hyperinflation accounting standard.
(2) All data, excluding carrying amount, are at 31 March 2022 converted at exchange rates at 31 December 2023.
(3) Includes the capital contribution.

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The following table reflects the changes in investments in subsidiaries and joint-ventures.

€ Million	at 31 December 2022	Contribution in kind[(1)]	Increases	Decreases	at 31 December 2023
Campari America, LLC	511.2	4.2	-	-	515.4
Campari Benelux S.A.	4.2	0.1	-	-	4.3
Campari do Brasil Ltda.	72.4	0.2	-	(14.9)	57.8
Campari España S.L.	627.0	1.3	-	-	628.3
Campari International S.r.l.	1.9	0.4	-	-	2.3
Campari Argentina S.A.	25.6	0.2	-	(9.6)	16.1
Campari Australia Pty Ltd.	42.3	0.7	-	-	43.0
Campari Austria GmbH	1.9	0.3	-	-	2.2
Campari Beijing Trading Co. Ltd.	5.3	-	-	-	5.3
Campari Deutschland GmbH	18.3	0.7	-	-	19.0
Campari Schweiz A.G.	4.8	0.2	-	-	5.0
Campari Ukraine LLC	0.1	-	-	-	0.1
Forty Creek Distillery Ltd.	76.5	0.4	-	-	76.9
Campari RUS OOO	11.7	0.3	-	-	12.0
Kaloyannies-Koutsikos Distilleries S.A.	28.9	0.1	-	-	29.0
Campari Singapore Pte Ltd.	13.9	0.4	-	-	14.3
Campari India Pte Ltd.	1.6	-	-	-	1.6
CT Spirits Japan Ltd	-	-	14.3	(2.6)	11.7
Glen Grant Ltd.	163.2	1.2	-	-	164.3
Société des Produits Marnier Lapostolle S.A.S.	653.9	1.0	-	-	655.0
Camparino S.r.l.	7.3	-	-	(1.1)	6.2
Terrazza Aperol S.r.l.	5.4	-	-	**(4.7)**	**0.8**
Investments in subsidiaries	**2,277.5**	**11.7**	**14.3**	**(32.8)**	**2,270.6**
Dioniso S.r.l.	35.5		5.0	(8.3)	32.2
CT Spirits Japan Ltd.	-		1.7	(1.7)	-
Investments in joint- ventures	**35.5**	**-**	**6.7**	**(10.0)**	**32.2**
Total investments	**2,312.9**	**11.7**	**21.0**	**(42.8)**	**2,302.8**

(1) Contribution in kind refer to the value of share based payment plans awarded to the Company's employees working in subsidiaries.

The changes in the investments list in subsidiaries during the year were mainly to related to two subsidiaries.
On 1 March 2023, the Company acquired the remaining 60% interest in CT Spirits Japan Ltd. ('CTSJ'), previously held as a 40% joint-venture interest, for €2.1 million (JPY298.4 million). Simultaneously, a liability for a future variable earn-out of €0.5 million was recognised based on the expected cash outflow. Additionally, the other provisions for risks and charges totalling €5.2 million, which had been established to offset of cumulated losses incurred by the Japan joint-venture in the previous years was released. This was compensated by the capital contribution of €14.3 million (JPY2,200 million) executed in June 2023. It should be furthermore noted that the capital contribution to Campari Espana S.L. of €150.0 million, which was recorded at 31 December 2022, was effectively executed in January 2023, effecting the cash-flow of the period.

Among the movements of the period, the most relevant were decreases attributable to returns of capital as a refund of the capital originally paid or impairment loss allocation consistent with the test on goodwill and brands. The impairment test analysis was focused on investments with triggering indicators mainly due to the change in the macro-economic context occurred during the year. An overall amount of €15.4 million was recognised in the statement of profit or loss and related to Campari Argentina S.A. for an amount of €9.6 million, Camparino S.r.l. for €1.1 million and Terrazza Aperol S.r.l. for €4.7 million. The recoverable amount of Campari Argentina S.A was determined adopting the fair value method using an average trading multiple of a sample of listed comparable companies. The write-off was led by the macroeconomic context, which has been extremely volatile with progressive slowdown in consumption highly impacted by salary devaluation and a worsen outlook on hyperinflation.

The changes in interests joint-ventures during the year were namely related to Dioniso S.r.l., which was subject to a capital contribution of €5.0 million. The joint-venture value was afterwards reduced by €9.3 million due to the application of the equity method valuation at year-end. As far as CT Spirits Japan Ltd. If concerned, the relevant effects deriving from the beforementioned acquisition have been reclassified as an investment in the subsidiary for €1.7 million.

iv. Other non-current assets

DISCLOSURE

	at 31 December	
	2023	2022
	€ Million	€ Million
Equity investment in other companies	4.0	4.1
Other non-current receivables from related parties	0.1	0.1
Other non-current tax receivables	2.0	2.0
Total other non-current assets	**6.2**	**6.3**

v. Other current assets

DISCLOSURE

	at 31 December	
	2023	2022
	€ Million	€ Million
Advances to suppliers	16.2	-
Prepaid expenses	7.5	5.1
Receivables from related parties	8.2	2.8
Other	4.9	3.4
Other current assets	**36.8**	**11.4**

All receivables are due within 12 months, and their carrying amount is considered to be close to their fair value.
The advances to suppliers are principally related to the purchase of fixed assets.

For further details on receivables from related parties, please refer to note 8 v-'Related parties' of this Company only financial statements.

The table below reflects a breakdown of receivables (the full other current asset balance excluding prepaid expenses) by maturity.

	Other receivables[1]	Of which related parties	Provision for bad debts
at 31 December 2023	€ Million	€ Million	€ Thousand
Not overdue	**22.7**	**8.2**	**-**
Overdue	**6.7**	**-**	**(0.1)**
Less than 30 days	0.7	-	
30-90 days	0.2	-	-
Within 1 year	2.3	-	-
Within 5 years	2.0	-	-
Due after 5 years	1.4	-	(0.1)
Total receivables broken down by maturity	**29.4**	**8.2**	**(0.1)**
Amount impaired	(0.1)	2.8	
Total	**29.2**		

[1] The item does not include prepaid expenses.

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	Other receivables[1]	Of which related parties	Provision for bad debts
at 31 December 2022	**€ Million**	**€ Million**	**€ Thousand**
Not overdue	**5.8**	**2.8**	**-**
Overdue	**0.6**	**-**	**(0.2)**
Less than 30 days	0.4	-	
30-90 days	0.1	-	(0.1)
Within 1 year	0.1	-	(0.1)
Total receivables broken down by maturity	**6.5**	**2.8**	**(0.2)**
Amount impaired	(0.2)		
Total	**6.2**		

[1] The item does not include prepaid expenses.

The tables below provide information on the composition of the provision for bad debt and the related credit risk exposure for the Company's other current receivables using a provisional matrix. The movements in the provision during the year were negligible in both 2023 and 2022.

	Current	Less than 30 days	30-90 days	1 year	5 years	More than 5 years	Total
							Other current receivables days past due since
at 31 December 2023	**€ Million**	**€ Million**	**€ Million**	**€ Million**	**€ Million**	**€ Million**	**€ Million**
Credit loss rate	-	-	-	-	-	0.4%	**0.4%**
Estimated total gross carrying amount at default	21.1	0.7	0.8	2.1	2.7	1.4	**28.7**
Provision for expected credit losses	-	-	-	-		(0.1)	**(0.1)**
at 31 December 2022	**€ Million**	**€ Million**	**€ Million**	**€ Million**	**€ Million**	**€ Million**	**€ Million**
Credit loss rate	-	-	1.4%	1.4%	-	-	**2.8%**
Estimated total gross carrying amount at default	8.2	0.4	0.1	0.1	-	-	**8.8**
Provision for expected credit losses	-	-	(0.1)	(0.1)	-	-	**(0.2)**

vi. Other non-current liabilities

ACCOUNTING POLICY

For detailed information on the accounting policy on post-employment plans, please refer to note 8 iv-'defined benefit plans.

DISCLOSURE

	2023	2022
		at 31 December
	€ Million	**€ Million**
Employee benefit	31.8	20.0
Other	0.7	1.4
Other non-current liabilities	**32.5**	**21.4**

[1] Including non-recurring last mile long-term incentive schemes.

vii. Other current liabilities

DISCLOSURE

	at 31 December	
	2023	2022
	€ Million	€ Million
Payables to staff	35.8	29.6
Payables to agents	1.1	1.4
Deferred income	3.3	2.3
Tax on alcohol production	0.2	1.8
Withholding and miscellaneous taxes	2.0	3.1
Other current liabilities to related parties	-	150.5
Payables for Group VAT	3.2	0.3
Other	4.1	3.3
Other current liabilities	**49.9**	**192.5**

Compared to the previous year, the main change was primarily related to a liability towards Campari Spain recognised in 2022 in the amount of €150.0 million related to a capital contribution, which was executed in January 2023.

The following table shows a breakdown of payables by the due date.

	On demand	Within 1 year	Total
at 31 December 2023	**€ Million**	**€ Million**	**€ Million**
Other payables	0.3	49.6	49.9
Of which related parties	-	3.3	3.3
Total	**0.3**	**49.6**	**49.9**
at 31 December 2022	**€ Million**	**€ Million**	**€ Million**
Other payables	0.6	191.9	192.5
Of which related parties	-	150.8	150.8
Total	**0.6**	**191.9**	**192.5**

viii. Capital grants

Capital grants were mainly related to the funds received for investments in production plants at Novi Ligure. At 31 December 2023 deferred income in relation to capital grand totalled €3.3 million (€2.3 million at 31 December 2022) with an effect posted to the statement of profit or loss of €1.0 million (€1.8 million in 2022).

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5. Operating working capital

This section details accounting policies for trade receivables, payables and inventory. Moreover, this section discloses the information on the Company's operating working capital composition broken down into the various items that are managed to generate the Company's performance.

i. Trade receivables

ACCOUNTING POLICY

For details on the accounting policy, please refer to note 6 i.-'Financial instruments.'

DISCLOSURE

	at 31 December	
	2023	2022
	€ Million	€ Million
Trade receivables from third parties	31.3	18.0
Trade receivables from related parties	160.2	142.8
Receivables in respect of contributions to promotional costs	0.3	0.1
Trade receivables	**191.8**	**160.9**

The carrying amount of the receivables due within 12 months is considered to be close to their fair value.

At 31 December 2023, the trade receivables item is reported net of the related impairment provision for expected future losses, reflecting the effective collection risk. Compared to the last year, the increase in receivables was mainly related to increased net sales thanks to the positive business performance. As a percentage of net sales, trade receivables amounted to 18.4%, slightly up from 16.3% in 2022.

For further details on receivables from related parties, please refer to note 7 v-'Related parties'.

The table below reflects receivables broken down by maturity.

	Trade receivables[1]	Of which related parties	Provision for expected future losses
at 31 December 2023	**€ Million**	**€ Million**	**€ Million**
Not overdue	**106.9**	**107.4**	**-**
Overdue	**85.7**	**52.8**	**(0.9)**
Less than 30 days	33.1	4.1	-
30-90 days	14.1	12.1	-
Within 1 year	26.1	25.5	-
Within 5 years	12.4	11.0	(0.9)
Due after 5 years	-	-	-
Total receivables broken down by maturity	**192.6**	**160.2**	**(0.9)**
Amount impaired	(0.9)		
Total	**191.7**	**160.2**	

[1] The item does not include prepaid expenses.

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	Trade receivables[1]	Of which related parties	Provision for expected future losses
at 31 December 2022	**€ Million**	**€ Million**	**€ Million**
Not overdue	**119.9**	**107.1**	**-**
Overdue	**42.0**	**35.7**	**(1.5)**
Less than 30 days	10.0	7.3	-
30-90 days	3.7	2.4	-
Within 1 year	14.1	13.3	(0.3)
Within 5 years	11.3	11.2	(0.1)
Due after 5 years	3.0	1.6	(1.1)
Total receivables broken down by maturity	**161.9**	**142.8**	**(1.5)**
Amount impaired	(1.5)	-	
Total	**160.5**	**142.8**	

[1] The item does not include prepaid expenses.

The table below sets out the information in relation to the credit risk exposure on the Company's trade receivables using a provision matrix:

	Trade receivables days past due[1]						
	Current	Less than 30 days	30-90 days	Within 1 year	Within 5 years	After 5 years	Total
at 31 December 2023	**€ Million**	**€ Million**	**€ Million**	**€ Million**	**€ Million**	**€ Million**	**€ Million**
Credit loss rate	-%	-	-	0.1%	2.7%	-	**2.8%**
Estimated total gross carrying amount at default	(0.4)	29.0	2.0	0.5	1.4	-	**32.5**
Provision for expected credit losses	-	-	-	-	(0.9)	-	**(0.9)**
at 31 December 2022	**€ Million**	**€ Million**	**€ Million**	**€ Million**	**€ Million**	**€ Million**	**€ Million**
Credit loss rate	-	-	-	1.3%	0.4%	5.8%	**7.6%**
Estimated total gross carrying amount at default	13.2	2.7	1.4	0.7	0.1	1.4	**19.5**
Provision for expected credit losses	-	-	-	(0.3)	(0.1)	(1.1)	**(1.5)**

[1] The item does not include prepaid expenses.

Overall, the amount of the provision and the level of utilisation over the years confirmed that the Company is exposed to a cluster of customers and markets that are not significantly affected by credit risk.

ii. Trade payables

ACCOUNTING POLICY

For details on the accounting policy, please refer to note 6 i.-'Financial instruments'.

DISCLOSURE

	at 31 December	
	2023	**2022**
	€ Million	**€ Million**
Trade payables to third parties	145.9	164.6
Trade payables to related parties	26.6	11.3
Trade payables	**172.5**	**175.9**

The above payables are all due within 12 months. For further details on payables to related parties, see note 8 v-'Related parties' of this Company only financial statements.

	On demand	Within 1 year	Due in 1 to 2 years	Total
at 31 December 2023	**€ Million**	**€ Million**	**€ Million**	**€ Million**
Trade payables	4.2	168.3	-	172.5
Of which related parties	0.8	25.8		26.6
Total	**4.2**	**168.3**	**-**	**172.5**
at 31 December 2022	**€ Million**	**€ Million**	**€ Million**	**€ Million**
Trade payables	30.2	141.3	4.4	175.9
Of which related parties	1.3	10.0	-	11.3
Total	**30.2**	**141.3**	**4.4**	**175.9**

The payment terms applied to suppliers are generally 60 days from the end of the month of the invoice.
The decrease in the 2023 balance at year-end compared to the previous year was mainly related to phasing effects. The balance also reflected the reverse factoring program launched in previous years in cooperation with an external banking provider, which amounted to €25.3 million in 2023 (€23.5 million in 2022). Given the nature of the program and the substance of the transaction, the trade payables under reverse factoring agreements continued to be classified as a component of the Company's operating working capital with no separate disclosure as primary line items of the Company financial statements in consideration of the total exposure.

iii. Inventories

ACCOUNTING POLICY

Inventories are stated at the lower of cost and net realisable value. Costs of finished product include raw materials, supplies and consumables, direct labour and expenses and an appropriate proportion of production and other overheads. Cost is calculated at the weighted average cost incurred in acquiring inventories.

DISCLOSURE

	at 31 December	
	2023	2022
	€ Million	€ Million
Finished goods	102.2	61.7
Work in progress	41.9	42.9
Raw materials, supplies and consumables	20.0	20.4
Maintenance materials	2.2	1.7
Inventories	**166.4**	**126.7**

The increase of finished goods was mainly driven by the sustained consumer demand towards the end of the year, as well as the requirement for temporary safety stock associated with significant capacity expansion initiatives across the production facilities.

Inventories are reported net of the relevant impairment provisions amounting to €2.0 million (€1.3 million in 2022).

	€ Million
at 31 December 2022	**1.3**
Accruals	2.8
Utilisation	(2.1)
Other	(0.1)
at 31 December 2023	**2.0**
at 31 December 2021	**0.9**
Accruals	1.8
Utilisation	(1.4)
at 31 December 2022	**1.3**

6. Net financial debt

This section details accounting policies for financial assets and related impairment, financial liabilities, derecognition of financial assets and liabilities, financial derivatives and hedging transactions, financial guarantees and lease components. Judgements and estimates are stated with regard to incremental interest rates for lease transactions.

This section provides details of the Company's net financial debt composition broken down into the various items.

i. Financial instruments

ACCOUNTING POLICY

Financial instruments held by the Company are categorised as follows.

FINANCIAL ASSETS, INCLUDING TRADE AND OTHER RECEIVABLES

Financial assets include investments, short-term securities and financial receivables, which, in turn, include the positive fair value of financial derivatives, trade and other receivables and cash and cash equivalents. Trade receivables arise from contracts with customers and are recognised when performance obligations are satisfied. The consideration due is unconditional as only the passage of time is required before the payment is received.
Cash and cash equivalents include cash, bank deposits and highly liquid securities that are readily convertible into cash and are subject to an insignificant risk of a change in value. Deposits and securities included in this category mature in less than three months based on the conditions existing on the date of the acquisition of the asset. Current securities include short-term securities or marketable securities that represent a temporary investment of cash and do not meet the requirements for classification as cash and cash equivalents.

Financial assets are classified and measured based on a business model developed by the Company. The business model has been defined at a level that reflects how groups of financial assets are managed to achieve a particular business objective. The model's measurement process requires an assessment based on both quantitative and qualitative factors relating to, for example, how the performance of the financial assets in question is communicated to management with strategic responsibilities and how the risks connected with these financial assets are managed.

The Company measures a financial asset at amortised cost if it meets both of the following conditions:

- It is held under a business model whose objective is to hold assets aiming to collect contractual cash flows;
- Its contractual terms and conditions are such that the cash flows generated by the asset are attributable exclusively to payments of the principal and the related interest.

Financial assets measured at amortised cost are measured at fair value at the time of initial recognition; subsequent measurements reflect the repayments made, the effects of applying the effective interest method and any write-downs. Any gain or loss made on derecognition is recognised in profit or loss, together with foreign exchange gains and losses.

Financial assets also include investments in companies that are not held for trading. These assets are strategic investments, and the Company has decided to recognise changes in the related fair values through profit or loss ('FVTPL').

Financial assets represented by debt securities are classified and valued in the statement of financial position based on the business model adopted to manage these financial assets and the financial flows associated with each financial asset. They are measured at fair value through other comprehensive income ('FVOCI') if all the conditions required by IFRS 9 are respected.

IMPAIRMENT OF A FINANCIAL ASSET

Financial assets are tested for recoverability by applying an impairment model based on the expected credit loss ('ECL'). The Company applies the simplified method for trade receivables, which considers the probabilities of default over the financial instrument's life (lifetime expected credit losses). In making impairment assessments, the Company considers its historical credit loss experience, adjusted for forward-looking factors specific to the nature of the Company's receivables and economic environment. If any such evidence exists, an impairment loss is recognised under selling, general and administrative expenses. More specifically, non-performing receivables are analysed based on the debtor's creditworthiness and ability to pay the sums due, as well as the degree of effective coverage provided by any collateral and personal guarantees in existence.

With regard to trade receivables, the Group has defined a matrix-based approach for the Company, aiming to estimate impairment losses. The provision matrix, including the overall actual result of the year, is reported in the relevant disclosure notes.

With respect to intercompany receivables, the expected credit loss risk is minimal, as intercompany cash flows are managed in a unified and coordinated manner at the Group level. Consequently, exposures are vigilantly monitored, and the risk of loss is deemed negligible.

A financial asset is impaired when internal or external information indicates that it is unlikely that the Company will receive the full contractual amount.

Lastly, with regard to other financial assets measured at amortised cost and, more specifically, cash and cash equivalents, the impact in terms of expected loss is not considered material. For this reason, no adjustment is made to the book values.

FINANCIAL LIABILITIES, INCLUDING TRADE AND OTHER PAYABLES

Financial liabilities include financial payables, bonds and loans due to banks, which, in turn, include the negative fair value of financial derivatives, trade payables and other payables, including contingent consideration and variable payments deriving from business combinations or asset deals.

Financial liabilities are classified and measured at amortised cost, except for financial liabilities that are initially measured at fair value, for example, financial liabilities relating to derivative instruments (including put options over non-controlling interests on subsidiaries) and financial liabilities for earn-outs.

Trade and other payables are initially recognised at fair value, including transaction costs, and subsequently carried at amortised costs.

DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired;
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to fully pay the received cash flows without material delay to a third party under a 'pass-through' arrangement; and either (i) the Company has transferred substantially all the risks and rewards of the asset, or (ii) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

For detailed information on the accounting policy for put and call options over joint-ventures agreements, please refer to note 3 xi.-'share of profit (loss) of joint-ventures'.

FINANCIAL DERIVATIVES AND HEDGING TRANSACTIONS

Financial derivatives embedded in contracts in which the primary element is a financial asset that falls within the scope of IFRS 9 are not treated separately. The hybrid instrument is instead examined as a whole for classification in the statement of financial position and subsequent measurement.

Financial derivatives are used exclusively for hedging purposes to reduce exchange and interest-rate risk. They are only accounted for by applying the methods established for hedge accounting (fair value hedge or cash flow hedge) if, at the start of the hedging period, the hedging relationship has been designated. It is assumed that the hedge is highly effective: this effectiveness must be reliably measured during the accounting periods for which it is designated. All financial derivatives are measured at fair value.

Where financial instruments meet the requirements to be reported using hedge accounting procedures, the accounting treatment related to fair value hedge or cash flow hedge are applied.

If hedge accounting cannot be applied, any gains or losses resulting from measuring the financial derivative at its present value are posted to the statement of profit or loss.

The Company is exposed to certain risks related to its ongoing business operations. The primary risks managed using derivative instruments are foreign currency and interest rate risks.
Derivatives are designated as hedging instruments in the form of 1) foreign exchange forward and option contracts, elected as cash flow hedges to hedge highly probable forecast sales and purchases in different currencies compared to € and 2) interest rate swap contracts to mitigate the risk associated to variable interest rate changes on loan and bond agreements not issued at a fixed interest rate.
The Company also uses derivatives not designated as hedging instruments to reflect the change in fair value of foreign exchange rates of forward and option contracts that are not elected in hedge relationships but are, nevertheless, intended to reduce the level of foreign currency risk for expected sales and purchases.

For the Company, net exposure to foreign exchange effects is limited to highly probable intra-group transactions among its Group companies relating to certain sales and purchases regulated in currencies other than the functional currencies of the companies. Although these transactions represent only a portion of the overall business, the Company determines the net exposure to the primary currencies (US$, GBP, AUD) based on its predicted intercompany sales and purchases up to 18 months. Moreover, the Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The Group's reference is the budget exposure split by currencies and, as more effectively as possible, any under/over exposure which may arise through plain vanilla currency derivatives. The derivative covers the period of exposure from the cash flows of the transactions forecasted up to the settlement of the resulting receivable or payable denominated in the foreign currency.
Derivative contracts that mitigate currency exchange risks are dynamically and qualitatively managed based on business needs and specific contexts and circumstances. These are not framed within fixed or quantitative policies regarding the percentage of coverage to be achieved. To avoid excessive coverage, the budget for future transactions is typically hedged between 50% and 90% throughout the year. In the hedge relationships, the main sources of ineffectiveness are:

- Interest rate differentials between currencies;
- Discrepancies between invoices issued and hedging contracts (i.e., changes in the timing of the hedge transaction).

Regarding derivative contracts intended to hedge interest rate exposures, they are namely connected with financing and there is no established quantitative policy concerning the optimal level of exposure to fixed or variable rates: the Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The preferred exposure to fixed or variable rates is dynamically managed centrally within the Company, considering current and future market conditions, the Company's level of indebtedness, business performance, and in the context of the Company's expansion initiatives. The Company determined the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amount.

FINANCIAL GUARANTEES

The Company recognises financial guarantees as a financial liability if the likelihood of these guarantees being called is assessed not to be remote, and the Company is expected to be liable for any legal obligation in respect of these financial guarantee agreements. Financial guarantee contract liabilities are measured initially at their fair values with subsequent remeasurement impacting profit or loss. They are represented as a long- or short-term financial liability, depending on the time of the expected execution of the guarantees. If the likelihood of these guarantees being called is assessed to be remote, they are treated as commitments with disclosure requirements only. It occurs when they are represented as other forms of security in favour of third parties, such as customs guarantees for excise duties and guarantees to grant credit lines.

DISCLOSURE

The value of individual categories of financial assets and liabilities held by the Company at 31 December 2023 and 31 December 2022 is reflected below.

at 31 December 2023	Carrying amount	Measurement at amortized cost	Measurement at fair value through profit and loss	Measurement at fair value with changes recognized in the statement of comprehensive income
€ Million				
Cash and cash equivalents	443.6	443.6	-	-
Current financial receivables with related parties	178.7	178.7	-	-
Other current financial asset	16.0	16.0	-	-
Other non-current financial assets	1.3	1.3	-	-
Lease payables	(5.3)	(5.3)	-	-
Loans due to banks[1]	(589.9)	(589.9)	-	-
Bonds	(1,145.8)	(1,145.8)	-	-
Accrued interest on bonds	(14.5)	(14.5)	-	-
Other financial liabilities with related parties	(93.2)	(93.2)	-	-
Other current financial liabilities	(0.1)	(0.1)	-	-
Liabilities for put option and earn-out payments[2]	(0.3)		-	(0.3)
Non-current and current assets for hedging derivatives[3]	3.5	-	-	3.5
Non-current and current liabilities for hedging derivatives	(0.2)	-	(0.1)	(0.1)
Other non-current assets	6.2	2.2	4.0	-
Trade receivables	31.6	31.6	-	-
Trade payables	(172.5)	(172.5)	-	-
Total	**(1,340.7)**	**(1,347.7)**	**4.0**	**3.0**

[1] Excluding derivative on loans due to bank.
[2] Liabilities linked to some business combination may be elected to have the fair value variation accounted for against the Group equity.
[3] Derivative on loans due to bank and new pre-hedging contract subscribed.

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at 31 December 2022	Carrying amount	Measurement at amortized cost	Measurement at fair value through profit and loss	Measurement at fair value with changes recognized in the statement of comprehensive income
€ Million				
Cash and cash equivalents	119.0	119.0	-	-
Current financial receivables with related parties	133.5	133.5		
Other current financial asset	16.3	0.1	16.2	-
Other non-current financial assets	1.0	-	1.0	-
Lease payables	(4.1)	(4.1)	-	-
Loans due to banks[1]	(410.1)	(410.1)	-	-
Bonds	(846.3)	(846.3)	-	-
Accrued interest on bonds	(5.7)	(5.7)	-	-
Other financial liabilities with related parties	(173.4)	(173.4)	-	-
Other current financial liabilities	(0.2)	(0.2)	-	-
Current assets for hedging derivatives	0.7	-	-	0.7
Non-current assets for hedging derivatives[3]	41.5		-	41.5
Other non-current assets	6.3	2.2	4.1	-
Trade receivables	160.9	160.9	-	-
Trade payables	(175.9)	(175.9)	-	-
Total	**(1,136.4)**	**(1,200.0)**	**21.4**	**42.2**

(1) Excluding derivative on loans due to bank.
(2) Liabilities linked to some business combination may be elected to have the fair value variation accounted for against the Group equity.
(3) Derivative on loans due to bank and new pre-hedging contract subscribed.

The tables below show a breakdown of the foreign exchange contracts on highly probable sales and purchases and interest rate swap on loan. It also includes the effect of hedge derivatives, not in hedge accounting with fair values variations recognized trough the statement of profit or loss.
Call and/or put agreements over joint-ventures elected as derivative instruments with negligible fair value variation were disclosed below.

Foreign exchange forward contracts and options (highly probable forecast sales and purchases)	at 31 December 2023		at 31 December 2022	
€ Million	Notional amount hedged items	Average forward rate	Notional amount hedged items	Average forward rate
US$	30.0	1.09	11.4	1.01
New Zealand Dollar	12.0	1.78	7.2	1.69
Swiss Franc	1.5	0.95	1.0	0.97
Australian Dollar	6.8	1.63	0.3	1.52
Singapore Dollar	-	-	2.0	1.42
Sterling Pound	1.9	0.87	-	-
Total	**52.2**		**22.0**	

Hedged items and related derivatives forward	at 31 December 2023			at 31 December 2022		
€ Million	Notional amount hedged items	Carrying amounts of hedging instruments	Change in fair value gain (losses)	Notional amount hedged items	Carrying amounts of hedging instruments	Change in fair value gain (losses)
Foreign exchange forward contracts and options (highly probable forecast sales and purchases) fair value and cash flow hedge	52.2	0.4	0.2	22.0	(0.7)	0.1

Hedged items and related derivatives interest rate swaps	at 31 December 2023			at 31 December 2022		
€ Million	Notional amount hedged items	Carrying amounts of hedging instruments	Change in fair value gain (losses)	Notional amount hedged items	Carrying amounts of hedging instruments	Change in fair value gain (losses)
Interest rate swap	700.0	2.9	6.1	750.0	41.5	0.9

(1) The carrying value is included in the line 'Loans due to banks' in the recap table of financial instruments reported above.

At 31 December 2022, the fair value of derivative financial instruments measured at fair value with impact in the statement of profit or loss, which were related to commitments in the form of call options aiming to increment the ownership in the previous joint-venture CT Spirits Japan Ltd. ('CTSJ'), was negligible. On 1 March 2023, the Company acquired the remaining outstanding shares of 60% in CTSJ and concomitantly the derivative was replaced by a financial liability of €0.5 million for future earn-out payments disclosed as 'liability for put options and earn-out'.

For what concern the Company's commitment to acquire 100% of outstanding share capital of Beam Holding France S.A.S., holding 100% of the share capital of Courvoisier S.A.S., owner of Courvoisier brand for US$1.32 billion (€1.22 billion at the exchange rate of the 14 December 2023, the date on which Beam Suntory, Inc. was granted a put option for the complete ownership of the brand), a derivative is resulting from granting put option for the purchase of a business. Since the agreement was defined close to year-end (14 December 2023) and within an arm-length negotiation under prevailing market conditions not limited only to the target's business performance, the fair value variation assessment as of 31 December 2023 of the derivative can be deemed negligible even when considering potential fluctuations in the target's performance during the remaining days of 2023.

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ii. Cash and cash equivalents

DISCLOSURE

	at 31 December	
	2023	2022
	€ Million	€ Million
Bank current accounts and cash	143.6	89.0
Term deposit maturing within 3 months	300.0	30.0
Cash and cash equivalents	**443.6**	**119.0**

The overall increase in cash and cash equivalent compared to 2022 was mainly related to benefits from liability management initiatives that occurred in 2023. For a better understanding of liquidity management, reference is made to cash flow information and the net financial debt (note 6 viii-'Reconciliation with net financial debt and cash flow statement').

Photo submitted by Ameika Turner.
Finalist of the 2023 Annual Report Photo Contest

iii. Other current financial assets

DISCLOSURE

	at 31 December	
	2023	2022
	€ Million	€ Million
Financial investments	14.0	14.2
Financial receivables from related parties	178.7	133.5
Valuation at fair value of forward contracts	0.6	0.8
Other financial assets	2.1	2.1
Other current financial assets	**195.4**	**150.6**

At 31 December 2023, financial receivables from related parties, totalling €178.7 million, were mainly associated with short-term loans for the cash pooling system granted by Davide Campari-Milano N.V. to various Group companies. These financial assets were determined at interest rates in line with market conditions. For further details, see note 8 v-'Related Parties'.

iv. Other non-current financial assets

DISCLOSURE

	at 31 December	
	2023	**2022**
	€ Million	**€ Million**
Non-current assets for hedging derivatives	2.9	41.5
Financial receivables	1.3	1.0
Non-current financial assets	**4.2**	**42.5**

Non-current assets for hedging derivatives of €4.0 million referred to pre-hedge derivatives associated with loans. The variation that occurred during the period was derived from the hedging derivatives unwinding following the liability management initiative managed in 2023.

v. Non-current financial debt

DISCLOSURE

	at 31 December	
	2023	**2022**
	€ Million	**€ Million**
Bonds issued in 2017	-	150.0
Bonds issued in 2019	-	149.8
Bonds issued in 2020	547.2	546.5
Bonds issued in 2023	298.6	-
Non-current bonds	**845.8**	**846.3**
Loans due to banks	572.1	401.8
Lease payables	3.6	2.7
Liabilities for put option and earn-out payments	0.3	-
Other financial liabilities from related parties	2.6	6.7
Non-current financial liabilities	**578.7**	**411.2**
Total non-current financial debt	**1,424.6**	**1,257.6**

- **Bonds**
  At 31 December 2023, the Bonds item included the following issues placed by the Company.

at 31 December 2023	**Original nominal value** **€ Million**	**Maturity**	**Issue price**	**Nominal coupon rate**	**Rate type**	**Effective yield**
Bond issued in 2017	150.0	5 April 2024	100%	2.165%	Fixed	2.165%
Bond issued in 2019	150.0	30 April 2024	100%	1.655%	Fixed	1.655%
Bond issued in 2020	550.0	6 October 2027	99.76%	1.250%	Fixed	1.412%
Bond issued in 2023	300.0	18 May 2030	100%	4.710%	Fixed	4.710%

On 11 May 2023, Davide Campari-Milano N.V. successfully completed the placement of an unrated 7-year bond issue for €300 million in principal amount, targeted at institutional investors. Also, during the 2023 the private placements issued in 2017 and 2019 for €150.0 million each with maturity date in April 2024 were reclassified to current financial debt.

- **Liabilities and loans due to banks**

  This item includes €-denominated loans entered into with leading banks as follow.

at 31 December 2023	Original nominal value	Residual nominal value		Maturity	Interest rate	Nominal rate at 31 December 2023
		Non-current	Current[1]			
	€ Million	€ Million	€ Million			
Loan 2021	100.0	100.0	-	30 June 2026	Fixed rate	1.325%
Loan 2022	50.0	50.0	-	10 October 2025	Floating interest rate linked to Euribor plus spread	4.800%
Loan 2023	50.0	20.8	16.7	31 March 2026	Floating interest rate linked to Euribor plus spread	4.979%
Term Loan 2023[2]	400.0	400.0	-	30 June 2029	Floating interest rate linked to Euribor plus spread	5.225%

(1) The current portion is classified in current liabilities-loans due to banks.
(2) The loan was accompanied by a revolving credit facility for the same amount, hence an agreement for a total amount equal up to €800 million with a pool of banks. The revolving credit facility was not used at 31 December 2023.

The increase compared to last year was related to the liability management initiative managed during 2023. On 5 May 2023, Davide Campari-Milano N.V. entered a term facility of €400 million (reported in line Liabilities and loans due to banks) and a revolving facility of the same amount, hence an agreement for a total amount equal up to €800 million with a pool of banks. The term facility has a termination date of 30 June 2029 while the revolving facility termination date is on 30 June 2028 with an extension option at 30 June 2029 at the banks' discretion. The scope of the agreement is the general corporate purposes of Campari Group. The facilities are sustainability-linked and provide for a variable component of the applicable interest rate depending on the achievement of certain ESG targets identified by Campari Group and particularly focused reducing emissions, the responsible use of water and gender equality. Concomitantly, the term loan with an original termination date in July 2024 of €250.0 million was terminated in advance and repaid.
Moreover, in April 2023, another loan with a duration of 3 years for a nominal amount of €50.0 million was subscribed.

at 31 December 2022	Original nominal value	Residual nominal value		Maturity	Interest rate	Nominal rate at 31 December 2022
		Non-current	Current[1]			
	€ Million	€ Million	€ Million			
Term Loan 2019[2]	250.0	250.0	-	31 July 2024	Floating interest rate linked to Euribor plus spread[3]	1.126%
Loan 2021	100.0	100.0	-	30 June 2026	Fixed rate	1.325%
Loan 2022	50.0	50.0	-	10 October 2025	Floating interest rate linked to Euribor plus spread	3.002%

(1) The current portion is classified in current liabilities — loans due to banks.
(2) The loan was accompanied by a revolving credit facility for the same amount and maturity at an interest rate linked to Euribor plus spread, as well as drawdown fees. The revolving credit facility was not used at 31 December 2022.
(3) Inclusive of the related interest rate swap.

- **Liabilities for put options and earn-out**

  At 31 December 2023, the estimated payable for the earn-out in the amount of €0.3 million relates to CT Spirits Japan Ltd..

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vi. Current financial debt

DISCLOSURE

	at 31 December	
	2023	2022
	€ Million	€ Million
Current portion of bond issued in 2017	150.0	-
Current portion of bond issued in 2019	150.0	
Accrued interest on bonds	14.5	5.7
Loans due to banks	17.7	8.3
Lease payables	1.7	1.4
Financial liabilities on hedging contracts	0.1	-
Current liabilities for hedge derivatives, not reported using hedge accounting procedures	0.1	-
Financial liabilities with related parties	90.6	166.7
Other financial liabilities	0.1	0.2
Current financial liabilities	**424.7**	**182.3**

The main changes that occurred in the composition of financial liabilities during 2023 are as follows:

- **Bonds**
  Bonds issued in 2017 and 2019 for €150.0 million each a with maturity date in April 2024 were reclassified from long to short-term items.

- **Liabilities and loans due to banks**
  At 31 December 2023, loans due to banks reported of €17.7 million related to the current portion of medium/long-term loans and some short-term loans managed dynamically to further strengthen the Company's financial structure and achieve greater flexibility to respond promptly to the volatile macroeconomic context.

- **Financial liabilities with related parties**
  At 31 December 2023, the item totalled €90.6 million, resulting from the management of cash pooling by the Company in respect of other Group companies. Please refer to note 8 v-'Related parties' for further information about liabilities to Group companies.

vii. Lease components

ACCOUNTING POLICY

The Company has various agreements in place for the use of offices, vehicles, machinery and other minor assets belonging to third parties. Each agreement is subject to a detailed analysis to define if a right-of-use/financial liability has to be recognised or not. Variable lease payments that are not linked to an index or rate continue to be charged to the statement of profit or loss as costs for the period.
Lease agreements are generally entered into for a term of 3-10 years but may contain options to extend them. The terms of a lease are negotiated individually and may contain a wide range of different terms and conditions. Such agreements do not include covenants, but the leased assets may be used to guarantee the liability arising from contractual commitments.
The value assigned to the rights of use corresponds to the amount of the lease liabilities recognised, plus initial direct costs incurred, lease payments settled on the start date of the agreement or previously and restoration costs, net of any lease incentives received. Restoration costs, which may be recognised in rare cases, normally relate to offices for which there could be a contractual requirement to restore them to their original state at the end of the lease agreement. The Company estimates the restoration obligation based on the agreement with the lessor or by using expert valuations of third parties. The value of the liability, discounted to present value, as determined above, increases the right of use of the underlying asset, and a dedicated provision is created to offset.

The discount rate used to measure the financial liability is the incremental borrowing rate (IBR) when the implicit interest rate in the lease agreement cannot be easily determined (explicit interest rates in lease agreements are rare). The incremental borrowing rates used to evaluate leasing contracts are determined by the Company and are revised on a recurring basis; they are applied to all agreements with similar characteristics, which are treated as a single portfolio of agreements. The rates are determined using the average effective debt rate of the subsidiary, appropriately adjusted and the most important elements considered in adjusting the rate are the credit-risk spread of each country observable on the market and the different durations of the lease agreements. The term of the lease is calculated considering the non-cancellable period of the lease together with a) the periods covered by an option to extend the agreement if it is reasonably certain that it will be exercised or b) any period covered by an option to terminate the lease contract if it is reasonably certain that it will not be exercised. The Company assesses whether it is reasonably certain that any exercising of such options to extend or terminate the agreements will take place, considering all the relevant factors that create a financial incentive for such decisions.

DISCLOSURE

Lease payables	At 31 December 2022	Addition	Payments	Interest expenses	Reclassification	Other changes	At 31 December 2023
	€ Million	€ Million	€ Million	€ Million	€ Million	€ Million	€ Million
Within 12 months	(1.4)	-	2.0	-	(2.4)	-	(1.7)
Over 12 months	(2.7)	(2.9)	-	(0.2)	2.4	(0.2)	(3.6)
Total lease payables	**(4.1)**	**(2.9)**	**2.0**	**(0.2)**	**-**	**(0.2)**	**(5.3)**

Lease payables	At 31 December 2021	Addition	Payments	Interest expenses	Reclassification	At 31 December 2022
	€ Million	€ Million	€ Million	€ Million	€ Million	€ Million
within 12 months	(1.5)	-	2.0	-	(1.9)	(1.4)
Over 12 months	(3.4)	(1.1)	-	(0.1)	1.9	(2.7)
Total lease payables	**(4.9)**	**(1.1)**	**2.0**	**(0.1)**	**-**	**(4.1)**

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The main average IBR in 2023 and 2022 were as follows.

for the year ended 31 December 2023			
Currency	Within 5 years	From 5 to 10 years	Over 10 years
€	4.8%	4.9%	4.6%

for the year ended 31 December 2022			
Currency	Within 5 years	From 5 to 10 years	Over 10 years
€	4.7%	4.8%	4.2%

The significant increase in IBR is connected with the macro-economic scenario.
The amounts recognised in the cash flow were as follows.

€ Million	at 31 December 2023	at 31 December 2022
Cash outflow for lease capital	(1.9)	(1.9)
Cash outflow for lease interests	(0.2)	(0.1)
Total cash outflow for leases	**(2.0)**	**(2.0)**

The table below reflects the breakdown of the lease liabilities by asset class.

€ million	Within 12 months	Over 12 months	Total
Machinery	(0.6)	(1.4)	(2.0)
Vehicles	(1.1)	(2.0)	(3.0)
Buildings	-	(0.1)	(0.1)
Other	(0.1)	(0.1)	(0.1)
Total financial liabilities for leases as of 31 December 2023	**(1.7)**	**(3.6)**	**(5.2)**
Machinery	(0.5)	(1.6)	(2.2)
Vehicles	(0.8)	(1.1)	(1.9)
Buildings	-	(0.1)	(0.1)
Other	-	(0.1)	(0.1)
Total financial liabilities for leases as of 31 December 2022	**(1.4)**	**(2.8)**	**(4.2)**

viii. Reconciliation with net financial debt and with the cash-flow statement

DISCLOSURE

	at 31 December	
	2023	2022
	€ Million	€ Million
Cash and cash equivalents	443.6	119.0
Cash (A)	**443.6**	**119.0**
Other current financial receivables	195.4	150.6
Current financial receivables (B)	**195.4**	**150.6**
Loans due to banks current	(17.7)	(8.3)
Current portion of lease payables	(1.7)	(1.4)
Current portion of bonds	(300.0)	-
Other current financial payables	(105.4)	(172.6)
Current portion of liabilities for put option and earn-out payments	-	-
Current financial payables (C)	**(424.7)**	**(182.3)**
Net current financial debt (A+B+C)	**214.3**	**87.3**
Loans due to banks non-current[1]	(572.1)	(401.8)
Non-current portion of lease payables	(3.6)	(2.7)
Non-current portion of bonds	(845.8)	(846.3)
Other non-current financial payables	(2.6)	(6.7)
Non-current portion of liabilities for put option and earn-out payments	(0.3)	-
Non-current financial debt (D)	**(1,424.6)**	**(1,257.6)**
Net debt (A+B+C+D)[2]	**(1,210.3)**	**(1,170.3)**
Reconciliation with the financial position, as shown in the Directors' report:		
Non-current financial assets for hedging derivatives	2.9	41.5
Non-current financial receivables	1.3	1.0
Net financial position	**(1,206.1)**	**(1,127.7)**

(1) Including the related derivatives.
(2) In accordance with ESMA guidelines.

For the purpose of completeness, the changes in current and non-current financial payables during 2023 are shown below.

Cash flow generated (absorbed) from financial liabilities		**Bonds**	**Payables for interests**		**Borrowings**	**Lease payables**		**Financial net debt with related parties**		**Other financial assets (liabilities)**
€ Million	**Current**	**Non-current**	**Current**	**Current**	**Non-current**	**Current**	**Non-current**	**Current**	**Current**	**Non-current**
at 31 December 2022	-	(846.3)	(5.7)	(8.3)	(401.8)	(1.4)	(2.7)	(39.9)	17.0	42.5
Notional liabilities addition	-	-	-	-	-	-	(2.9)	-	-	-
Interest accrued	-	-	(30.3)	-	-	-	(0.2)	-	-	-
New financing	**-**	**(298.5)**	**-**	**(125.6)**	**(450.0)**	**-**	**-**	**-**	**(0.4)**	**(7.3)**
Repayments	**-**	**-**	**30.3**	**145.8**	**250.0**	**-**	**2.0**	**125.4**	**0.2**	**1.5**
Of which long term debt	-	-	-	-	250.0	-	-	-	-	-
Of which other borrowings	-	-	-	145.8	-	-	-	-	-	-
Merger	-	-	-	-	-	-	-	-	-	-
Reclassification	(299.9)	299.9	-	(29.2)	29.2	(0.3)	0.3	-	1.0	(1.0)
Other movements	(0.1)	(0.8)	(8.8)	0.5	(0.5)	-	(0.2)	-	(1.4)	(31.5)
at 31 December 2023	**(300.0)**	**(845.8)**	**(14.5)**	**(17.7)**	**(572.1)**	**(1.7)**	**(3.6)**	**85.5**	**16.3**	**4.2**

[1] Included related derivatives.
[2] Cash flow generated (absorbed) from financial liabilities.
[3] Net change in short-term financial payables and bank loans is equal to €20.2 million (proceeds of €125.6 net of repayments of €145.8).

Cash flow generated (absorbed) from financial liabilities		**Bonds**	**Payables for interests**		**Borrowings**	**Lease payables**		**Financial net debt with related parties**		**Other financial assets (liabilities)**
€ Million	**Current**	**Non-current**	**Current**	**Current**	**Non-current**	**Current**	**Non-current**	**Current**	**Current**	**Non-current**
at 31 December 2021	(50.0)	(845.5)	(6.3)	(146.6)	(355.2)	(1.5)	(3.4)	(127.3)	12.3	1.5
Notional liabilities addition	-	-	-	-	-	-	(1.1)	-	-	-
Interest accrued	-	-	(22.2)	-	-	-	(0.1)	-	-	-
New financing	**-**	**-**	**-**	**(130.0)**	**(50.0)**	**-**	**-**	**-**	**2.9**	**-**
Repayments	**50.0**	**-**	**22.2**	**275.7**	**-**	**-**	**2.0**	**87.4**	**1.0**	**-**
Of which long term debt	-	-	-	46.7	-	-	-	-	-	-
Of which other borrowings	-	-	-	229.0	-	-	-	-	-	-
Reclassification	-	-	-	(8.3)	8.3	0.1	(0.1)	-	0.5	(0.5)
Other movements	-	(0.8)	0.7	5.6	(5.0)	-		-	0.4	41.5
at 31 December 2023	**-**	**(846.3)**	**(5.7)**	**(8.3)**	**(401.8)**	**(1.4)**	**(2.7)**	**(39.9)**	**17.0**	**42.5**

[1] Included related derivatives.
[2] Cash flow generated (absorbed) from financial liabilities.
[3] Net change in short-term financial payables and bank loans is equal to €99.0 million (proceeds of €130.0 net of repayments of €229.0).

7. Risk management and capital structure

This section details accounting policies for shareholders' equity and share-based payments. Judgements and estimates are stated with regard to compensation plans. This section also details the Company's capital structure and the financial risks it is exposed to. For information on the composition of and changes in shareholders' equity during the periods under review, refer to the statement of changes in shareholders' equity.

i. Capital management

Regarding capital management, the Company has implemented a dividend distribution policy which reflects the Company's priority to use its cash mainly to fund external growth via acquisitions. Concomitantly, the Company carries out share buyback programs on a rolling basis intended to meet the obligations arising from share-based payment plans currently in force or to be adopted.

ii. Nature and extent of the risks arising from financial instruments

The Company's main financial instruments include current accounts, short-term deposits, short and long-term loans due to banks, lease payables and bonds. The purpose of these is to finance the Company's operating activities. In addition, the Company has trade receivables and payables resulting from its operations.
The main financial risks the Company is exposed to are market (currency and interest rate), credit and liquidity risks. These risks are described below, together with an explanation of how they are managed. To cover some of these risks, the Company makes use of derivatives, primarily interest-rate swaps, cross-currency swaps, and forward contracts, to hedge interest-rate and exchange-rate risks.

- **Credit risk**
  Davide Campari-Milano N.V. directly undertakes commercial transactions on the Italian market and in foreign markets through its Group companies. The composition of receivables from Italian customers varies widely in terms of the different market channels, their size, and their commercial nature. The market consists of a high number of customers from around Italy, with a balance between mass retail and purchasing consortia and traditional retail, with a significant presence in the ho.re.ca (hotels/restaurants/cafés) sector.
  The Company has an extensive portfolio, consisting of both Campari Group's products and products distributed under license. There are no market concentration risks, as the Company sells internationally both within the Group and to third parties.
  Moreover, the Company has a credit management function exclusively dedicated to monitoring the progress of receivables, chasing up payments, and managing the exposure of individual customers in a targeted and timely manner using internal risk monitoring procedures.
  Non-performing receivables are pursued regularly with legal support with a view to continuously update progress on individual cases. This is then reflected in the provision for doubtful receivables.
  Trade receivables from third parties for which there is an impairment are classified as doubtful; these have mainly been past due for more than one year and are the subject of legal proceedings.
  Receivables from customers are mainly denominated in €s. The maximum amount of risk on the reporting date is equal to the net value of trade receivables, also considering the expected credit loss risk estimated by the Company based on the business model identified.
  Regarding receivables from subsidiaries, they are monitored and assessed based on internal policies. The provision for doubtful receivables from subsidiaries was negligible at 31 December 2023.

- **Liquidity risk**
  The Company's ability to generate substantial cash flow through its operations reduces its liquidity risk, defined as the difficulty of raising funds to meet financial obligations.
  The Company manages financial flows with the Italian subsidiaries through a centralised cash management department, with transactions settled at market rates (refer to note 7 v-'Related parties').
  Detailed information on financial payables and liabilities at 31 December 2023 is provided below, compared against the previous year. The tables below summarise financial liabilities at 31 December 2023 and 2022 by maturity based on contractual repayment obligations, including non-discounted interest.

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at 31 December 2023	On demand	Within 1 year	Due in 1 to 2 years	Due in 2 to 5 years	Due after 5 years	Total
	€ Million	€ Million	€ Million	€ Million	€ Million	€ Million
Loans due to banks	-	45.0	127.5	263.6	267.0	703.1
Bonds	-	326.7	21.0	606.1	328.3	1,282.1
Financial payables to related parties	-	95.4	-	-	-	95.4
Leases payables	-	1.9	1.6	2.0	-	5.5
Trade payables	4.2	168.3	-	-	-	172.5
Other non-financial payables	0.3	49.6	-	-	-	49.9
Total liabilities	**4.5**	**686.7**	**150.1**	**871.7**	**595.2**	**2,308.2**

at 31 December 2022	On demand	Within 1 year	Due in 1 to 2 years	Due in 2 to 5 years	Due after 5 years	Total
	€ Million	€ Million	€ Million	€ Million	€ Million	€ Million
Loans due to banks	-	20.9	258.3	52.5	100.7	432.4
Bonds	-	12.6	312.6	570.6	-	895.8
Financial payables to related parties	-	168.3	7.6	-	-	175.9
Leases payables	-	1.5	2.0	0.9	-	4.4
Trade payables	30.2	141.3	4.4	-	-	175.9
Other non-financial payables	0.6	41.4	150.5	-	-	192.5
Total liabilities	**30.9**	**386.0**	**735.4**	**624.0**	**100.7**	**1,876.9**

Loans due to banks for current accounts and lines of credit reflect the negative balance of cash management. The Company has also granted loans to subsidiaries, with interest charged at market rates.
The change in the overall structure of financial liabilities over the various deadlines reported above, which provided the Company with a safe and structured long-term exposure profile, was achieved thanks to careful liability management planning (refer to paragraph 'Group financial review' in the management board report). In addition, there are unused credit lines at 31 December 2023 that could cover any liquidity requirements for a total of €538.0 million, of which €400.0 million were committed.

- **Market risk**
  Market risk consists of the possibility that changes in exchange rates, interest rates or the prices of raw materials or commodities (alcohol, aromatic herbs and sugar) could negatively affect the value of assets, liabilities or expected cash flows. The Company monitors market trends for the most crucial raw materials, which historically have not been subject to unexpected or significant fluctuations.

- **Price risk**
  The price of raw materials and ancillary services (namely logistics and other input costs) depends on a wide variety of factors, which are difficult to forecast and are largely beyond the Company's control. Although historically, the Company has not encountered any particular difficulties in purchasing high-quality raw materials in sufficient quantities and appropriate services; it is not possible to rule out the possibility that the emergence of any tensions in the supply chain area or macro-economic impacts could lead to difficulties in obtaining supplies and services, causing costs to rise, which would have a negative impact on the Company's financial results. The aim of keeping costs below inflation and supporting the margin accretion becomes more and more important due to inflation and related intensified input cost pressure worldwide. The Company monitors the relationship with key suppliers on an ongoing basis, and specific projects are developed to foster virtuous business practices.
  In line with its decarbonisation strategy and with the goal of contributing to the achievement of its 2030 emission reduction targets, in December 2023, the Company signed its first multi-year contract for the purchase of electric energy from wind renewable sources (i.e., Off-site Power Purchase Agreement, 'PPA'), active from January 1, 2024, for the next 5 years. The scope of the agreement is the Italian perimeter (all plants and headquarters are included), allowing to cover about 30% of the Campari Group's electricity needs in the country. With this agreement, the Company will support the renewable producer in contributing to the construction of new generators, specifically wind farms in Italy. It will receive from the seller the amount of Guarantee of Origin related to the energy purchased.

- **Interest-rate risk**
  The Company is exposed to limited risk of fluctuating interest rates with respect to its financial assets, loans due to banks, and lease agreements due to their modest portion of total debt. The Company has bonds that pay interest at a fixed rate and, therefore, is exposed to fair value risk. Derivative contracts intended to hedge interest rate exposures connected with financing are not subject to established quantitative policy concerning the optimal level of exposure to fixed or variable rates: the Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The preferred exposure to fixed or variable rates is dynamically managed centrally within Campari Group, considering current and future market conditions, Campari Group's level of indebtedness, business performance, and the context of Campari Group's expansion initiatives.

At 31 December 2023, the nominal exposure of the Company's total financial debt was 28% (5% 2022) at variable rate, while the effective exposure, including the related hedging derivatives for the term loan subscribed in 2023, stood at 5% at variable rate.
A breakdown of the effective interest rate, including all the cost components of the amortised costs, divided by type of financial liability, is as follows.

	Nominal interest rate	Effective interest rate	Maturity	at 31 December 2023	at 31 December 2022
				€ Million	€ Million
Loans due to banks	Fixed rate 1,183% + variable rate	4.555%	2028	589.9	410.1
Bond issues:					
Issued in 2017	Fixed rate 2.165%	2.165%	2024	150.0	150.0
Issued in 2019	Fixed rate 1.655%	1.655%	2024	150.0	149.8
Issued in 2020	Fixed rate 1.250%	1.412%	2027	547.2	546.5
Issued in 2023	Fixed rate 4.710%	4.710%	2030	298.6	-
Lease payables	Incremental borrowing rate	Incremental borrowing rate	2024-2029	5.3	4.1

Sensitivity analysis
The table below shows the effects of a possible change in interest rates on the Company's statement of profit or loss, if all other variables remain constant. A negative value in the table indicates a potential net reduction in profit or loss while a positive value indicates a potential net increase in this item. The assumptions used with regard to a potential change in rates are based on an analysis of the trend on the reporting date.
With regard to the fixed-rate financial liabilities hedged by interest rate swaps, the change in the hedging instrument offsets the difference in the underlying liability with practically no effect on the statement of profit or loss.

	Increase/decrease	Income statements (€ million)	Due in 1 to 2 years
at 31 December 2023	In interest rates in basis point	Increase in interest rates	Decrease in interest rates
€	+/- 5 basis points	(0.6)	0.6
Total effect		**(0.6)**	**0.6**
at 31 December 2022			
€	+/- 5 basis points	(0.5)	0.5
Total effect		**(0.5)**	**0.5**

- **Exchange-rate risk**

  The Company has hedging instruments in place to minimise exchange-rate risk, with a view to avoiding a situation where unexpected variations in exchange rates occur on purchases and sales transactions.

  Analysis was performed on the statement of profit or loss effects of a possible change in the exchange rates against the €, keeping all the other variables constant. The types of transactions included in this analysis are sales and purchases in a currency other than the Company's functional currency.

  Derivative contracts that mitigate currency exchange risks are dynamically and qualitatively managed based on business needs and specific contexts and circumstances. These are not framed within fixed or quantitative policies regarding the percentage of coverage to be achieved. To avoid excessive coverage, the budget for future transactions is typically hedged between 50% and 90% throughout the year. The effects on shareholders' equity are determined by changes in the fair value of forward contracts on future transactions, which are used as cash flow hedges.

  Sensitivity analysis

  The following table reflects the effects of a potential change in interest rates on the statement of profit or loss (gross of taxation effect) and the effect of a potential change in exchange rates against the € on the net equity, keeping the Company's other variables constant.

  The assumptions used in terms of a potential change in rates are based on an analysis of the trends on the reporting date. Regarding the fixed-rate financial liabilities hedged by interest rate swaps, the change in the hedging instrument offsets the difference in the underlying liability with practically no effect on the income statement.

	Increase/decrease	Net equity (€ million)	
at 31 December 2023	In currency rates in %	Increase in exchange rates	Decrease in exchange rates
€	-	-	-
US$	+2%/-6%	1.4	(0.5)
Other Currency		.-	(0.1)
Total effect		**1.4**	**(0.6)**
at 31 December 2022			
€		-	-
US$	+8%/-11%	1.2	(0.7)
Other Currency		0.1	(0.2)
Total effect		**1.3**	**(0.9)**

iii. Shareholders' equity

ACCOUNTING POLICY

Own shares (both ordinary and special voting shares) are reported as a reduction in shareholders' equity.

DISCLOSURE

The company manages its capital structure and makes any corresponding changes based on economic conditions and the specific risks of the underlying asset.

To maintain or change its capital structure, the Company may adjust the dividends paid to shareholders and/or issue new shares. It should be noted that risk-capital management is carried out at the Group level. Please refer to the relevant notes to Campari Group's consolidated financial statements.

For information on the composition and shareholder equity changes during the comparison periods, please refer to the statement of changes in shareholder equity.

- **Share capital structure**

  The following movements occurred during 2023 in the composition of the share capital.

	No. of shares				Nominal value (€)			
	Ordinary shares	Special voting shares A	Special voting shares B	Total	Ordinary shares	Special voting shares A	Special voting shares B	Total
Share capital at 31 December 2022	1,161,600,000	665,718,342	-	1,827,318,342	11,616,000	6,657,183	-	18,273,183
Conversion from Special voting shares A to Special voting shares B	-	(594,021,404)	594,021,404	-	-	(5,940,214)	5,940,214	-
Special voting shares B allocation	-	-	-	-	-	-	17,820,642	17,820,642
Share capital at 31 December 2023	**1,161,600,000**	**71,696,938**	**594,021,404**	**1,827,318,342**	**11,616,000**	**716,969**	**23,760,856**	**36,093,826**

To foster the involvement of a stable base of long-term (loyal) shareholders, the Company's articles of association ('Articles of Association') were amended to adopt a mechanism based on the assignment to loyal shareholders of special voting shares, to which multiple voting rights are attached, in addition to the one granted by ordinary shares (the 'Special Voting Mechanism'). The Special Voting Mechanism entails the possibility of assigning to loyal, long-term shareholders: (i) two voting rights for each Campari ordinary share held for an uninterrupted period of two years, through the assignment of a special voting share A ('Special Voting Share A') with a nominal value of €0.01 each; (ii) five voting rights for each ordinary share held for an uninterrupted period of five years, through the assignment of a special voting share B ('Special Voting Share B') with a nominal value of €0.04 each and (iii) ten voting rights for each ordinary share held for an uninterrupted period of ten years ('Special Voting Share C') with a nominal value of €0.09 each. The features of the Special Voting Shares (A, B, C) are described in the Articles of Association as well as in the terms and conditions for Special Voting Shares ('SVS Terms'). The Special Voting Shares are not tradable on a regulated market.
The Company established a separate special capital reserve for the purpose of satisfying obligations related to special voting shares. At the board's discretion, special voting shares may be issued using the funds from the special capital reserve, in lieu of an actual monetary payment for the respective shares.

On 4 August 2023, the Company communicated the conclusion of the conversion of n. 594,021,404 Special Voting Shares A held by the controlling shareholder Lagfin S.C.A., Société en Commandite par Actions ('Lagfin') and other shareholders into an equal number of Special Voting Shares B, allowing five years loyal shareholders to increase voting rights from 2 to 5 votes, in accordance with the Special Voting Mechanism approved by the Shareholders' meeting on 27 March 2020 (the 'Special Voting Mechanism'). The Special Voting Mechanism was introduced with the aim of encouraging a capital structure more supportive of Campari's long-term growth strategy, i.e., organic growth combined with external growth, and rewarding a shareholder base with a long-term investment horizon.

- **Outstanding shares, own shares rights associated with the shares**
During 2023, Davide Campari-Milano N.V. managed a share buyback program activated under Article 5 of Regulation (EU) n.596/2014, intended to meet the obligations arising from stock option plans and other share-based incentive plans, currently in force or to be adopted, the beneficiaries of which are (or will be) employees or members of the administrative and/or management bodies of the Company.
The program was coordinated and executed by Morgan Stanley Europe SE and implemented in accordance with the resolution approved by the Company's Annual General Meeting held on 12 April 2022 and ended on 31 May 2023. The overall value allocated was €89.2 million for a reported number of 9,081,375 Campari shares acquired in the period from 12 May 2022 to 31 May 2023. This program included a contractually agreed reward mechanism to allocate an amount deriving from its outperformance (the outperformance is the difference between the purchase price and the average VWAP, Volume Weighted Average Price, during the execution period) to energy efficiency projects, namely, the installation of photovoltaic panels at the production site in Jamaica, which will be implemented during 2024. With this energy efficiency project, the Company confirms its strong commitment to the decarbonisation agenda through the responsible use of resources and reduction of the environmental impacts of its production activities, making the environment one of the four of its sustainability roadmaps.

The table below shows the reconciliation between the number of outstanding shares.

	No. of shares				Nominal value			
	Ordinary shares	Special voting shares A	Special voting shares B	Total	Ordinary shares	Special voting shares A	Special voting shares B	Total
Outstanding shares at 31 December 2022	1,121,647,577	597,856,391	-	1,719,503,968	11,216,476	5,978,564	-	17,195,040
Ordinary shares repurchased under share repurchase program	(1,850,962)	-	-	(1,850,962)	(18,510)	-	-	(18,510)
Ordinary shares assigned under share-based programs	12,185,643	-	-	12,185,643	121,856	-	-	121,856
Conversion from special voting shares A to special voting shares B	-	(594,021,404)	594,021,404	-	-	(5,940,214)	23,760,856	17,820,642
Special voting shares allocation	-	36,822,611	(20,000)	36,802,611	-	368,226	(800)	367,426
Outstanding shares at 31 December 2023	1,131,982,258	40,657,598	594,001,404	1,766,641,260	11,319,823	406,576	23,760,056	35,486,455
Total own shares held	29,617,742	31,039,340	20,000	60,677,082	296,177	310,393	800	607,371
Own shares as a % total respective shares	2.55%	43.29%	-	3.32%				

	No. of shares			Nominal value		
	Ordinary shares	Special voting shares	Total	Ordinary shares	Special voting shares	Total
Outstanding shares at 31 December 2021	1,132,490,271	617,606,804	1,750,097,075	11,324,903	6,176,068	17,500,971
Ordinary shares repurchased under share repurchase program	(12,722,262)	-	(12,722,262)	(127,223)	-	(127,223)
Ordinary shares	-	-	-	-	-	-
assigned under share-based programs	1,879,568	-	1,879,568	18,796	-	18,796
Special voting shares A allocation		(19,750,413)	(19,750,413)	-	(197,504)	(197,504)
Outstanding shares at 31 December 2022	1,121,647,577	597,856,391	1,719,503,968	11,216,476	5,978,564	17,195,040
Total own shares held	39,952,423	67,861,951	107,814,374	399,524	678,620	1,078,144
Own shares as a % total respective shares	3.44%	10.19%	5.90%			

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With reference to ordinary shares, between 1 January and 31 December 2023, the Company granted 12,185,643 own shares, out of which 12,158,728 shares were sold for a total cash inflow of €54.8 million, corresponding to the average exercise price multiplied by the number of own shares sold to beneficiaries upon the exercise of their stock option rights, while additionally 26,915 shares were transferred in the context of share matching plans. In the same period and through the share buyback program completed on 31 May 2023, the Company purchased 1,850,962 shares at an average price of €11.3, for a total amount of €21.0 million (the amount includes €0.9 million liabilities paid in connection with the share buyback program). At 31 December 2023, the Company held 29,617,742 own shares, equivalent to 2.5% of the share capital.

With reference to special voting shares between 1 January and 31 December 2023, n. 36,802,611 of special voting shares (A and B) were allocated to shareholders entitled to achieve the related special voting rights. Focusing on special voting shares B, n. 594,021,404 were allocated with a related value of €23.8 million, which has been derived from the dedicated special capital reserve for €17.8 million and from the special voting shares A reserve for €5.9 million. Focusing on special voting shares A, n. 36,822,611 were allocated to shareholders entitled to achieve the related special voting rights for a corresponding value of €0.4 million, which has been derived from the treasury special voting shares.
During the period, no cancellation of the treasury special voting shares has been resolved by the shareholders' meeting of the Company.

The table below shows changes in the number and values of own shares held during the periods considered.

	No. of ordinary shares held in treasury		Purchase price (€ million)	
	for the years ended 31 December		for the years ended 31 December	
	2023	2022	2023	2022
Balance at 1 January	39,952,423	29,109,729	388.1	273.8
Purchases	1,850,962	12,722,262	21.0	128.1
Disposals	(12,185,643)	(1,879,568)	(102.7)	(13.9)
Final balance	29,617,742	39,952,423	306.4	388.1
% of share capital	2.55%	3.44%		

Sales of own shares during the year, which are shown in the above table at an amount equal to the original purchase cost of €102.7 million, were sold for a total cash inflow of €54.8 million corresponding to the average exercise price multiplied by the number of own shares sold to stock option beneficiaries. Consequently, the Parent Company reported a negative difference of €47.8 million which was recorded in shareholders' equity (embedded within the retained earnings) and partially offset by the use of the stock option reserve of €12.5 million. In the same period, the Company purchased shares through the buyback programs at an average price of €11.3 for a total amount of €21.0 million.

Dividends paid and proposed

The dividends proposed are as follows.

	2023	2022	2021
	€	€	€
Dividend per share proposed	0.065	0.060	0.060
	€ Million	€ Million	€ Million
Total amount proposed	78.1	67.3	67.9
Of which, to owners of the Parent	78.1	67.3	67.9
Of which, to non-controlling interests	-	-	-

The dividends submitted for the approval of the General Meeting of Shareholders called to approve the financial statements for the year ended 31 December 2023 is €78.1 million, calculated based on shares outstanding at 31 December 2023 (1,131,982,258) as well as on the new ordinary shares (69,667,738) issued, following the successful placement in January 2024 (refer to the 'Significant events of the year' paragraph of the management board report). The dividend will be recalculated based on the total number of outstanding shares as of the coupon detachment date. For information purposes, based on the 29,617,742 own shares held at 31 December 2023 and taking into account the new ordinary shares issued in January 2024, the shares outstanding amounted to 1,201,649,996. The proposed dividend for the period is €0.065 per share, increasing by +8.3% compared to the previous financial year.

In terms of the distribution of dividends during the last five years, the utilisation of the retained earnings reserve was as follow.

Dividends paid during the year on ordinary shares		2023	2022	2021	2020	2019
Dividend per share paid	€	0.060	0.060	0.055	0.055	0.050
Total amount	€ Million	67.5	67.6	61.6	62.9	57.3
		2022	2021	2020	2019	2018
Retained earnings reserve	€ Million	67.5	67.6	61.6	62.9	57.3
Other reserve	€ Million	-	-	-	-	-

- **Retained earnings**
  Following the resolution of the General Meeting of Shareholders of 12 April 2023, the profit for the year at 31 December 2022, amounting to €516.1 million, was allocated as follows:
  - €67.5 million to dividends;
  - €448.6 million to retained earnings.

Other reserves

	Statutory reserve	Legal reserve	Retained earnings and other reserves							
	Special capital reserve	Cash flow hedge reserve	Treasury ordinary shares	Treasury special voting shares	Ordinary shares purchases/sale	Share based payments	Remeasurement of defined benefit plans	Other reserve	Retained Earnings	Total
	€ Million	€ Million	€ Million	€ Million	€ Million	€ Million	€ Million	€ Million	€ Million	€ Million
at 31 December 2022	**39.8**	**27.1**	**(0.4)**	**(0.7)**	**(658.3)**	**47.5**	**(0.9)**	**11.6**	**1,915.7**	**1,314.6**
Cost of share based payments for the period						10.1				10.1
Share based payments-controlled companies						11.7				11.7
Share based payments assigned						(12.6)			12.6	-
Losses (profits) reclassified in the income statement		(6.1)								-
Profits (losses) allocated to shareholders' equity		(17.7)					0.1			0.1
Purchase of treasury shares					(20.9)				(0.4)	(21.3)
Sale of treasury shares			0.1		54.7					54.8
Special voting shares allocation				0.4						0.4
Dividends									(67.5)	(67.5)
Conversion from special voting shares A to special voting shares B	(17.8)									-
Allocation of prior year result			-		-				516.1	516.1
at 31 December 2023	**22.0**	**3.3**	**(0.3)**	**(0.3)**	**(624.5)**	**56.8**	**(0.8)**	**11.6**	**2,376.5**	**1,819.0**
at 31 December 2022	**39.8**	**(7.8)**	**(0.3)**	**(0.5)**	**(537.2)**	**30.0**	**(0.7)**	**305.2**	**1,520.6**	**1,317.1**
Cost of share based payments for the period						9.4				9.4
Share based payments-controlled companies						10.1				10.1
Share based payments assigned						(2.0)			2.0	-
Losses (profits) reclassified in the income statement		4.5								-
Profits (losses) allocated to shareholders' equity		41.5					(0.2)			(0.2)
Tax effect recognised in shareholder's equity		(11.0)					0.1			0.1
Purchase of treasury shares			(0.1)	(0.2)	(128.0)				0.2	(128.1)
Sale of treasury shares					7.0					7.0
Dividends	-								(67.6)	(67.6)
Reclassification	-							(293.5)	293.5	-
Allocation of prior year result									166.9	166.9
at 31 December 2022	**39.8**	**27.1**	**(0.4)**	**(0.7)**	**(658.3)**	**47.5**	**(0.9)**	**11.6**	**1,915.7**	**1,314.6**

The Company established a separate statutory reserve, herein referred to as the special capital reserve, for the purpose of satisfying obligations related to special voting shares. At the Board's discretion, the issuance of special voting shares may be executed using the funds from the special capital reserve in lieu of an actual monetary payment for the respective shares.

In addition, the reserve related to unrealised net gain connected to cash flow hedges through 'other comprehensive income' financial instruments was positive at €3.3 million (in 2022 the reserve was positive at €27.1 million), reporting an unrealised and not distributable net gain.

With the aim of improving presentation and disclosure, some non-material changes to the presentation of equity have been made. In particular, the special capital reserve was distinguished as a separate statutory reserve and shown separately from the other reserves.

iv. Share-based payments

ACCOUNTING POLICY

Compensation plans in the form of stock options

The Company has multiple incentive plans in place, including benefits in the form of stock option plans, governed in accordance with the shareholders' resolution, pursuant to applicable law, and implemented by means of a specific regulation ('Stock Option Regulations'). The purpose of the plan is to offer beneficiaries who occupy key positions at the Company the opportunity to own its shares, thereby aligning their interests with those of other shareholders and fostering loyalty in the context of the strategic goals to be achieved. The recipients are employees, directors and/or individuals who regularly work for one or more Group companies, who have been identified by the Board of Directors of the Company, and who, on the approval date of the plan and until the date that the options are exercised, have worked as employees and/or directors and/or in any other capacity at one or more Group companies without interruption. The Board of Directors of the Company has the right to draft regulations, select beneficiaries, and determine the share quantities and values for the execution of the stock option plans.
The fair value of stock options is represented by the value of the option calculated by applying the Black-Scholes model, and the grant date starts once the options are assigned. Volatility is estimated with the help of data supplied by a market information provider together with a leading bank and corresponds to the estimate of volatility recorded in the period covered by the plan. The stock options are recorded at fair value with an offsetting entry in the stock option reserve. The dilutive effect of options not yet exercised is included in the calculation of diluted earnings per share. The stock options values awarded to the Company's employees working in subsidiaries are recorded as an increase in the investment value of the subsidiary since it is considered as a "contribution in kind" to the legal entity made directly by the Company via the services provided by the beneficiary employee itself.

DISCLOSURE

On 13 April 2023, the AGM approved a new stock option plan for an aggregate maximum number of options based on the ratio between €6,000,000 and the options' exercise price for the category of beneficiaries other than the members of the Board of Directors (while no options have been assigned to the members of the Board of Directors this year), in accordance with the Stock Option Regulation adopted by the Company. The options may be exercised during the two years after the end of the fifth year following the assignment date. For a more detailed explanation of the stock option plan, please refer to the relevant explanatory report of the Board of Directors, prepared in compliance with article 84-bis of the Italian Issuer Regulation, which is available at the registered office of the Company, on the Company's website (www.camparigroup.com/en/page/group/governance) and through the authorised storage mechanism 1Info (www.1info.it), in accordance with the terms prescribed by law.
Options were granted on 2 May 2023 to individual beneficiaries. The total number of options granted in 2023 for the purchase of further shares was 450,033 (8,725,347 in 2022), with an average grant price of €11.61 (€10.29 in 2022), equivalent to the weighted average market price in the month preceding the day on which the options were granted.

The following table shows the changes in stock option plans during the periods concerned.

	2023		2022	
	No. of shares	Average allocation/ exerciseprice (€)	No. of shares	Average allocation/ exerciseprice (€)
Options outstanding at the beginning of the period	38,970,219	6.7	33,491,265	5.59
Options granted during the period	450,033	11.61	8,725,347	10.29
(Options cancelled during the period)	(727,195)	8.94	(1,336,625)	6.76
(Options exercised during the period) (*)	(12,158,728)	4.47	(1,844,088)	3.67
(Options expired during the period)	(33,391)	-	(65,680)	-
Options outstanding at the end of the period	26,500,938	7.72	38,970,219	6.70
Of which exercisable at the end of the period	6,173,487	6.16	8,980,965	3.82

(*) Ihe average market price on the exercise date was €11.68.

The exercise prices for the options granted in each year range were as follows.

	Average exercise price
Allocations: 2015	3.54
Allocations: 2017	6.19
Allocations: 2018	6.25
Allocations: 2019	8.85
Allocations: 2020	6.41
Allocations: 2021	9.91
Allocations: 2022	10.29
Allocations: 2023	**11.61**

The stock option plan does not include vesting conditions linked to business results or market conditions. The following assumptions were used for the fair value measurement of options issued in 2023 and 2022.

	2023	2022
Expected dividends (€)	0.065	0.060
Expected volatility (%)	21.18%	25.92%
Historic volatility (%)	28.58%	23.90%
Market interest rate	2.930%	1.354%
Expected option life (years)	7.00	7.00
Exercise price (€)	11.61	10.29

The average fair value of options granted in 2023 was €3.51 (€3.06 in 2022).
The average remaining life of outstanding options at 31 December 2023 was 3.4 years (3.5 years at 31 December 2022), while for those held by the Company's employees working in Italy, this was 1.9 years (unchanged compared to 31 December 2022).

STOCK OPTIONS AND OTHER SHARE-BASED PAYMENTS RESERVE

Accruals made to the stock option reserve during the year in respect of share-based payments totalled €21.7 million, of which €11.7 million was posted against the related investment for the allocation of stock options to directors and employees of subsidiaries.
Moreover, options exercised (including both stock options and other forms of share-based payments) during the year by beneficiaries at Davide Campari-Milano N.V. and its subsidiaries totalled €12.5 million.
For full information regarding stock option plans, see note 10 i-'Share-based payments'.

ACCOUNTING POLICY

Share-based payments in the form of 'Employees Share Ownership Plan', 'Extra-Mile Bonus Plan ('EMB') and Mid-Term Incentive plan ('MTI')

The Shareholders' meeting of 8 April 2021 approved the resolution for the implementation of the Employee Share Ownership Plan ('ESOP'). ESOP is a share matching plans offering employees the opportunity to invest in the Company's shares. ESOP is intended for all Group employees except members of the Board of Directors. These employees will be offered the opportunity to allocate certain amounts to the plan, which will be used to purchase shares of the Company (the 'Purchased Shares') by the plan administrator, and, after a three-year vesting period, complementary free shares will be awarded. The free shares granted represent an equity settled arrangement. The accounting treatment for the ESOP follows the accounting treatment applied for benefits granted in the form of stock option plans. The fair value of the ESOP plan is represented by the value of the option calculated by applying the Black-Scholes model.
As part of this, the Extra-Mile Bonus Plan ('EMB') program was awarded in 2021, representing a preparatory assignment to the launch of the ESOP program with which it shares the main features. The fair value of the EMB plan is represented by the awarded number of rights assigned calculated based on the annual base gross salary of eligible employees at 31 December 2020, divided by twelve.

On 12 April 2022, the Annual General Meeting approved a Mid-Term Incentive plan ('MTI') based on Campari shares and aimed at rewarding Camparistas for their active participation in the Group performance and fostering their retention. Eligible Camparistas will be granted a right to receive a number of Campari shares for free, subject to their uninterrupted employment over a three-year vesting period from the grant date. The number of award rights to be granted to each beneficiary will be calculated based on the beneficiary's annual base gross salary as of 31 December preceding the grant date. The MTI plan approved in April 2022 foresees three grants for the following three years. Therefore, the second grant was assigned in May 2023.

DISCLOSURE

The table below shows the changes in share-based rights during 2023 compared with 2022.

	at 31 December	
N. of rights	**2023**	**2022**[(1)]
Outstanding rights at the beginning of the year	1,070,036	307,920
Assigned during the period	125,930	796,115
Rights related to employees transferred from (to) other group companies	8,036	3,106
Cancelled during the period	(61,547)	(27,724)
Exercised during the period	(5,092)	(9,381)
Outstanding rights at the end of the year	1,137,363	1,070,036

(1) With respect to ESOP, this initiative started impacting the Company's accounts from the first quarter of 2022, while with respect to MTI, this initiative started having an impact on the Company's accounts from the first half of 2022.

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

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v. Other comprehensive income

DISCLOSURE

	for the years ended 31 December	
	2023	2022[1]
	€ Million	€ Million
Profit for the period (A)	**288.2**	**516.1**
B1) Items that may be subsequently reclassified to the statement of profit or loss		
Cash flow hedge:		
(Profit) losses classified to other profit and loss	(6.1)	4.5
Profit (loss) for the period to net equity	(17.7)	41.5
Related Income tax effect	5.7	(11.0)
Total cash flow hedge	**(18.1)**	**35.0**
B2) Items that may not be subsequently reclassified to the statement of profit or loss		
Remeasurements of defined benefit plans:		
Gains/(losses) on remeasurement of defined benefit plans	0.1	(0.2)
Related Income tax effect	-	0.1
Total remeasurements of defined benefit plans	0.1	(0.2)

vi. Reconciliation of the Parent Company and Group net profit and shareholders' equity

DISCLOSURE

	at 31 December			
	2023		2022	
	Shareholders' equity	Result of the period	Shareholders' equity	Result of the period
	No. of shares	Average allocation/ exerciseprice (€)	No. of shares	Average allocation/ exerciseprice (€)
Figures from the annual financial statements of Davide Campari-Milano N.V.	**2,174.3**	**288.2**	**1,915.9**	**516.1**
Difference between carrying value and pro-rata value of shareholders' equity of equity investments	812.3		821.1	
Pro-rata results of subsidiaries		220.0		174.8
Elimination of intra-group dividends	-	(178.5)	-	(334.9)
Elimination of intra-group profits and capital gains	(61.4)	0.8	(61.9)	(22.9)
Figures from the consolidated financial statements (figures attributable to the Group)	**2,925.2**	**330.5**	**2,675.0**	**333.0**
Shareholders' equity and net profit attributable to non-controlling interests	1.6	2.0	1.4	(1.5)
Group's equity and net profit	**2,926.8**	**332.5**	**2,676.4**	**331.5**

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8. Other disclosures

This section details accounting policies for provisions for risks, future charges and fair value information on assets and liabilities, defined benefit and contribution plans. Judgements and estimates are stated regarding provisions.
Moreover, this section discloses additional information which management considers to be relevant for stakeholders.

i. Provisions for risks and future charges

ACCOUNTING POLICY

Provisions arising from legal or constructive obligations resulting from past events are reliably estimated and reviewed periodically to reflect changes in circumstances, timescales, and discount rates. Revisions to estimates of provisions are booked to the same statement of profit or loss item that contains the accrual or, if the liability relates to tangible assets (i.e., dismantling and restoration), these revisions are reported as an offsetting entry to the related asset. Where the financial impact of the timing is significant, and the payment dates of the obligations can be reliably estimated, the provision is discounted to present value. The change in the related amount over time is allocated to the statement for profit or loss. When the Company expects that third parties will repay all or part of the provisions, a receivable is recorded under assets only if it is virtually certain, and the accrual and related repayment are posted to the statement of profit or loss.

Dedicated restructuring provisions are only reported if there is a restructuring obligation deriving from a formal, detailed restructuring program, which has led to a reasonable expectation by interested parties that the restructuring will be carried out with an outflow of resources whose amount can be reliably estimated, either because the process has already started or because the main features of the restructuring program have already been communicated.

For detailed information on the accounting policy related to tax provisions, please refer to note 3 xi-'taxation'.
The Company may be involved in legal proceedings in respect of which it is not possible to make a reliable estimate of any expected settlement. Such cases are reported as contingent liabilities with a specific disclosure made available for information purposes.

The Company discloses purely contingent assets and provides information when there are material amounts that are highly likely to be realised. The Company records the relevant asset only when the original uncertainty relating to it no longer applies and it is virtually certain that the asset will be realised. Guarantees are disclosed at fair value determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee or the estimated amount that would be payable to a third party for assuming the obligations.

DISCLOSURE

PROVISION FOR RISKS AND CHARGES

	Tax provision	Restructuring Provisions	Agent severance Fund	Other	Total
	€ Million	€ Million	€ Million	€ Million	€ Million
at 31 December 2022	**0.1**	**0.8**	**1.0**	**4.5**	**6.4**
Accruals	-		0.2	0.9	1.1
Utilizations	-	-	(0.3)	(5.2)	(5.5)
Releases			(0.1)		(0.1)
at 31 December 2023	**0.1**	**0.8**	**0.8**	**0.3**	**2.0**
Of which estimated outlay:					
Due within 12 months		0.8		0.3	1.1
Due after 12 months	0.1		0.8	-	0.9
at 31 December 2021	**0.1**	**0.8**	**1.3**	**5.1**	**7.3**
Accruals			-	-	(0.2)
Utilizations	-	-	(0.2)	(0.5)	(0.6)
Releases	-	-	(0.1)	(0.1)	(0.1)
at 31 December 2022	**0.1**	**0.8**	**1.0**	**4.5**	**6.4**
Of which estimated outlay:					
Due within 12 months	-	0.8	-	0.3	1.1
Due after 12 months	0.1	-	1.0	4.2	5.3

The other provisions for risks and charges totalling €5.2 million, which had been established to offset of cumulated losses incurred by the Japan joint-venture in the previous years was released to offset the cumulated losses incurred by the Japan joint-venture (please refer to note 4 iii-'Investments in subsidiaries and joint-ventures'). The significant effect of the passage of time over provision was deemed to be not material.

There were no contingent liabilities to be reported

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ii. Commitments and risks

EXISTING CONTRACTUAL COMMITMENTS FOR THE PURCHASE OF GOODS OR SERVICES, PROPERTY, PLANT AND EQUIPMENT

The Company's other commitments for purchases of goods or services are shown below.

	Purchase Of assets	Purchase of raw materials, Semi-finished products and Finished products	Logistic Costs	Advertising and Promotional Costs	Packaging, Habillage	Administration Services	Information System services	Total
	€ Million	€ Million	€ Million	€ Million	€ Million		€ Million	€ Million
at 31 December 2023								
Within 1 year	122.6	43.8	3.3	5.3	94.9	14.1	25.1	201.2
1-5 years	-	65.0	2.1	3.2	123.0	29.9	16.4	239.6
Total commitments	**122.6**	**108.8**	**5.4**	**8.5**	**217.9**	**44.0**	**41.5**	**440.7**
at 31 December 2022								
Within 1 year	14.7	21.9	2.1	3.6	12.0	12.0	19.5	85.8
1-5 years	-	57.2	2.9	-	-	29.7	25.6	115.5
After 5 years	-	-	-	-	-	4.1	-	4.1
Total commitments	**14.7**	**78.1**	**5.1**	**3.6**	**12.0**	**45.8**	**45.1**	**205.4**

Commitments mainly related to the purchase of assets, raw materials and packaging materials.

- **Other guarantees**
  Other forms of guarantees provided by the Company can be broken down as follows.

	at 31 December	
	2023	2022
	€ Million	€ Million
Guarantees issued to third parties	55.7	60.7
Guarantees issued to third parties in the interest of joint-ventures	9.0	11.7
Guarantees issued to third parties in the interest of Group companies	558.7	599.0
Total guarantees issued to third parties	**623.4**	**671.5**
Other guarantees	1.0	0.9
Total guarantees given	**624.4**	**672.5**

Guarantees issued to third parties in the interest of Campari Group companies mainly consist of grants sureties to third parties on behalf of Group companies for credit lines or commercial and financial agreements. The Company also provides guarantees to customs or tax authorities for excise duties liabilities or tax stamp liabilities to the benefit of both Group companies and the Company itself.
The Company has provided financial guarantees in the context of the 50-50 joint-venture in Dioniso Group with Moët Hennessy to create a premium pan-European Wines and Spirits e-commerce player which holds the leading e-commerce platforms for wines and premium spirits in Italy Tannico e Wineplatform S.p.A. and in France Ventealapropriete.com. The Company is providing 50% of financial support to Dioniso Group to complete business expansion transactions in case existing cash flows are insufficient and the bank indebtedness or other third-party financing cannot be obtained at satisfactory conditions. At 31 December 2023, the estimated potential cash out for the Company in relation to Dioniso Group's existing commitments in the form of put and/or call options connected with business combination and a committed liability for a personnel compensation scheme was €9.0 million (€11.7 million at 31 December 2022).

- **Contractual commitments for the use of third-party assets that are not recorded using lease accounting**
  The following table shows amounts owed by the Company in future periods, broken down by maturity, in relation to the main contractual commitments for using of third-party assets that are not recorded using lease accounting.
  At 31 December 2023, the contracts mainly related to warehouses for storing products and information technology equipment.

	at 31 December	
	2023	2022
	€ Million	€ Million
Within 1 year	5.4	4.4
1-5 years	-	-
Total	**5.4**	**4.4**

No off-balance sheet agreements, including between affiliates, were concluded during the year that could generate exposures or benefits for the Company, where knowledge of the same would be useful for assessing the Company's financial position or operating results.

iii. Fair value information on assets and liabilities

ACCOUNTING POLICY

FAIR VALUE ON FINANCIAL ASSETS AND LIABILITIES

For fair value information on financial assets and liabilities, please refer to note 6 i.-'Financial instruments'.

DISCLOSURE

A summary of the financial and non-financial assets and liabilities measured at fair value is shown below. The fair value of the financial items measured at amortised costs based on the applicable business model is also included as complementary information.

		at 31 December 2023	at 31 December 2022
		€ Million	€ Million
A) Items reported at fair value		**(7.2)**	**(63.6)**
	Of which assets	**7.5**	**63.6**
Other current financial asset		-	16.2
Current assets for hedging derivatives		0.6	0.7
Non-current assets for hedging derivatives		2.9	41.5
Other non-current financial assets		-	1.0
Other non-current assets (non-financial item)		4.0	4.1
	Of which liability	**0.6**	**-**
Current liabilities for hedging derivatives		0.1	-
Current liabilities for hedge derivatives, not in hedge accounting		0.1	-
Liabilities for put option and earn-out payments		0.3	-
B) Financial liabilities reported at amortised cost method but for which fair value information is provided		**1,733.3**	**1,178.4**
	Of which liability	**1,733.3**	**1,178.4**
Loans due to banks		612.8	409.4
Bonds issued in 2017		149.0	147.1
Bonds issued in 2019		148.5	146.5
Bonds issued in 2020		504.4	475.4
Bonds issued in 2023		318.7	-

There were no changes in the Company's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period with regards to the fair value of a) financial and b) non-financial instruments. The valuation date for all items is 31 December 2023.

FINANCIAL INSTRUMENTS

FAIR VALUE OF FINANCIAL INSTRUMENTS

- For financial assets and liabilities that are liquid or nearing maturity, it is assumed that the carrying amount equates to fair value; this assumption also applies to term deposits, securities that can be readily converted to cash, and variable-rate financial instruments;
- For the measurement of hedging instruments at fair value, valuation models based on market parameters are used;
- The fair value of non-current financial payables was obtained by discounting all future cash flows to present value under the conditions in effect at the end of the year.

Derivatives, valued using techniques based on market data, are mainly interest-rate swaps and forward sales/purchases of foreign currencies to hedge both the fair value of the underlying instruments and cash flows.
The most commonly applied valuation methods include forward pricing and swap models, which use present value calculations. The models incorporate various inputs, including the non-performance risk rating of the counterparty, market volatility, spot and forward exchange rates and current and forward interest rates.

An analysis of financial instruments measured at fair value based on three different valuation levels is provided in the table below.

- Level 1: valuation for the financial assets in question was calculated using a methodology based on the Net Asset Value, which was obtained from specialised external sources;
- Level 2: valuation used for financial instruments measured at fair value was based on parameters such as exchange rates and interest rates, which are quoted on active markets or are observable on official yield curves;
- Level 3: valuation used for financial liabilities deriving from or connected to business combinations, where a portion of the consideration was determined as a condition subordinated to the performance of the company acquired on the basis of contractually agreed indicators.

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	Level 1	Level 2	Level 3
	€ Million	€ Million	€ Million
at 31 December 2023			
Assets reported at fair value			
Current assets for hedging derivatives		**0.6**	
Non-current assets for hedging derivatives		**2.9**	
Other non-current assets			4.0
Liabilities reported at fair value			
Current liabilities for hedging derivatives		0.1	
Current liabilities for hedge derivatives, not in hedge accounting		0.1	
Liabilities for put option and earn-out payments			0.3
Financial liabilities fair value			
Loans due to banks		612.8	
Bonds issued in 2017		149.0	
Bonds issued in 2019		148.5	
Bonds issued in 2020		504.4	
Bonds issued in 2023		318.7	
at 31 December 2022			
Assets reported at fair value			
Other current financial asset	16.2		
Current assets for hedging derivatives		0.7	
Non-current assets for hedging derivatives		41.5	
Other non-current financial assets	1.0		
Other non-current assets			4.1
Liabilities reported at fair value	-	-	-
Financial liabilities fair value			
Loans due to banks		409.4	
Bonds issued in 2017		147.1	
Bonds issued in 2019		146.5	
Bonds issued in 2020		475.4	

The following tables show the valuation techniques used in measuring level 2 and level 3 fair values at 31 December 2023 for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Forward and option exchange contracts	The fair value is determined using quoted forward exchange rates at the reporting date based on high credit quality yield curves in the respective currencies. The models incorporate various inputs, including the credit rating of the counterparty, market volatility, spot and forward exchange rates and current and forward interest rates.	Not applicable.	Not applicable.
Interest rate swaps	The fair value of interest rate swaps agreements is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the company and of the counterparty; this is calculated based on credit spreads derived from current credit default swap or bond prices.	Not applicable.	Not applicable.
Variable payments in the form of earn-out agreements	The valuation model considers the present value of expected payments.	**CT Spirits Japan variable earn-out** • Expected contractually target business performances measured over a period of 3 years from the acquisition date • Risk-adjusted discount rate of 3.5%.	The estimated fair value would increase (decrease) if: • The expected contractually target business performances, were higher (lower) with related impact in financial liabilities affecting the expected cash out value and the statement of profit or loss
Derivative resulting from granting put o ption for the purchase of a business	The valuation model considers the enterprise value of the business target to be acquired.	**Beam holding france S.A.S.** The purchase price for the transaction is us$1.32 Billion (composed of a fixed component of us$1.2 Billion and an additional potential earn-out of a maximum of us$0.11 Billion).	If the fair value of the target business were higher (lower) than the acquisition price, the estimated fair value would increase (decrease). Since the Group granted the put option to the seller close to year end (14 December 2023) and within an arm-length negotiation under prevailing market conditions not limited only to the target's business performance, the fair value variation assessment as of 31 December 2023 can be deemed negligible even when considering potential fluctuations in the target's performance during the remaining days of 2023.

There were no transfers between fair value measurement levels during the period.
In light of the negligible amount of other non-current assets classified as level 3 fair value items, no sensitivity was detected as any reasonably possible changes at the balance sheet date of one of the significant unobservable inputs, keeping the other variables constant, would not have generated material effects either on the income statement or on the group net equity.

at 31 December 2023	Profit or loss	Group net equity
€ Million	(+) increase/(-) decrease	(+) increase/(-) decrease
Liabilities Variable payments in form of earn-out agreements		
Risk adjusted discount rate +/-1% (+/-100 basis points)	0.1/-0.1	-
Expected contractually target business performances +/-10% (+/-1000 basis points)	-0.1/0.1	-

FINANCIAL DERIVATIVES

A summary of financial derivatives implemented by the Company at 31 December 2023, broken down by hedging strategy, is shown below.

- **Derivatives used for fair-value hedging**
  At 31 December 2023, the Company had contracts for hedging payables and receivables in foreign currency in place that meet the requirements to be recognised as hedging instruments based on the relevant accounting standards. Specifically, it recognised forward contracts on receivables and payables in currencies other than the € recorded in its financial statements at 31 December 2023. These contracts were negotiated to match maturities with incoming and outgoing cash flows resulting from sales and purchases in individual currencies.
  The valuation of these contracts at the reporting date resulted in the reporting of assets of €0.4 million and liabilities of €0.1 million (€0.5 million assets and negligible liabilities at 31 December 2022).
  Below is a summary of the gains and losses on hedging items and on hedged items with regard to all fair-value hedges corresponding to the above-mentioned contracts.

	for the years ended 31 December	
	2023	2022
	€ Million	€ Million
Gains on hedging instruments	0.3	0.1
Losses on hedging instruments	-	-
Total gains (losses) on hedging instruments	**0.3**	**0.1**
Gains on hedging items	0.1	-
Losses on hedging items	(0.7)	(0.5)
Total gains (losses) on hedging items	**(0.6)**	**(0.5)**

- **Derivatives used for cash-flow hedging**
  The Company uses the following contracts to hedge its cash flows:

  - Interest rate swaps hedging the risk of interest rate fluctuations on future transactions relating to the clauses of financial loans;
  - Hedging of future sales and purchases in currency and interest rates on future transactions.

The fair value variation of the hedging instruments during the year generated a negative impact in other comprehensive income of €17.7 million and €6.1 million in profit or loss related to the reversal of cash flow reserve associated with the pre-hedge derivative (€41.5 million and €4.5 million respectively in 2022).
At the reporting date, the valuation of these contracts gave rise to the reporting of assets of €2.9 million (€41.5 million of assets associated with bonds and loans in 2022).
The table below shows when the aforementioned hedged cash flows are expected to be received (paid) at 31 December 2023 and 31 December 2022. These cash flows concern both interest and currency derivatives and have not been discounted. Since the Company does not distinguish the outflow for positive and negative fair values of derivative contracts, the below cash outflow is presented net.

	Within one year	1-5 years	Total
	€ Million	€ Million	€ Million
at 31 December 2023			
Cash outflows (A)	-	-	-
Cash inflows (B)	0.2	11.7	11.9
Net cash flows (A+B)	**0.2**	**11.7**	**11.9**
at 31 December 2022			
Cash outflows (A)	-	-	-
Cash inflows (B)	15.0	30.6	45.6
Net cash flows	**15.0**	**30.6**	**45.6**

The overall changes in the cash-flow hedge reserve and the associated deferred taxes are shown below.

	Gross amount	Tax effect	Net amount
	€ Million	€ Million	€ Million
at 31 December 2022	35.7	(8.6)	27.1
profit or loss impact	(6.1)	1.5	(4.7)
net equity impact	(17.7)	4.2	(13.4)
at 31 December 2023	**11.9**	**(2.9)**	**9.0**
at 31 December 2021	(10.3)	2.5	(7.8)
profit or loss impact	4.5	(1.1)	3.4
net equity impact	41.5	(10.0)	31.6
at 31 December 2022	**35.7**	**(8.6)**	**27.1**

- **Hedging derivatives not reported using hedge accounting**
  These instruments are mainly related to hedges of future purchases in currencies other than the €. At 31 December 2023 financial assets were negligible while financial liabilities for €0.1 were reported (both financial liabilities and assets were negligible at 31 December 2022).

iv. Defined benefit plans

ACCOUNTING POLICY

Post-employment benefits

The Company provides post-employment benefits to staff, both directly and by contributing to external funds.

DEFINED BENEFIT PLANS

The Company's obligation and the annual cost reported in the statement of profit or loss are determined by independent actuaries using the projected unit credit method.
The costs associated with an increase in the present value of the obligation, as the time for payment of the benefits draws nearer, are included under financial expenses, while the service costs are posted under the reporting line of cost of sales and selling, general and administrative expenses.

DEFINED CONTRIBUTION PLANS

Based on legal or contractual obligations, or on a voluntary basis, the Company fulfils post-employment employees obligations by paying contributions to a separate entity (publicly or privately administered pension funds), without making any actuarial calculation. At the end of the financial year, any liabilities for contributions to be paid are included in 'Other current liabilities', while the cost for the period is recognised under the reporting line of cost of sales and selling, general and administrative expenses.

DISCLOSURE

The employee liability indemnity (TFR), which relates to the Company's employees, pursuant to Article 2120 of the Italian Civil Code, falls under the scope of defined benefit plans. TRF contributions accrued up to 31 December 2006 remain with the Company; for contributions accruing from 1 January 2007, employees have the choice of allocating them to a complementary pension scheme or to keep them with the company, which will transfer the contributions to a fund held at the INPS (the Italian social security agency).
Therefore, TFR contributions accrued from 1 January 2007 are classified as defined contribution plans.
As the Company usually pays contributions through a separate fund, without further obligations, it recognises its contributions to the fund in the year to which they relate, in respect of employees' service, without performing any actuarial calculation. Since the contributions in question have already been paid by the Company at the reporting date, no liability is recorded in the statement of financial position.
Nonetheless, TFR contributions accrued up to 31 December 2006 will continue to be classified as defined benefit plans, with the actuarial valuation criteria remaining unchanged in order to reflect the current value of the benefits payable on the amounts accrued at 31 December 2006 when employees leave the Company.
The tables below summarise the components of the net cost of benefits reported in the statement of profit or loss and the statement of other comprehensive income in 2023 and 2022.

€ million	LIABILITIES
Liabilities (assets) at 31 December 2022	**4.1**
Amounts included in the income statement:	
Current service costs	0.2
Past service costs	0.1
Net interest	0.1
Total	**0.4**
Amounts included in the statement of comprehensive income:	
Gain/(losses) resulting from changes in actuarial assumptions	(0.1)
Total	**(0.1)**
Other changes:	
Benefits paid	(0.2)
Contributions to the plan by employees	(0.1)
Benefits transferred	0.1
Total	**(0.3)**
Liabilities (assets) at 31 December 2023	**4.2**
Liabilities (assets) at 31 December 2021	**4.1**
Amounts included in the income statement:	
Current service costs	0.1
Past service costs	0.4
Total	**0.5**
Amounts included in the statement of comprehensive income:	
Gain/(losses) resulting from changes in actuarial assumptions	0.2
Total	**0.2**
Other changes:	
Benefits paid	(0.4)
Contributions to the plan by employees	(0.4)
Benefits transferred	0.1
Total	**(0.7)**
Liabilities (assets) at 31 December 2022	**4.1**

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The main assumptions used in determining the obligations resulting from TFR are indicated below.

	at 31 December	
	2023	2022
Discount rate	4.07%	3.74%
Staff turnover rate	5.63%	5.96%
Forecast inflation rate	3.00%	3.00%

Quantitative sensitivity analysis of the significant assumptions used at 31 December 2023 is shown below.

at 31 December 2023	Change in the assumptions	Impact of positive change	Impact of negative change
Discount rate	Discount rate +\- 0.5%	-3.03%	3.25%
Rate of employee turnover	Turnover +\- 0.5%	-0.05%	0.04%
Forecast inflation rate	Inflation rate +\- 0.5%	1.80%	-1.74%

at 31 December 2022	Change in the assumptions	Impact of positive change	Impact of negative change
Discount rate	discount rate +/- 0.5%	-2.89%	3.14%
Rate of employee turnover	turnover +/- 0.5%	-2.28%	2.89%
Forecast inflation rate	inflation rate +/- 0.5%	1.83%	-1.72%

The sensitivity analysis shown above is based on a method involving the extrapolation of the impact on the obligation of reasonable changes to the key assumptions made at the end of the financial year. The methodology and the assumptions made in preparing the sensitivity analysis remain unchanged from the previous year. Since pension liabilities have been adjusted on the basis of the consumer price index, the pension plan is exposed to the inflation rate, interest-rate risks and changes in the rate of employee turnover. Since there are no assets that support the plans, the Company is not exposed to market risk in the sectors in which the plan is invested.

The table below reflects the expected payments in future years.

	at 31 December	
	2023	2022
	€ million	€ million
Within 12 months	0.2	0.3
From 1 to 5 years	0.9	1.0
From 5 to 10 years	0.9	2.9
Total	**2.1**	**4.1**
Average plan duration (years)	**7**	**7**

Cash flows expected for future payments into the plan are not likely to have a significant effect on the Company's statement of financial position or statement of profit or loss.

v. Related parties

DISCLOSURE

The Company adopts procedures to ensure the substantive and procedural transparency and integrity of transactions with related parties, whether carried out directly or through subsidiaries, in addition to defining the concept of related parties.

The main intra-group activities, paid for at market prices, are carried out on the basis of contractual relationships, which in particular relate to:

- The management of investments;
- The settlement of financial flows through the centralised intra-group cash and financial management system;
- The sharing of general, administrative and legal services;
- Information technology support;
- Commercial agreements.

Intra-group transactions are carried out through the centralised cash management system, with interest charged at market rates.

In addition, transactions with related parties include the agreement with the controlling shareholder, Lagfin S.C.A., Société en Commandite par Actions, relating to the option, exercised jointly with the Campari Group's other Italian subsidiaries, to adopt the national tax consolidation scheme governed by articles 117 et seq of the Consolidated Law on Corporate Income Tax ('TUIR') for the period running from 2021 to 2023. Starting from 2024, the national tax consolidation scheme will be valid for the period 2024 to 2026.

The Company has also joined, along with the controlling shareholder Lagfin S.C.A., Société en Commandite par Actions, the Campari Group VAT scheme pursuant to article 73, para. 3, of Presidential Decree ('DPR') 633/72.
The receivables and payables arising as a result of the tax consolidation procedure are non-interest-bearing.
No other significant transactions have taken place with controlling entities, nor with their directly and/or indirectly owned subsidiaries, other than with Group companies.

For further details on the relationships with the Company subsidiaries, see below.

at 31 December 2023 € Million	Trade receivables	Financial receivables	Receivables (payables) for tax consolidation	Other receivables	Other on-current assets	Trade payables	Financial payables	Receivables (payables) for Group VAT	Other non-current liabilities	Other current liabilities
Lagfin S.C.A. Société en Commandite par Actions	-	-	11.0	-	0.1	-	-	(3.2)		-
CT Spirits Japan Ltd.	1.1	-	-	0.2	-	-	-	-	-	-
Campari Argentina S.A.	13.0	-	-	0.1	-	-	-	-	-	-
Campari Austria GmbH	4.5	-	-	0.1	-	1.1	7.8	-	-	-
Campari Australia Pty Ltd.	7.9	-	-	-	-	0.7	-	-	-	-
Campari Benelux S.A.	3.0	-	-	-	-	-	1.3	-	-	-
Campari do Brasil Ltda.	2.9	3.1	-	0.1	-	0.1	-	-	-	-
Forty Creek Distillery Ltd.	2.4	-	-	-	-	0.1	-	-	-	-
Campari Schweiz A.G.	0.3	-	-	0.1	-	0.9	-	-	-	-
Campari Beijing Trading Co. Ltd.	-	-	-	-	-	2.4	-	-	-	-

at 31 December 2023 € Million	Trade receivables	Financial receivables	Receivables (payables) for tax consolidation	Other receivables	Other on-current assets	Trade payables	Financial payables	Receivables (payables) for Group VAT	Other non-current liabilities	Other current liabilities
Campari Deutschland GmbH	24.0	-	-	0.3	-	0.2	41.2	-	-	-
Campari España S.L.U.	5.4	-	-	-	-	0.1	0.6	-	-	-
Société des Produits Marnier Lapostolle S.A.S.	-	9.5	-	-	-	-	-	-	-	-
Campari Hellas Single Member Societe Anonyme	0.4	-	-	1.5	-	0.1	-	-	-	-
Campari International S.r.l.	7.8	-	-	-	-	-	25.5	-	-	-
J. Wray&Nephew Ltd.	13.0	-	-	(0.1)	-	-	-	-	-	-
Campari Mexico S.A. de C.V.	3.5	-	-	0.2	-	3.3	-	-	-	-
Campari New Zealand Ltd.	0.9	6.9	-	-	-	-	-	-	-	-
Campari Peru SAC	10.0	-	-	-	-	-	-	-	-	-
Campari RUS LLC	7.6	0.6	-	-	-	0.1	0.1	-	2.6	-
Campari Singapore Pte Ltd.	0.2	-	-	0.4	-	2.8	-	-	-	-
Campari Ukraine LLC	3.1	-	-	-	-	-	-	-	-	-
Glen Grant Ltd.	13.9	27.9	-	0.5	-	9.7	-	-	-	-
Campari America, LLC	12.7	-	-	1.7	-	3.9	14.0	-	-	-
Campari South Africa Pty Ltd.	0.7	-	-	-	-	-	-	-	-	-
Campari India Private Ltd.	5.2	-	-	0.1	-	-	-	-	-	-
Camparino S.r.l.	0.1	2.3	-	-	-	-	-	-	-	-
Campari France SAS	9.3	19.5	-	0.6	-	0.6	-	-	-	-
Campari Destiladora S.A. de C.V.	-	-	-	-	-	-	-	-	-	-
Bellonnie et Bourdillon S.A.S.	0.4	43.8	-	-	-	0.1	-	-	-	-
Licorera Ancho Reyes Y Cia S.A.P.I. de C.V.	-	-	-	-	-	0.1	-	-	-	-
Casa Montelobos S.A.P.I. de C.V.	-	-	-	-	-	0.4	-	-	-	-
Distilleries Agricoles de Sainte Luce S.A.S.	-	-	-	-	-	-	-	-	-	-
SCEA Trois Rivières	-	-	-	-	-	-	-	-	-	-
Champagne Lallier S.A.S.	2.9	63.1	-	-	-	-	-	-	-	-
Terrazza Aperol S.r.l.	-	2.1	-	0.5	-	-	-	-	-	-

Trans Beverages Company Ltd.	3.4	-	-	-	-	-	-	-	-	-
Thirsty Camel Ltd.	0.3	-	-	0.9	-	-	-	-	-	-
Wilderness Trace Distillery, LLC	0.5	-	-	1.2	-	-	-	-	-	-
Total at 31 December 2023	**160.2**	**178.7**	**11.0**	**8.2**	**0.1**	**26.6**	**90.6**	**(3.2)**	**2.6**	**-**
Total at 31 December 2022	**141.5**	**133.5**	**(55.5)**	**2.8**	**0.1**	**11.3**	**166.7**	**(0.3)**	**-**	**150.5**

at 31 December 2023 **€ Million**	**Net sales**	**Cost of sales**	**Advertising and promotional costs**	**Selling, general and administrative expenses**	**Dividends**	**Financial income and expenses**
Campari Argentina S.A.	2.1	0.1		(7.7)		-
Campari Austria GmbH	28.0	0.1	0.2	1.9	2.5	(0.3)
Campari Australia Pty Ltd.	11.1	-	(0.5)	3.0		-
Campari Benelux S.A.	24.5		0.1	1.1	1.1	-
Campari do Brasil Ltda	1.6	(0.3)	(0.1)	3.7	3.6	-
Forty Creek Distillery Ltd.	5.0	(0.1)	-	2.5		-
Campari Schweiz A.G.	19.0	-	0.1	(0.2)	1.0	-
Campari Beijing Tra-ding Co. Ltd.	1.5	-	-	(7.5)	-	-
Campari Deutschland GmbH	134.1	-	0.1	10.8	18.5	(0.9)
Campari Espana S.L.U.	11.4	0.1	0.1	4.1		-
Société des Produits Marnier Lapostolle S.A.S.	-	-	-	-	68.0	0.2
Campari Hellas Single Member Societe Anonyme	-	(0.2)	-	0.7	2.8	-
Campari International S.r.l.	33.6	1.3	0.8	4.4	2.4	(0.8)
J. Wray&Nephew Ltd.	2.7	(2.3)	-	8.5	-	-
CT Spirits Japan Ltd.	1.7	-	-	0.6	-	-
Campari Mexico S.A. de C.V.	4.7	(2.4)	(0.2)	3.9	-	-
Campari New Zealand Ltd.	1.2	-	--	1.2	-	0.4
Campari Peru SAC	14.0	0.1	-	(0.7)	-	-
Campari RUS LLC	46.5	-	-	(4.2)	1.5	(0.3)

at 31 December 2023 **€ Million**	**Net sales**	**Cost of sales**	**Advertising and promotional costs**	**Selling, general and administrative expenses**	**Dividends**	**Financial income and expenses**
Campari Singapore Pte Ltd.	8.0	0.1	-	(2.9)	-	-
Campari Ukraine LLC	5.1	-	-	0.3	-	-
Glen Grant Ltd.	30.8	(18.1)	0.2	5.5	4.5	0.6
Campari America, LLC	90.4	(2.2)	(1.8)	6.8	-	(0.7)
Campari South Africa Pty Ltd.	1.8	-	-	0.4	-	-
Campari India Private Ltd.	8.4	-	-	(4.6)	-	-
Camparino S.r.l.	0.1		-	(1.2)	-	0.1
Campari France SAS	59.0	(4.5)	(0.2)	4.5	-	0.2
Trans Beverages Company LTD.	4.6	-	0.1	1.3	-	-
Bellonnie et Bourdillon S.A.S.	-	(0.8)	-	0.6	-	1.4
Casa Montelobos S.A.P.I. de C.V.	-	(1.6)	-	(0.2)	-	-
Licorera Ancho Reyes Y Cia S.A.P.I. de C.V.	-	(0.4)	-	(0.1)	-	-
Champagne Lallier S.A.S.	-	(2.5)	-	3.3	-	1.8
Terrazza Aperol S.r.l.	0.1	-	-	(4.7)	-	-
Thirsty Camel Ltd	0.1	-	-	-	-	-
Wilderness Trace Distillery, LLC	-	-	-	0.5	-	-
Total at 31 December 2023	**550.9**	**(33.5)**	**(1.1)**	**35.6**	**105.9**	**1.8**
Total at 31 December 2022	**523.4**	**(37.0)**	**(1.0)**	**34.9**	**331.9**	**(0.3)**

vi. Remuneration to the Company's board of directors

DISCLOSURE

The remuneration to the Company's board of directors included in selling, general and administrative expenses was as follows.

	for the years ended 31 December	
	2023	2022
	€ million	€ million
Short-term benefits	7.9	7.0
Stock options[(1)]	3.0	3.2
Last mile long-term retention scheme[(2)]	10.0	10.0
Total	**20.9**	**20.1**

(1) The value shown above also includes the liability relating to the cancellation of plans granted to outgoing directors.
(2) Pursuant to the Remuneration Policy, a last mile incentive scheme with retention purpose to be potentially awarded to the current CEO has been approved by the Company's corporate bodies and therefore implemented as illustrated in the Remuneration Report in the 'Governance' section.

At 31 December 2023, payables accrued in relation to directors amounted to €33.8 million (€23.2 million at 31 December 2022). For more information regarding the remuneration of directors, please refer to the 'Governance' section.

vii. Employees

DISCLOSURE

All of the Company's employees are based in Italy and no employees work in the Netherlands.
The average number of staff in each category is shown below.

By category	2023	2022
Managers	279	247
Office staff	558	478
Technical workers	213	179
Total	**1,050**	**904**

viii. Audit and non-audit related fees

DISCLOSURE

The Company's Annual General Meeting of shareholders held on 13 April resolved the appointment of Ernst and Young Accountants, LLP for the statutory audit of the Company's accounts for the financial years 2023-2027, pursuant to applicable Dutch law.
The following table shows the 2023 amounts for external auditing activities and non-audit-related services provided by companies from the Ernst and Young Accountants, LLP network.
Audit fees for Ernst and Young Accountants, LLP amounted to €0.2 million. No other fees were performed by Ernst and Young Accountants, LLP.

for the years ended 31 December

€ million	2023				2022		
	Ernst & Young accountants, LLP	Other EY Network firms	Other firms-outside EY network	Total	Ernst & Young accountants LLP	Other EY Network firms	Total
Audit fees	0.2	2.7	0.1	3.1	0.2	2.4	2.7
Other assurance services	-	0.1	-	0.1	-	0.1	0.1
Other non-audit services	-	0.2	-	0.2	-	0.1	0.1
Total	**0.2**	**3.0**	**0.1**	**3.4**	**0.2**	**2.6**	**2.8**

9. Subsequent events
i. Company significant events

PLACEMENT OF NEW ORDINARY SHARES AND SENIOR UNSECURED CONVERTIBLE BONDS

On 10 January 2024, Davide Campari-Milano N.V. successfully completed two financial transactions. Firstly, the Company placed new ordinary shares totalling approximately €650 million in gross proceeds through an accelerated bookbuilding offering at €9.33 per ordinary share. Secondly, it issued senior unsecured convertible bonds due in 2029 with an aggregate principal amount of €550 million, which are convertible into new and/or existing ordinary shares of the Company. These actions were undertaken in connection with exclusive negotiations initiated with Beam Suntory, Inc. on 14 December 2023, aimed at acquiring 100% ownership of the outstanding share capital of Courvoisier S.A.S., the owner of the Courvoisier brand. For further details, please consult the 'Significant events of the year' paragraph in the management board report.

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Grand Marnier
CUVÉE
LOUIS-ALEXANDRE
V.S.O.P. COGNAC & ORANGE LIQUEUR
-LIQUEUR-
750 ml
40% alc./vol.

GOVERNANCE

CORPORATE BODIES

BOARD OF DIRECTORS[1]

Luca Garavoglia[2]	Chairman
Robert Kunze-Concewitz[3]	Chief Executive Officer
Paolo Marchesini[3]	Chief Financial and Operating Officer
Fabio Di Fede[3]	General Counsel and Business Development Officer
Eugenio Barcellona[2]	Director and member of the Control, Risks and Sustainability Committee and the Remuneration and Appointment Committee
Alessandra Garavoglia[2]	Director
Emmanuel Babeau[2]	Director and member of the Remuneration and Appointment Committee
Margareth Henriquez[2]	Director
Jean-Marie Laborde[2]	Director and member of the Control, Risks and Sustainability Committee
Christophe Navarre[2]	Director and member of the Remuneration and Appointment Committee
Lisa Vascellari Dal Fiol[2]	Director and member of the Control, Risks and Sustainability Committee

1 The annual general meeting held on 12 April 2022 appointed the new Board of Directors of Davide Campari-Milano N.V. (the 'Company' or 'Davide Campari' or 'Campari') for the three-year period 2022-2024 expiring at the end of the annual general meeting to be held in 2025, comprising Luca Garavoglia, Robert Kunze-Concewitz, Paolo Marchesini, Fabio Di Fede, Alessandra Garavoglia, Eugenio Barcellona, Emmanuel Babeau, Margareth Henriquez, Jean-Marie Laborde, Christophe Navarre and Lisa Vascellari Dal Fiol. The new Board of Directors, in the meeting held after the annual general meeting, confirmed for the same three-year period: (i) Luca Garavoglia as Chairman of the Board of Directors and (ii) Robert Kunze-Concewitz, Chief Executive Officer, Paolo Marchesini, Chief Financial Officer and Operating Officer and Fabio Di Fede, General Counsel and Business Development Officer, as Executive Directors. Alessandra Garavoglia, Eugenio Barcellona, Emmanuel Babeau, Margareth Henriquez, Jean-Marie Laborde, Christophe Navarre and Lisa Vascellari Dal Fiol qualify as Non-Executive Directors. Emmanuel Babeau, Margareth Henriquez, Jean-Marie Laborde, Christophe Navarre and Lisa Vascellari Dal Fiol are qualified as independent directors pursuant to the Dutch Corporate Governance Code. Eugenio Barcellona, Jean-Marie Laborde and Lisa Vascellari Dal Fiol were also appointed as members of the Control, Risks and Sustainability Committee. Eugenio Barcellona, Emmanuel Babeau and Christophe Navarre were also appointed as members of the Remuneration and Appointment Committee.

2 Non-Executive Director.

3 Executive Director.

EXTERNAL AUDITOR

Ernst and Young Accountants, LLP

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SHARES AND SHAREHOLDING STRUCTURE

1. Special Voting Mechanism

The articles of association ('Articles of Association') of Davide Campari-Milano N.V.'s (the 'Company' and, together with its subsidiaries, the 'Campari Group') include a mechanism based on the assignment to loyal shareholders of special voting shares, to which multiple voting rights are attached, in addition to the one voting right attached to each ordinary share (the 'Special Voting Mechanism') (a brief description of the control enhancing mechanism currently in force is available on the Company's website at the following link https://www.camparigroup.com/en/page/loyalty-shares).

The Special Voting Mechanism entails the possibility of assigning to loyal long-term shareholders: (i) two voting rights for each ordinary share held for an uninterrupted period of two years, through the assignment of a special voting share A ('Special Voting Share A')[51]; (ii) five voting rights for each ordinary share held for an uninterrupted period of five years, through the assignment of a special voting share B ('Special Voting Share B')[52]; and (iii) ten voting rights for each ordinary share held for an uninterrupted period of ten years ('Special Voting Share C')[53]. The features of the special voting shares (A, B, C) are described in the Articles of Association as well as in the terms and conditions for special voting shares ('SVS Terms'). The special voting shares are not tradable on a regulated market.

The Special Voting Mechanism was introduced aimed at encouraging a capital structure more supportive of Campari's long-term growth strategy, i.e. organic growth combined with external growth, and rewarding a shareholder base with a long-term investment horizon.

Furthermore, Article 13.11 of the Articles of Association provides that holders of Special Voting Shares C have the right to exchange one Special Voting Share C, together with the corresponding ordinary share, for one special ordinary share giving right to twenty votes (the 'Special Ordinary Share'). For a Special Voting Share C and the corresponding ordinary share to qualify for conversion into a Special Ordinary Share giving twenty votes, a Campari shareholder must hold a Special Voting Share C during the designated conversion period. There will be two windows where holders of Special Voting Shares C may apply for conversion of such shares, together with the corresponding qualifying ordinary shares, into Special Ordinary Shares: (i) the first conversion period will start on 1 November 2028 and end on 30 November 2028; and (ii) the second conversion period will start on 1 November 2030 and end on 30 November 2030.

The second conversion period allowed all ordinary shares as of 30 November 2020 to qualify for conversion into Special Ordinary Shares. Indeed, all shareholders who opted to become eligible for special voting shares before 30 November 2020 may qualify for holding Special Voting Shares C and therefore for being entitled to such conversion into Special Ordinary Shares during the second conversion period. The Special Ordinary Shares have equal economic and administrative rights as the existing ordinary shares and will not be listed on a regulated market. The Special Ordinary Shares Terms approved by the Company set forth the features of the Special Ordinary Shares.

On 4 August 2023 the Company communicated the conversion of no. 594,021,404 Special Voting Shares A held by the controlling shareholder Lagfin and other shareholders into an equal number of Special Voting Shares B (the 'Loyal Conversion'), in accordance with the Special Voting Mechanism. The following tables below shows the Loyal Conversion as of 4 August 2023:

[51] Each Special Voting Share A carries one additional vote.
[52] Each Special Voting Share B carries four additional votes.
[53] Each Special Voting Share C carries nine additional votes.

Table No. 1

	Updated situation			Previous situation		
	€	No. shares making up the share capital	No. voting rights	€	No. shares making up the share capital	No. voting rights
Ordinary shares (full dividend rights: 1.1.2023) Valid coupons: 4 Par value €0.01	11,616,000.00	1,161,600,000	1,161,600,000	11,616,000.00	1,161,600,000	1,161,600,000
Special Voting Shares A(*) Par value €0.01	716,969.38	71,696,938	71,696,938	6,657,183.42	665,718,342	665,718,342
Special Voting Shares B(*) Par value €0.04	23,760,856.16	594,021,404	2,376,085,616	-	-	-
Total	**36,093,825.54**	**1,827,318,342**	**3,609,382,554**	**18,273,183.42**	**1,827,318,342**	**1,827,318,342**

(*) Unlisted and non-transferable shares pursuant to the provisions set forth in the Company's "Terms and Conditions for Special Voting Shares".

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2. Major Shareholders

Based on the information included in the Company's shareholder register, the regulatory filings with the AFM and the other sources available to the Company, the shareholders holding an interest in excess of three percent of issued capital and/or voting rights of the Company, as of 31 December 2023, are the following.

Shareholders	Ordinary shares[1]	% of Ordinary shares	Special Voting shares A[2]	Special Voting shares B[2]	SVS A + SVS B voting right	Ordinary shares + SVS A + SVS B voting right	% of Ordinary shares + SVS A + SVS B
Lagfin S.c.a., Société En Commandite Par Actions	632,133,692	54.4%	31,700,000	592,416,000	2,401,364,000	3,033,497,692	84.04%
Other Shareholders	499,848,566	43.0%	8,957,598	1,585,404	15,299,214	515,147,780	14.27%
Treasury Shares[3]	29,617,742	2.5%	31,039,340	20,000	31,119,340	60,737,082	1.68%
Total	**1,161,600,000**	**100.0%**	**71,696,938**	**594,021,404**	**2,447,782,554**	**3,609,382,554**	**100.0%**

(1) Ordinary shares are listed, freely transferable and each of them confers the right to cast one vote.
(2) Special voting shares do not confer economic rights, are not listed and are not transferable.
(3) Includes Special Voting Shares A transferred to the Company upon the sale of qualifying ordinary shares by the selling shareholder in accordance with clause 11.5 of the SVS Terms.

The Company is controlled by Lagfin with 84.04% of voting rights as of 31 December 2023. The Company's Chairman Luca Garavoglia indirectly controls Lagfin and is thus the controlling shareholder of the Company.

CORPORATE GOVERNANCE REPORT

1. Issuer Profile

The Company is a public limited liability company incorporated under the laws of the Netherlands.
Campari's ordinary shares are listed on Euronext Milan, a regulated market organized and managed by Borsa Italiana S.p.A. (the 'Italian Stock Exchange').
As regards its corporate governance, the Company complies with the Dutch Corporate Governance Code (the 'DCGC') which contains principles and best practice provisions that regulate relations *inter alia* between the board of directors and shareholders, including the general meeting of listed companies. Such principles may be regarded as reflecting the general views on good corporate governance and create a set of standards governing the conduct of the listed companies' corporate bodies. On 20 December 2022, an updated DCGC was published, which applies to the financial year starting on or after 1 January 2023.
In this report the Company addresses its overall corporate governance structure. The Company discloses and intends to disclose any departure from the principles and the best practice provisions of the DCGC in this and in its future annual reports.
The Company has elected the Netherlands as its home Member State pursuant to Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004, as subsequently amended and restated.
With a presence in over 190 countries and a 160-year legacy of building iconic brands, our growth, success and impact continue to be driven by the following values that guide business and day to day activities: Integrity, Passion, Pragmatism, Togetherness.

Campari's mission to be

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

This commitment requires confidence and trust in Campari brands, people and conduct; a commitment that is therefore built on honesty, transparency, propriety, integrity.

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2. Board of Directors

APPOINTMENT OF DIRECTORS AND COMPOSITION OF THE BOARD OF DIRECTORS

The Company has adopted a one-tier governance structure, without a board of statutory auditors.
As provided for in the Articles of Association, the Company has a board of directors consisting of at least three and at most fifteen directors ('Board of Directors'), comprising both Executive Directors having responsibility for the day-to-day management of the Company ('Executive Directors') and Non-Executive directors not having such day-to-day responsibility ('Non-Executive Directors', and together with the Executive Directors, the 'Directors'). The total number of Directors, as well as the number of Executive Directors and Non-Executive Directors, is determined by the Board of Directors.
Directors are appointed by the general meeting of the Company ('General Meeting'). The Board of Directors nominates a candidate for each vacant seat. A nomination by the Board of Directors is binding. However, the General Meeting may deprive the nomination of its binding character by a resolution passed with an absolute majority of the votes cast. If the binding nomination is not deprived of its binding character, the person nominated will be deemed appointed. If the nomination is deprived of its binding character, the Board of Directors is allowed to make a new binding nomination. Pursuant to the Articles of Association and the DCGC, the term of office of Directors may not exceed a maximum period of four years.

The Board of Directors currently consists of eleven members. All of them were appointed by the General Meeting held on 12 April 2022 and they will remain in office for a three-year period expiring at the closure of the annual General Meeting to be held in 2025. A total of five directors (Emmanuel Babeau, Margareth Henriquez, Jean-Marie Laborde, Christophe Navarre and Lisa Vascellari Dal Fiol) are considered independent within the meaning of the DCGC.
On 12 September 2023 Bob Kunze-Concewitz informed the Board of Directors of his decision to retire from his role effective as of the annual General Meeting of 11 April 2024. In accordance with the Campari Group's succession planning process, the Board of Directors, after consultation with the Remuneration and Appointment Committee has selected Matteo Fantacchiotti, Managing Director Asia Pacific, as the new CEO nominee. In order to ensure an orderly and smooth handover, Matteo has been appointed Deputy CEO. After retiring, Bob Kunze-Concewitz is expected to become Non-Executive Director of the Company; in this regard the Board of Directors will propose to the next annual General Meeting of 11 April 2024 to appoint Matteo Fantacchiotti as Executive Director and CEO and to appoint Bob Kunze-Concewitz as Non-Executive Director.

The Company's Board of Directors is composed of the following members:

LUCA GARAVOGLIA
Chairman, Non-Executive Director

Luca Garavoglia was born in Milan, Italy in 1969. He holds a degree in Business from Bocconi University in Milan. Since 1994, he is the Chairman of the Board of Directors of Davide Campari-Milano N.V. Since he took such office, the Campari Group has experienced a material expansion through a combination of organic growth and selective acquisitions of brands and businesses over various geographies and categories, thus becoming the sixth-largest player worldwide in the global spirits industry, trading in over 190 nations around the world with leading positions in Europe and the Americas (creating a portfolio of over 50 premium and super premium brands). Moreover, during his tenure, significant corporate transactions have been successfully pursued, such as, among others, the IPO of Davide Campari-Milano S.p.A. on the Italian Stock Exchange in 2001, and the issuance of several Eurobonds. He is also Vice President, Member of the Board of Directors, Member of the Presidency Committee of Assonime-associazione fra le società italiane per azioni, Member of the Board of Directors of Campari Schweiz A.G., Member of the International Advisory Committee on Corporate Policy of Fundacion San Telmo and Member of the Leadership Board of Cleveland Clinic International.

ROBERT KUNZE-CONCEWITZ
Executive Director and Chief Executive Officer

Robert Kunze-Concewitz, an Austrian citizen, was born in Istanbul, Turkey in 1967. After graduating from Hamilton College (USA), he earned an MBA from Manchester Business School. Bob joined Procter and Gamble as Financial Planning and Analysis analyst, a position that he covered for two years. He then continued his career in the marketing department occupying various positions of increasing responsibility within an international realm. Following numerous assignments in strategic planning and business ownership he became Group Marketing Director in the Global Prestige Products division. He joined the Campari Group as Group Marketing Director in October 2005 developing and implementing new marketing strategies for the Campari Group's international brands. In May 2007, he was appointed Chief Executive Officer. He is also a non-executive director of Imperial Brands PLC and Luigi Lavazza S.p.A..

PAOLO MARCHESINI
Executive Director and Chief Financial Officer and Operating Officer

Paolo Marchesini was born in Milan, Italy in 1967. He holds a degree in Economics and Business Administration from Bocconi University in Milan. He joined a private consultancy firm in 1991. Since 1993, he is a Professional Chartered Accountant and a Registered Accounting Auditor of the Italian Ministry of Economy and Finance. Paolo joined the Campari Group in 1997 occupying various positions in the Finance division. In 2000 he was appointed Chief Financial Officer. In 2001, he joined the Board of Directors of Davide Campari-Milano S.p.A. and was appointed Managing Director in 2004. During his 21-year tenure as Group CFO, he led the IPO of Davide Campari-Milano S.p.A. on the Italian Stock Exchange in 2001. The responsibility of both Group Information Technology and Global Supply Chain was assigned to him in 2015 and 2016 respectively. Since 2016 he is a board member of Borsa Italiana S.p.A. In 2022 Paolo Marchesini was also appointed Chief Operating Officer of the Campari Group.

FABIO DI FEDE
Executive Director, Group General Counsel and Business Development Officer

Fabio Di Fede was born in France in 1972. After completing a Master in International Business Law at the University of Aix-Marseille, he graduated from the Master of Commerce Program of the University of Sydney. He began his career at Ernst and Young in Monaco and then joined Campari Group in 1999 as International Legal Counsel to become Business Development Manager in 2003. He then joined Campari International in 2008 to take the Market Development Director role, quickly rising to the position of Deputy Managing Director the following year. In March 2011, Fabio was appointed Managing Director International. After serving as CEO of a family office based in Monaco, Fabio joined the Société des Produits Marnier-Lapostolle in May 2016 as Managing Director. Starting from 1 January 2018, Fabio Di Fede holds the position of Group General Counsel and Business Development Officer and also the position of secretary of the Board of Directors.

EMMANUEL BABEAU
Non-Executive Director

Emmanuel Babeau was born in Paris, France in 1967. He started his career in 1990 at Arthur Andersen, and from 1993 to 2009, he progressed through various positions at Pernod Ricard, a beverage company, the latest being Chief Financial Officer and Group Deputy Managing Director. He joined Schneider Electric, an energy and automation digital solutions company, in 2009 as Executive Vice President Finance and a member of the Management Board. He served as the Deputy Chief Executive Officer of Schneider Electric; in this position he was in charge of Finance and Legal Affairs. He was appointed as PMI Chief Financial Officer in May 2020. He also served on the board of Sanofi S.A. from 2018 until 2020, and as a non-executive Director at Sodexo, a French food services and facilities management company, from January 2016 until December 2021.

EUGENIO BARCELLONA
Non-Executive Director

Eugenio Barcellona was born in Catania, Italy in 1969. He graduated in law from the University of Catania in 1993 and subsequently he specialized in corporate law at the Catholic University of the Sacred Heart (*Università Cattolica del Sacro Cuore*) of Milan writing his first monograph. From 1994 to 1995 he was Visiting Scholar at Harvard Law School in Cambridge, MA, and in 2001 at the Law School of the Albert-Ludwigs-Universität, in Freiburg, Germany. In 1996 he joined Grande Stevens Law Firm in Turin, Italy, where he became equity partner in 2000. In 2011 he joined the partnership of Pedersoli Studio Legale, where he is practicing corporate and commercial law and litigation still today. Since 2005, he is Associate Professor of Corporate Law at the University of Eastern Piedmont. In 2023, he has been appointed as secretary of the board of directors of Stretto di Messina S.p.A. as well as member of the advisory committee of the European Law Institute Project on Enterprise Foundations in Europe. Eugenio Barcellona is author of several articles and books in corporate and financial law relating in particular to governance issues, agency problems and gatekeepers' institution.

ALESSANDRA GARAVOGLIA
Non-Executive Director

Alessandra Garavoglia was born in Rome, Italy in 1960. She holds a degree in Modern Foreign Languages from Università degli Studi in Milan.

MARGARETH HENRIQUEZ
Non-Executive Director

Margareth Henriquez was born in Caracas, Venezuela in 1956. She is a seasoned professional with over 44 years of experience, 33 of which she has spent as President and/or CEO of multinational or global companies in Venezuela, Mexico, Argentina and now in France. Throughout her career, she has played a significant role in the growth of various companies involved in the production and distribution of wine, spirits, food, and crystal. Margareth Henriquez has made substantial contributions to the wine industry in Argentina, where she spent eight years as the head of Moët Hennessy's properties. Her deep connection with viticulture and winemaking has continued to influence her work in Champagne in France. In addition to her executive roles, Margareth has been actively involved in industry associations. She served as the president of the Association of Manufacturers in Venezuela and Mexico. Throughout her career, Margareth has held positions on international executive committees, including those of Seagram, Nabisco, Moët Hennessy (Latin America, Caribbean, Canada, and Middle East), Moët Hennessy Estates Wines, and Moët Hennessy International Executive Committee. She has also served on the board of Baccarat and is currently a member of the board of Campari. During her time in Mexico, Margareth, or Margareth as she is known, also shared her expertise as a professor at the Universidad Panamericana, teaching courses on new product development for international markets and strategic alliances. Margareth has also conducted seminars on a wide range of topics including wine, champagne, luxury brand building, strategy and marketing facing crisis, leadership, and women's development. She obtained her PhD degree in business from the Swiss Management Center University in 2020. From 2009 to 2022, she served as the President and CEO of the House of Krug in Reims, a prestigious champagne house known for its exceptional quality and craftsmanship. Currently, Margareth holds the position of CEO at Baccarat, a renowned French luxury glassmaker. Outside of her professional endeavours, Margareth is a proud mother of two boys and a grandmother to four children, soon to be five.

JEAN-MARIE LABORDE
Non-Executive Director

Jean-Marie Laborde was born in Bordeaux, France in 1948. He holds a Master's Degree in Economics and an MBA of HEC business school. During his career, he has been a strategy adviser and a member of the board of directors of various companies operating, in particular, in the spirits business. Among the others, he was President and CEO of Campbell Distillers (1980-1984), Ricard (1984-1996), Moët and Chandon (Moët and Chandon, Dom Perignon, Ruinart, Pommery, Mercier) and Moët Hennessy-Diageo Joint-Venture for distribution in France (1996-2003). He was also chairman of Maxxium worlwide Amsterdam (2004-2009) and Group CEO of Remy Cointreau (2004-2014). As of today, he is member of the board of directors of various companies such as Spirit of Waterford Distillery Ltd. and Renegade Spirit Grenada Ltd.

CHRISTOPHE NAVARRE
Non-Executive Director

Christophe Navarre was born in Uccle, Belgium in 1958. He earned a degree in Business Administration from Liege University before joining the Continental Bank in 1980. He later moved to Exxon where he first held Marketing and Sales responsibilities with the Esso Group. In 1989, he joined Interbrew where he successfully headed a number of subsidiaries while developing a strategy based on the promotion of premium brands and the launch of very innovative products. Starting as Managing Director of Brasseries Bellevue, he later became Chief Financial Officer of Interbrew Belgium, then President of Interbrew Italy before being appointed as the head of the French subsidiary in 1995. Christophe Navarre joined the LVMH Group in 1997 as President and CEO of JAS Hennessy and Co where he was deeply involved in restructuring the company while securing its leading position in the cognac industry. In May 2001, he was appointed CEO of Moët Hennessy, the Wine and Spirits division of LVMH, the world's leading luxury good company. He managed the prestigious champagne brands Moët and Chandon, Dom Pérignon, Mercier, Veuve Clicquot, Ruinart and Krug as well as Hennessy, Glenmorangie and Ardbeg Scotch whiskies, Belvedere vodka and several wines of the New World. In October 2017 he left LVMH to start a new career as an entrepreneur and amongst other investments he created his own company in Monaco to become the main shareholder of Vivino. He is also member of the board of directors of Seven Tails Distillers, Groupe Alain Ducasse, Wine App (China), Société des Bains de Mer (Monaco - SBM) and President of the Board of Vinexposium, Advini à Montpellier and Dominique London.

LISA VASCELLARI DAL FIOL
Non-Executive Director

Lisa Vascellari Dal Fiol was born in Conegliano, Italy in 1983. She graduated in Law and Business Administration from Bocconi University in Milan (Bachelor's Degree in 2005 and Degree in 2008) and subsequently she specialized in Corporate Taxation always at Bocconi University (Master's Degree in 2012). After working as junior associate at PwC in Milan from 2007 to 2009, she joined an accounting firm in Milan from 2009 to 2011. From 2011 to 2021, she worked as an associate at Studio Legale e Tributario Biscozzi Nobili Piazza, tax and legal firm in Milan, gaining relevant experience on corporate and group taxation, national and cross border reorganizations, transfer pricing, patent box, support to start-up and SME's on growth processes and corporate governance. As of today, she is an independent tax and corporate consultant, as well as start-up advisor. Lisa Vascellari Dal Fiol is also enrolled in the Italian Chartered Accountant Register (Ordine dei Dottori Commercialisti) and member of Nedcommunity - the association of non-executive directors.

COMPETENCES

The Board of Directors is entrusted with the management of the Company. Each Director owes a duty to the Company to properly perform the duties assigned to each Director and to act in the Company's corporate interest. Under Dutch law and the DCGC, the Company's corporate interest extends to the interests of all its stakeholders, including its shareholders, creditors and employees.
In accordance with the DCGC, the Board of Directors focuses on sustainable long-term value creation for the Company and its affiliated enterprise and takes into account the stakeholders' interests that are relevant in this context.
The Executive Directors are responsible for the Company's day-to-day management, which includes, among other things, formulating its strategies and policies and setting and achieving its objectives. The Non-Executive Directors do not have day-to-day responsibility and are charged with the supervision of the Executive Directors, the general course of affairs of the Company and the Campari Group.
The responsibility for the management of the Company is vested collectively in the Board of Directors.

The Board of Directors provide a detailed explanation of its view on sustainable long term value creation and the strategy to realise this in the *Sustainability Disclosure*, part of the Annual Report describing the contributions made to sustainable long-term value creation in the 2023 financial year.
The *Sustainability Disclosure* describes the formulated objectives, what effects the company's products, services and activities have had on people and the environment, how the interests of stakeholders have been considered, what action has been taken in that context and the extent to which the set objectives have been attained on both short- and the long-term developments.
This section was drawn up in accordance with applicable law in particular the Dutch Civil Code, and of the Dutch Decree on Non-Financial Information (*Besluit bekendmaking niet-financiële informatie*), which is a transposition of Directive 2014/95/ EU 'Disclosure of non-financial and diversity information' into Dutch law.
The Board of Directors identifies and analyses risks associated with the strategy and activities of the company and its affiliated enterprises. The risk management and internal control system is an integral part of Campari Group's operations and culture and supports the efficiency and effectiveness of business processes, the reliability of financial and sustainability information and compliance with laws and regulations
The Internal Audit Function, through periodical assessments in all legal entities, identifies critical risks that may affect the attainment of business objectives and may jeopardize value creation. The results of the periodical assessments are evaluated by the Control and Risk Committee and are finally deemed to be approved by the Board of Directors.
In the Section '*Risk management and Internal Control System*' the main risks are identified from both the financial and sustainability perspective.

BOARD REGULATIONS

The by-laws of the Board are complementary to the provisions regulating the Board of Directors and its members as contained in relevant laws and regulations and the Articles of Association. the by-laws of the Board describe the duties, tasks, composition, procedures and decision-making of the Board of Directors.
The meetings of the Board of Directors are in principle called by the chairman of the Board of Directors (the 'Chairman'). Save in urgent cases to be determined by the Chairman, the agenda for a meeting must be sent to all Directors at least seven calendar days before that meeting. Board of Directors' meetings are generally held at the offices of the Company in Italy but may also take place elsewhere. No meetings of the Board of Directors or meetings of a committee take place in the Netherlands. In addition, meetings of the Board of Directors may be held by conference call, video conference or by any other means of communication, provided all participants can communicate with each other simultaneously. A Director may be represented at Board of Directors' meetings by another Director holding a proxy in writing. Board of Directors' meetings are chaired by the Chairman or, in his absence, the CEO. The Directors endeavour to achieve that resolutions are, as much as possible, adopted unanimously. Each Director has the right to cast one vote. Where unanimity cannot be reached, all resolutions of the Board of Directors are adopted by an absolute majority of the votes cast. The Board of Directors has not designated types of resolutions which are subject to deviating requirements. At a meeting, the Board of Directors may only pass resolutions if the majority of the Directors then in office are present or represented. On 14 December 2023 the by-laws of the Board were amended in compliance with the new DCGC. The amendments confirm that the Board of Directors develops a view on sustainable long-term value creation by the Company and its affiliated enterprise and formulates a strategy in line with this.

INDEMNIFICATION OF DIRECTORS

Pursuant to the Articles of Association, to the extent permitted by applicable laws, the Company will indemnify and hold harmless each Director, both former members and members currently in office ('Indemnified Person'), against any and all liabilities, claims, judgments, fines and penalties ('Claims') incurred by the same as a result of any expected, pending or completed action, investigation or other proceeding, whether civil, criminal or administrative ('Legal Action'), of or initiated by any party other than the Company itself or a group company (*groepsmaatschappij*) thereof, in relation to any acts or omissions in or related to his capacity as an Indemnified Person.
Notwithstanding the above, no indemnification shall be made in respect of Claims in so far as they relate to the gaining in fact of personal profits, advantages or remuneration to which the Director was not legally entitled, or if the Indemnified Person has been adjudged to be liable for willful misconduct (*opzet*) or intentional recklessness (*bewuste roekeloosheid*).
The Company has in place an adequate insurance covering the above claims against Directors currently in office and former Directors (D&O insurance).
Also in case of a Legal Action against the Indemnified Person by the Company itself or its group companies (*groepsmaatschappijen*), the Company will settle or reimburse to the Indemnified Person his reasonable attorneys' fees and litigation costs, but only upon receipt of a written undertaking by that Indemnified Person that he will repay such fees and costs if a competent court in an irrevocable judgment has resolved the Legal Action in favour of the Company or the relevant group company (*groepsmaatschappij*) rather than the Indemnified Person.

CONFLICT OF INTEREST: DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS POLICY

Pursuant to the Articles of Association, a Director having a conflict of interests or an interest which may have the appearance of such a conflict of interests, must declare the nature and extent of that interest to the other Directors.
A Director may not participate in deliberating or decision-making within the Board of Directors, if with respect to the matter concerned, he or she has a direct or indirect personal interest that conflicts with the interests of the Company and the business connected with it.
Where conflict of interests matters occurred, the Board of Directors has resolved upon such matters in compliance with the provisions of the Articles of Association. The Company has adopted a related party transaction policy in line with the Dutch corporate law framework. Pursuant to the related party transaction policy of the Company, the decision-making process of a related party transaction is structured as follows: all related party transactions that potentially fall within the scope of Sections 2:167 up to and including 2:170 of the Dutch Civil Code are submitted to the Control, Risks and Sustainability Committee. The Control, Risks and Sustainability Committee will consider all relevant facts and circumstances of the transaction (including without limitation the commercial reasonableness of the terms, the benefit and perceived benefit to the Company, opportunity costs of alternate transactions, the materiality and nature of the related party's direct or indirect interest, and the actual or apparent conflict of interest of the related party); following its review, the Control, Risks and Sustainability Committee will submit for approval of the Board of the Directors only transactions which are "material" pursuant to Section 2:167 of the Dutch Civil Code and not concluded in the ordinary course of business and on normal market terms; the Board of Directors will examine and eventually approve these "material" transactions and give appropriate disclosure of such approval through a press release. There have been no such related party transactions as referred to above in 2023.
In accordance with the applicable provisions of the Dutch Civil Code, the following are excluded from the scope of the policy: (i) transactions between subsidiaries or the Company and a subsidiary; (ii) transactions concerning the remunera-

tion of Directors pursuant to Section 2:135 of the Dutch Civil Code, and (iii) transactions offered to all shareholders on the same terms with due observance of the equal treatment of shareholders.

COMMITTEES

The Company has established two internal committees within its Board of Directors: (i) a Control, Risks and Sustainability Committee, which operates as an audit committee pursuant to Dutch law and the DCGC, and (ii) a Remuneration and Appointment Committee, combining the remuneration and selection and appointment committee within the meaning of the DCGC, for the reasons specified in paragraph 13 of this governance report (‘*Compliance with the DCGC*’).
The Board of Directors approved ‘Terms of Reference’ for each internal committee. The composition of the committees is determined by the Board of Directors.
The Board of Directors remains collectively responsible for the decisions taken by the committees. Each committee may only exercise such powers as are explicitly attributed to it by the Board of Directors and may never exercise powers beyond those exercisable by the Board of Directors as a whole.
In accordance with best practice provision 2.3.5 of the DCGC, the Non-Executive Directors have been regularly informed by each committee of their deliberations and findings and these were taken into account when drafting this report.

3. Control, Risks and Sustainability Committee

FUNCTIONS

The Control, Risks and Sustainability Committee carries out the following functions pursuant to Dutch law, the DCGC and the Terms of Reference of the Control and Risks Committee:

- Monitoring the financial-accounting process and the efficiency of the internal system, the internal audit system and the risk management system with respect to financial reporting;
- Monitoring the statutory audit of the annual accounts, and process of such audit;
- Reviewing and monitoring the independence of the external auditor and adopting procedures relating to the selection of the external auditor and other services provided by the external auditor to the Campari Group;
- Undertaking preparatory work for the Board of Directors’ decision-making regarding the supervision of the integrity and quality of the Company’s financial reporting and the effectiveness of the Company’s internal risk management and control systems.

Among other things, it focuses on monitoring the Executive Directors with regard to (i) relations with, and compliance with recommendations and following up of comments by, the internal and external auditors, (ii) the funding of the Company and (iii) the Company’s tax policy.
On 14 December 2023 the Board of Directors amended the terms of reference of the Control & Risks Committee in compliance with the new DCGC highlighting the role of the Control and Risks Committee in sustainability matters. Considered this role the Control and Risks Committee changed its name in Control, Risk and Sustainability Committee.

COMPOSITION

The Control, Risks and Sustainability Committee currently consists of Jean-Marie Laborde (Chairman), Eugenio Barcellona and Lisa Vascellari Dal Fiol (who is an expert in accounting and auditing matters, including competence in the preparation and auditing of the financial statements, as required by best practice provision 2.1.4 of the DCGC). All members of the Control, Risks and Sustainability Committee, except for Eugenio Barcellona, are independent within the meaning of the DCGC.
Upon invitation of the committee the external auditor attended certain committee meetings when deemed appropriate due to the matters discussed.
The number of meetings of the Control, Risks and Sustainability Committee and the main items discussed or reviewed during these meetings have been set out in the report of the Non-Executive Directors below.

4. Remuneration and Appointment Committee Functions

FUNCTIONS

The Remuneration and Appointment Committee carries out the following functions pursuant to DCGC and the Terms of Reference of the Remuneration and Appointment Committee:

- Making proposals to the Board of Directors about the remuneration policy for the Executive Directors and Non-Executive Directors, to be submitted to the General Meeting;
- Making proposals about the remuneration of the Executive Directors, including, among others, the performance targets of the variable elements and the assignment of share options in accordance with the share option plan;
- Monitoring the adequacy of the remuneration policy and preparing the remuneration report;
- Making recommendations on the composition of the Board of Directors considering the expertise and background of its members;
- Making proposals for re-appointments;
- Making proposals on the maximum number of directorships each Director can hold;
- Upon request by the Board of Directors, analysing and preparing a report on potential conflicts of interest for Directors deriving from having accepted positions on corporate bodies of other listed and/or unlisted companies.

Moreover, the Remuneration and Appointment Committee carries out consultative and advisory functions for the Board of Directors, as regards, in particular, the nomination and remuneration of managers with strategic responsibilities of the Company and the Campari Group, in particular by:

- Expressing its prior opinion on proposed new appointments and/or changes to the Campari Group's senior appointments that the Executive Director(s) intend(s) to submit to the Board of Directors;
- Making proposals to the Board of Directors for determining the general policy regarding the remuneration of managers with strategic responsibilities;
- Regularly assessing the adequacy, overall consistency and practical application of the general policy for the remuneration of managers with strategic responsibilities, obtaining information provided by the Executive Directors and/or by the Company's offices.

When performing its duties, the Remuneration and Appointment Committee takes the Company's Diversity Policy into consideration.
As explained under section 'Compliance with the DCGC', the Board of Directors has resolved that the Remuneration and Appointment Committee will not carry out the following functions:

- Drawing up the selection criteria and appointment procedures for Directors;
- Periodically assessing the size and composition of the Board of Directors;
- Drawing up a plan for the succession of Directors; and
- Periodically assessing the performance of individual Directors and reporting on this to the Board of Directors.

On 14 December 2023 the Board of Directors of the Company amended the Terms of Reference Remuneration and Appointment Committee in compliance with the new DCGC.

COMPOSITION

The Remuneration and Appointment Committee currently consists of Eugenio Barcellona (chairman), Emmanuel Babeau and Christophe Navarre. All members of the Remuneration and Appointment Committee, except for Eugenio Barcellona, are independent within the meaning of the DCGC.
Non-members of the Committee attended certain Committee's meetings, upon invitation by the latter, to discuss specific items on the agenda.
The number of meetings of the Remuneration and Appointment Committee and the main items discussed or reviewed during these meetings have been set out in the report of the Non-Executive Directors below.

5. Internal Control over Financial Reporting

The Company has a system of administrative and accounting procedures in place that ensure a high degree of reliability in the system of internal control over financial reporting.
The Company has adopted the processes necessary to align its own financial information control system with international best practice ensuring the reliability, accuracy and timeliness of its financial information.
For the specific purpose of guaranteeing a steady and efficient flow of financial and operational information between the Company and the subsidiaries, the Campari Group has a shared information system with verified and standardized access, supplemented by formalized operational guidelines.
Consolidated reporting is thus covered by a group 'accounting plan', by specific tools issued by the Company to the subsidiaries to produce accounting information for the purposes of consolidation, updated at least annually, and by a process for closing the financial statements, which sets out deadlines and methods for annual and interim closures of the accounts. Specific tools are also covering the preparation of the annual report in accordance with European Single Electronic Reporting Format ('ESEF'). For details for relevant activities performed, please refer to paragraphs 'Control, Risks and Sustainability Committee' and 'Internal Audit Function' of this governance section.
The Company is responsible, through the administrative department that deals with the consolidation process, for implementing and circulating the above documentation to Campari Group companies.
The Company's approach to assess, monitor and continuously update the internal control system for financial information focuses on the areas of greatest risk and/or importance and on risks of a material error (including due to fraud) in the components of the financial statements and the related information documents.

6. Internal Audit Function

The Company has a separate department for the internal audit function and the Board of Directors appoints the Head of Internal Audit. The Head of Internal Audit does not have any operating responsibilities and does not report to any managers working in operational areas, including administration and finance. Instead he reports to the Chairman directly. The Chairman can ensure a more timely and accurate check of the activities carried out by the Head of Internal Audit than the Board of Directors, without compromising the autonomy and the independence of the Board of Directors.
The internal audit function:

- Conducts checks to ensure the efficiency and suitability of the internal control and risk management system following the audit plan in compliance with applicable international standards;
- Has direct access to all information needed to carry out his duties;
- Provides regular updates on his activities to the Control, Risks and Sustainability Committee and the Board of Directors;
- Performs investigations on specific events upon request of the Board of Directors or Executive Directors;
- Checks any reports of breaches of the Code of Ethics and the Organisational, Management and Control Model, pursuant to Legislative Decree 231 of 8 June 2001, received in the e-mail inbox *organismo231@campari.com* or the '*Campari Safe Line*' whistleblowing service, submitting them for assessment by the Control, Risks and Sustainability Committee;
- Checks, based on the audit plan, the reliability of the IT systems used in the financial reporting systems; and
- Oversees sustainability issues.

7. Supervisory Body and Organisational Model

SUPERVISORY BODY AND ORGANISATIONAL MODEL PURSUANT TO LEGISLATIVE DECREE 231 OF 8 JUNE 2001

In addition to the Non-Executive Directors charged with the supervision of the Executive Directors, the Company also has a supervisory body (*Organismo di Vigilanza*) adopted according to the 'Organisation, Management and Control Model' (the 'Model') pursuant to the Italian Legislative Decree 231 of 8 June 2001.
Such corporate body is responsible for monitoring that the Company acts in compliance with the Model and for proposing updates required under Italian law. The Model is designed to prevent the offences specified in the Italian Legislative Decree 231 of 8 June 2001, with a focus on offences against the public administration, corporate and financial offences and breaches of health and safety regulations at work. The members of the supervisory body (*Organismo di Vigilanza*) are Enrico Colombo (chairman), Fabio Facchini and Lisa Vascellari Dal Fiol.

8. General Meetings

The main powers of the General Meeting relate to:

- The appointment, suspension and dismissal of Directors;
- The approval of the remuneration policy of the Board of Directors;
- The adoption of the annual financial statements and declaration of dividends on shares;
- The release from liability of the Directors;
- The issuance of shares or rights to shares, restriction or exclusion of pre-emptive rights of shareholders and repurchase or cancellation of shares;
- Amendments to the Articles of Association; and
- Resolutions of the Board of Directors that would entail a significant change to the identity or character of the Company or its business.

Pursuant to Article 30 and subsequent of the Articles of Association, every year, no later than the end of June, a General Meeting shall be held. The agenda of such annual General Meeting shall include the following subjects:

- Discussion of the report of the Board of Directors;
- Discussion and adoption of the annual accounts;
- Dividend proposal (if applicable);
- Appointment of Directors (if applicable);
- Appointment of an external auditor (if applicable);
- Other subjects presented for discussion or voting by the Board of Directors and announced with due observance of the provisions of the Articles of Association, as for instance: (i) release of Directors from liability; (ii) discussion of the policy on reserves and dividends; (iii) designation of the Board of Directors as the body authorized to issue shares; and/or (iv) authorisation of the Board of Directors to make the Company acquire own shares.

Other General Meetings may be held whenever the Board of Directors deems such to be necessary.

CALLING OF GENERAL MEETINGS

Notice of General Meetings is given by the Board of Directors with due observance of the statutory notice period of 42 days and stating, *inter alia*:

- The items to be discussed;
- The venue and time of the meeting;
- The requirements for admittance to the meeting as applicable;
- The address of the Company's website, and any other information as may be required by law.

Further communications which must be made to the General Meeting pursuant to the law or the Articles of Association can be made by including such communications either in the notice, or in a document which is available at the Company's office for inspection, provided a reference thereto is made in the notice itself. Notice of General Meetings will be given in accordance with the requirements of Dutch law and the rules and regulations applicable to the Company pursuant to the listing of its ordinary shares. The Board of Directors may determine that shareholders and other persons entitled to attend the General Meeting will be given notice of meetings exclusively by announcement on the website of the Company or through other means of electronic public announcement.
Shareholders and other persons entitled to attend the General Meeting, who, alone or jointly, meet the requirements set forth in Section 2:114a subsection 2 of the Dutch Civil Code, will have the right to request the Board of Directors to place items on the agenda, provided the reasons for the request must be stated therein and the request must be received by the Chairman or the Chief Executive Officer in writing at least 60 days before the date of the General Meeting.
Furthermore, shareholders solely or jointly representing at least ten percent of the issued share capital may request the Board of Directors, in writing, to call a General Meeting, stating the matters to be dealt with. If the Board of Directors fails to call a meeting, then such shareholders may, on their application, be authorized by the court in preliminary relief proceedings (*voorzieningenrechter van de rechtbank*) to convene a General Meeting. Such application may be rejected if the court is not satisfied that the applicants have previously requested the Board of Directors in writing to convene a General Meeting stating the exact subjects to be discussed.

VENUE

General Meetings may be held in Amsterdam or Haarlemmermeer (including Schiphol Airport).

CHAIRMAN

The General Meetings are chaired by the Chairman. However, the Board of Directors may also appoint another person to chair the General Meeting. The chairman of the meeting has all the powers deemed necessary to ensure the proper functioning of the General Meeting.

RIGHTS AT GENERAL MEETING AND ADMITTANCE

Each shareholder and each other person entitled to attend the General Meeting is authorized to attend, to speak at, and to the extent applicable, to exercise voting rights in the General Meeting. They may be represented by a proxy holder authorized in writing.

For each General Meeting, a statutory record date will be applied in order to determine in which persons voting rights are vested and which persons are entitled to attend the General Meeting. The record date is the 28th day before the relevant General Meeting. The manner by which persons entitled to attend the General Meeting can register and exercise their rights are set out in the notice convening the meeting.

A person entitled to attend the General Meeting or his proxy may only be admitted to the meeting if he or she has notified the Company of his intention to attend the meeting in writing at the address and by the date specified in the notice of meeting. The proxy is also required to produce written evidence of his mandate.

The Board of Directors is authorized to determine that the voting rights and the right to attend the General Meeting can be exercised by using an electronic means of communication. If so decided, it will be required that each person entitled to attend the General Meeting, or his proxy holder, can be identified through the electronic means of communication, follow the discussions in the meeting and, to the extent applicable, exercise the voting right. The Company is authorized to apply such verification procedures as it reasonably deems necessary to establish the identity of the persons entitled to attend the General Meeting and, where applicable, the identity and authority of representatives. The Board of Directors may also determine that the electronic means of communication used must allow each person entitled to attend the General Meeting or his proxy holder to participate in the discussions. The Board of Directors may determine further conditions to the use of electronic means of communication, provided such conditions are reasonable and necessary for the identification of persons entitled to attend the General Meeting and the reliability and safety of the communication. Such further conditions will be set out in the notice of the meeting. The foregoing does, however, not restrict the authority of the chairman of the meeting to take such action as he or she deems fit in the interest of the meeting being conducted in an orderly fashion. Any non or malfunctioning of the means of electronic communication used is at the risk of the persons entitled to attend the General Meeting using the same.

The company secretary arranges for the keeping of an attendance list in respect of each General Meeting. The Directors have the right to attend the General Meeting in person and to address the meeting. They have the right to give advice in the meeting. Also, the external auditor of the Company is authorized to attend and address the General Meetings. The chairman of the meeting decides upon the admittance to the meeting of other persons.

The official language of the General Meetings is English.

VOTING RIGHTS AND ADOPTION OF RESOLUTIONS

Each ordinary share confers the right to cast one vote. Each Special Voting Share A confers the right to cast one vote, each Special Voting Share B confers the right to cast four votes and each Special Voting Share C confers the right to cast nine votes. Each Special Ordinary Share confers the right to cast twenty votes. Please see the paragraph 'Shares and Shareholding Structure' included in this governance section for further information on the Company's capital structure, the types of shares (i.e., ordinary shares and special voting shares), and related rights and obligations.

At the General Meeting, all resolutions will be adopted by an absolute majority of the votes validly cast, except in those cases in which the law or the Articles of Association require a greater majority. Blank and invalid votes will be regarded as not having been cast.

MEETINGS OF CLASSES OF SHARES

Meetings of holders of ordinary shares, Special Ordinary Shares, Special Voting Shares A, Special Voting Shares B, or Special Voting Shares C are held whenever the Board of Directors calls such meetings. Except as otherwise provided in the Articles of Association, all resolutions of a class meeting will be adopted by an absolute majority of the votes cast on shares of the relevant class, without a quorum being required.

MINUTES

Minutes of the proceedings at the General Meeting are kept by the company secretary and then signed by the chairman of the meeting and the secretary as evidence thereof. The minutes of the General Meeting are made available to the shareholders no later than three months after the end of the meeting, after which the shareholders have the opportunity to react to the minutes in the following three months. During 2023, the annual General Meeting was held on 13 April 2023. Minutes of this meeting are available on the Company's website.

9. Code of Ethics

The Campari Group observes the principles of loyalty, honesty, impartiality and aversion to conflicts of interest in carrying out its business and those of confidentiality, transparency and completeness in managing corporate information. The Company monitors the effectiveness of and the compliance with the code of ethics of the Campari Group ('Code of Ethics').
The Internal Audit function investigates violations of the Code of Ethics by periodical or *ad hoc* audits. Periodical reporting is delivered to the Chairman, the Executive Directors and the Control, Risks and Sustainability Committee.

In line with best practice provision 2.6.1 of the DCGC, the Campari Group has a whistleblowing system, available to employees, customers and suppliers, i.e., the Campari Group's stakeholders, to report any breaches of the Code of Ethics or irregularities in the application of internal procedures. This dedicated information channel is confidential and maintains the anonymity of the individuals making the report. The procedure for reporting actual or suspected irregularities within the Campari Group has been published on the company's homepage.

10. Diversity

The Company believes that diversity in the composition of the Board of Directors is an important mean of promoting debate, balanced decision-making and independent actions of the Board of Directors. The Remuneration and Appointment Committee reviews the Diversity Policy, monitors its effectiveness and makes proposals or suggestions when new members of the Board of Directors are appointed.
The Diversity Policy gives weight to the following diversity factors in the composition of the Board of Directors: age, gender, expertise, professional background, nationality and independence. The Board of Directors and the Remuneration and Appointment Committee consider such factors when evaluating nominees for election to the Board of Directors. These factors were also taken into account when the Directors were proposed for appointment by the General Meeting in April 2022.
The Company has achieved the following tangible targets: (i) at least 30% of the seats of the Board of Directors are occupied by women and at least 30% by men and (ii) at least 30% of the Non-Executive Directors are women and at least 30% of the Non-Executive Directors are men.

On 1 January 2022, a new Dutch Act on gender diversity (*Wet inzake evenwichtige man vrouwverhouding in de top van het bedrijfsleven*) entered into force. Pursuant to this Act, the Company has to set appropriate and ambitious gender diversity target figures for the Executive Directors, Non-Executive Directors and management and draw up a plan to achieve these targets. In this context, 'appropriate' means that the targets depend on the number of Executive Directors, Non-Executive Directors and managers, and on the existing ratio between the men and women. In this context 'ambitious' means that the targets should aim to make the male-female ratio more balanced than the existing composition. As of 2023, the Company must report on the progress made annually to the Dutch Social and Economic Council within ten months after the end of the financial year and this information will also have to be included in the Company's management board report.

Pursuant to the new Dutch Act on gender, on 21 February 2023 the Board of Directors of Davide Campari-Milano N.V. has resolved upon the setting of appropriate and ambitious gender diversity target figures for (i) the Executive Directors, (ii) the Non-Executive Directors and (iii) the Senior Management and the drawing up of a plan to achieve these targets. The gender diversity target figures and the plan for their achievement were determined as follows:

- **Executive Directors***:* at least 33.33% female and 33.33% male Executive Directors by the renewal of the Board of Directors in 2028;
- **Non-Executive Directors***:* at least 40% female and 40% male Non-Executive Directors by the renewal of the Board of Directors in 2025;
- **Senior Management***:* at least 40% female and 40% male members of Senior Management by the end of 2027. According to Campari Group organization, Senior Management includes all members of global, regional and local leadership teams that are in charge of leading business, functional teams and people. This comprises four layers (internally named Senior Executive, Executive, Senior Management and Management), to include from top to all positions reporting to general managers in large, medium and smaller markets (it does not include coordinators, supervisors, senior specialists, even if with people management responsibilities).

Within the above-specified timeframe, such targets will be taken into account with the aim of the relevant pursuit upon the occurrence of the renewals of the Board of Directors and in the hiring/HR resources management process.

As of today, 3 of the total 11 members of the Board of Directors (equal to 27% of the total members of the Board of Directors) and of the total 8 Non-Executive Directors are female (equal to 37% of the total Non-Executive Directors).

11. Inside Information and Insider Dealing

The Procedure for Processing and Managing Material and Inside Information defines the methods, timescales and responsibilities for assessing the confidentiality of information, the conditions under which it may be disclosed to the public and those relating to any delay in disclosing said information. The Relevant Managers (as defined in the Internal Dealing Procedure) may not conclude, directly or indirectly, on their own account or on behalf of third parties, Transactions (as defined in the Internal Dealing Procedure) within the 30 calendar days prior the announcement of an interim financial report (including quarterly reports) or a year-end financial report.
The Company also maintains a so-called insider list which includes all persons who, in the exercise of their employment, profession or duty, have access to inside information.

12. Relations with Investors

The Company values an open and constructive dialogue with its investors, both existing and potential ones.
The Company communicates regularly with investors and financial market operators in general, in order to provide complete, accurate and timely information on its operations, while complying with the applicable confidentiality requirements for certain types of information. Conversations with investors primarily take place during investor roadshows, investor conferences, company visits as well as in General Meetings but may also be held on a bilateral basis in case of one-to-one meetings.
The initiative to enter into a conversation with an investor is generally taken by the Company, specifically by the Investor Relations department, the function responsible for managing dialogues with investors, or with the involvement of the CEO and CFO whenever appropriate.
The Company adheres to all legal obligations relating to confidentiality, disclosure of inside information and equal treatment of investors and only discusses publicly known information in one-on-one meetings.
The Company is committed to providing high quality and timely information to all investors in accordance with applicable law. Information will be made available on the Company's website: https://www.camparigroup.com/en/page/investors.

13. Compliance with the DCGC

The Company endorses the principles and best practice provisions of the DCGC, except for the following best practice provisions which are explained below.

BEST PRACTICE PROVISION 2.2.5 OF THE DCGC

Duties of the selection and appointment committee

Pursuant to best practice provision 2.2.5 of the DCGC, the Remuneration and Appointment Committee should, among others, (i) draw up the selection criteria and appointment procedures for Directors, (ii) periodically assess the size and composition of the Board of Directors and make a proposal for a composition profile of the Non-Executive Directors and (iii) draw up a plan for the succession of Directors.
After consultation with the Remuneration and Appointment Committee, the Board of Directors concluded that a succession plan for Executive Directors is unable to ensure, in the reality of corporate life, the timely replacement of Executive Directors who stand down from their positions on or before the completion of their mandate, when the composition of the Company's shareholder structure is also taken into consideration.
It was decided that such documents can easily become abstract statements of principles, perhaps produced with the help of expensive consultants, and often containing obvious recommendations for requirements of ability, professionalism and integrity that persons performing these roles should necessarily possess, or unhelpful, complicated procedures for the selection of ideal candidates.
The Board of Directors took this decision at its meeting on 12 March 2013 and, thereafter, when approving subsequent reports, believing it to be preferable, from the point of view of good corporate governance, for the Company not to incur expenses for activities that are of no clear benefit.
In addition, the Remuneration and Appointment Committee will not periodically assess the size and composition of the Board of Directors and its committees.

BEST PRACTICE PROVISIONS 2.2.6 AND 2.2.7 OF THE DCGC
Board evaluation

Pursuant to best practice provisions 2.2.6 and 2.2.7 of the DCGC, Non-Executive Directors should periodically evaluate their own functioning, both individually and as a group, the functioning of the internal committees and the functioning of the Executive Directors, both individually and as a group. In addition, the Executive Directors should periodically evaluate their own function, both individually and as a group.
The Board of Directors held the view that the actual application of such assessments does not provide any significant benefits. It appears somewhat unlikely that those carrying out a self-assessment would give a negative op inion about the functioning of their own board, nor would they push for an opportunity to introduce new professional profiles without implicitly admitting that the current Directors did not have the qualities needed to carry out their duties.
Equally, the Board of Directors does not plan to entrust this assessment to a consultancy company, since this would certainly not satisfy the need for third-party independent judgement but would generate a cost for the Company.
The Board of Directors took this decision at its meeting on 12 March 2013 and, thereafter, when approving subsequent reports, believing it to be preferable, from the point of view of good corporate governance, for the Company not to incur expenses for activities that are of no clear benefit.

BEST PRACTICE PROVISIONS 2.1.7 AND 2.1.8 OF THE DCGC
Independent Directors

Pursuant to best practice provisions 2.1.7 and 2.1.8 of the DCGC, at most one Non-Executive Director is not required to meet the independence criteria as set out in the DCGC. In addition, for each shareholder, or group of affiliated shareholders, who directly or indirectly holds more than ten percent of the shares in the Company, there is at most one Non-Executive Director who may be affiliated with or representing such shareholder. In total, the majority of the Non-Executive Directors should be independent.
The Non-Executive Directors have determined that five of the eight Non-Executive Directors qualify as independent in accordance with the DCGC. It should be noted that:

- Luca Garavoglia and Alessandra Garavoglia do not qualify as independent, as they directly or indirectly hold 100% of the voting rights of the Company's controlling shareholder Lagfin, which in turn, as of 31 December 2023, holds 54.4% of the Company's shares and 84.04% of the voting rights. It is believed, however, that the involvement of both Luca Garavoglia and Alessandra Garavoglia proves the commitment of the entire Garavoglia family to participate in the Company with spirit of homogeneity and compactness, in order to ensure continuity of control over the Company;
- Eugenio Barcellona does not qualify as independent as he is a partner of a law firm that acts as advisor to the Company. It is believed, however, that Eugenio Barcellona's deep knowledge of the Company as well as his overall knowledge of laws and regulations make him a most valuable Non-Executive Director.

PRINCIPLE 2.3.2 OF THE DCGC
Establishment of committees

Pursuant to best practice provision 2.3.2 of the DCGC, if the Board of Directors has more than four Non-Executive Directors, it shall appoint from among its members an audit committee, a remuneration committee and a selection and appointment committee.
The Company has combined the roles of the remuneration committee and the selection and appointment committee in one committee, the Remuneration and Appointment Committee. The Company feels that there would be no benefits for the Company, given its size and its organizational structure, in splitting the Remuneration and Appointment Committee as prescribed under the DCGC.

PRINCIPLE 2.3.6 OF THE DCGC
Vice-chairman of the Board of Directors

Pursuant to Article 18.1 of the Company's Articles of Association, the Board of Directors may designate one or more other Directors as vice-chairman of the Board of Directors. However, so far, the Company feels that there would be no benefits for the Company, given its size and its organizational structure, in such an appointment.

PRINCIPLE 3.1.2 OF DCGC
Remuneration policy

No performance criteria are applied to share options that the Company typically grant but, since the share options vest five years after they are granted and all share options may be exercised in the two years following the vesting of the right, the Company believes that the share options are long-term in character.

14. Disclosures pursuant to Decree Article 10 EU-Directive on Takeovers

In accordance with the Dutch Decree Article 10 Takeover Director (*Besluit artikel 10 overnamerichtlijn*, the 'Decree'), the Company makes the following disclosures:

a) For information on the Company's capital structure, the types of shares (i.e., ordinary shares and special voting shares), and related rights and obligations, and the issued share capital, please see the paragraph 'Major Shareholders' of this governance section;

b) To summarize, the rights attached to ordinary shares and Special Ordinary Shares comprise pre-emptive rights upon the issue of ordinary shares (with the understanding that holders of Special Ordinary Shares will be entitled to the issue of Special Ordinary Shares in lieu of ordinary shares), the right to attend General Meetings and to speak and vote at such meetings and to resolve on the distribution of such amount of the Company's profit as remains after allocation to the reserves and the payment of a dividend of 1% of the amount paid on the special voting shares in accordance with the Articles of Association. For information on the rights attached to the special voting shares reference is made to the Articles of Association and the SVS Terms, which can both be found on the Company's website;

c) As of 31 December 2023, the issued share capital of the Company consisted of 1,161,600,000 ordinary shares, representing approximately 32.18 percent of the aggregate issued share capital, and 665,718,342 special voting shares, representing approximately 67.82 percent of the aggregate issued share capital;

d) The Company has imposed no limitations on the transfer of ordinary shares. Article 13 of the Articles of Association and the SVS Terms provide for transfer restrictions for special voting shares;

e) For information on participations in the Company's capital for which a disclosure obligation exists under Sections 5:34, 5:35 and 5:43 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*), please see the paragraph 'Major Shareholders' of this governance section. There you will find a list of shareholders who are known to the Company to have an interest of three percent or more at the stated date;

f) No special control rights or other rights accrue to shares in the capital of the Company other than the right of holders of ordinary shares to receive special voting shares if and when the terms and conditions as set out in Article 13.7 of the Articles of Association and the SVS Terms are met;

g) A mechanism for verifying compliance with a scheme allowing employees to subscribe for or to acquire shares in the capital of the Company or a subsidiary if the employees do not arrange for such verification directly is not applicable to the Company;

h) No restrictions apply to voting rights attached to shares in the capital of the Company, nor are there any deadlines for exercising voting rights. The Articles of Association allow the Company to cooperate in the issuance of registered depositary receipts for ordinary shares, but only pursuant to a resolution to that effect of the Board of Directors. The Company is not aware of any depository receipts having been issued for shares in its capital;

i) The Company is not aware of the existence of any agreements with shareholders which may result in restrictions on the transfer of shares or limitation of voting rights, except for the circumstance that, pursuant to Lagfin's articles of association, Lagfin's main corporate purpose is the holding and maintenance of a controlling stake in the Company;

j) The rules governing the appointment and dismissal of Directors are stated in the Articles of Association of the Company. Directors are appointed by the General Meeting. The Board of Directors nominates a candidate for each vacant seat. A nomination by the Board of Directors will be binding as described above in the section 'Board of Directors'. At a General Meeting, votes in respect of the appointment of a Director can only be cast for candidates named in the agenda of the meeting or explanatory notes thereto. The term of office of Directors may not exceed a maximum period of four years at a time. A Director who ceases office due to the expiry of his office is immediately eligible for reappointment;

k) Each Director may be suspended or removed by the General Meeting at any time. A resolution of the General Meeting to suspend or remove a Director other than pursuant to a proposal by the Board of Directors requires an absolute majority of the votes cast. An Executive Director may also be suspended by the Board of Directors. A suspension by the Board of Directors may at any time be discontinued by the General Meeting. Any suspension may be extended one or more times but may not last longer than three months in the aggregate. If, at the end of that period, no decision has been taken on termination of the suspension or on removal, the suspension will end;

l) Pursuant to Article 40 of the Articles of Association, the General Meeting may pass a resolution to amend the Articles of Association with an absolute majority of the votes cast, but only on a proposal of the Board of Directors. Any such proposal must be stated in the notice of the General Meeting. In the event of a proposal to the General Meeting to amend the Articles of Association, a copy of such proposal containing the verbatim text of the proposed amendment will be deposited at the Company's office, for inspection by shareholders and other persons entitled to attend the General Meeting, until the end of the meeting. Furthermore, a copy of the proposal will be made available free of charge to shareholders and other persons entitled to attend the General Meeting from the day it was deposited until the day of the meeting;

m) The general powers of the Board of Directors are stated in Article 17 of the Articles of Association and on 12 April 2022 each Executive Directors was granted a power of attorney to represent and act on behalf of the Company. According to Article 6.1 of the Articles of Association, the Board of Directors will be the competent corporate body to issue shares for a period of five years with effect from 27 November 2020. The Board of Directors is also authorized to limit or exclude pre-emptive rights of shareholders when issuing ordinary shares or granting rights to subscribe for ordinary shares, for the same term. After the five-year term, shares may be issued pursuant to a resolution of the General Meeting unless the Board of Directors is designated to do so by the General Meeting. Such designation can be made each time for a maximum period of five years and can be extended each time for a maximum period of five years. A designation must determine the number of shares of each class concerned which may be issued pursuant to a resolution of the Board of Directors. A resolution of the General Meeting to designate the Board of Directors as the body of the Company authorized to issue Shares can only be withdrawn at the proposal of the Board of Directors. The body of the Company resolving to issue Shares must determine the issue price and the other conditions of issuance in the resolution to issue;

n) After the five-year term, pre-emptive rights may be restricted or excluded by a resolution of the General Meeting. However, with respect to an issue of ordinary shares pursuant to a resolution of the Board of Directors, the pre-emptive rights can be restricted or excluded pursuant to a resolution of the Board of Directors if and insofar as the Board of Directors is designated to do so by the General Meeting;

o) Pursuant to Article 9 of Articles of Association, the Company is entitled to acquire fully paid-up shares in its capital with due observance of the relevant statutory provisions. Acquisition of the Company's own shares for valuable consideration is permitted only if the General Meeting has authorized the Board of Directors to do so. Such authorisation will be valid for a period not exceeding eighteen months. The General Meeting must determine in the authorisation the number of shares which may be acquired, the manner in which they may be acquired and the limits within which the price must be set. The Board of Directors may, without authorisation by the General Meeting, acquire its own shares for the purpose of transferring such shares to employees of the Company or of a group company (*groepsmaatschappij*) under a scheme applicable to such employees, provided such shares are listed on a stock exchange;

p) The Company is not a party to any significant agreements which will take effect, will be altered or will be terminated upon a change of control of the Company as a result of a public offer within the meaning of Section 5:70 of the Dutch Financial Supervision Act, provided that certain of the loan agreements entered into by the Company contain clauses that, as is customary for financing agreements of similar type, may require early repayment or termination in the event of a change of control of the Company;

q) The Company did not enter into any agreement with a Director or employee of the Company providing for a payment upon the termination of employment as a result of a public offer within the meaning of Article 5:70 of the Dutch Financial Supervision Act.

15. Report of the Non-Executive Directors

Below is provided the report of the Non-Executive Directors of the Company for the financial year 2023, as referred to in best practice provision 5.1.5 of the DCGC.

SUPERVISION BY THE NON-EXECUTIVE DIRECTORS

The Non-Executive Directors are in charge of supervising the policies implemented by the Executive Directors and the general affairs of the Company and its affiliated enterprise, including the deployment of the strategy of the Company regarding long-term value creation.
The Non-Executive Directors contribute in creating sustainable long-term value by:

- Regular discussions on strategic matters with the Executive Directors during meetings of the Board of Directors, including, potential acquisitions and disposals, extraordinary transactions, financing operations, yearly budgets and long-term business plans and the annual, half yearly and quarterly financial reports;
- Monitoring progress on the global sustainability strategy and approving the Non-Financial Declaration contained in the annual report and the sustainability report;
- In their quality as members of the Control, Risks and Sustainability Committee, they regularly examine the ESG matters including sustainability, diversity and climate implications addressing relevant actions in the Sustainability report accordingly. The Campari Group's global sustainability strategy includes medium and long-term environmental targets, the global strategy on responsible consumption, the global framework on diversity, equity and inclusion and long-term commitments;
- Approving the contents of the remuneration policy taking into account the criteria detailed in the remuneration report.

The Non-Executive Directors have dealt with the mergers and acquisitions transactions carried out by the Campari Group, by giving a significant contribution to the decisional process leading to the approval of such transactions. The mergers and acquisitions transactions, in line with the external growth strategy of the Campari Group, have the specific purpose to create long-term value. Details are available in the corporate website.

COMMITTEES

The Board of Directors has allocated certain specific responsibilities to the Control, Risks and Sustainability Committee and the Remuneration and Appointment Committee. In doing so, the Non-Executive Directors have also focused on the effectiveness of the Company's internal risk management and control systems, the integrity and quality of the financial reporting and the risks associated. Further details on how these Committees have carried out their duties are set forth in the sections 'Control, Risks and Sustainability Committee' and 'Remuneration and Appointment Committee'. The Non-Executive Directors have been regularly informed by each committee of the results and recommendations of these meetings in accordance with best practice provision 2.3.5 of the DCGC, and the conclusions of those committees were taken into account when drafting this report of the Non-Executive Directors.

CONTROL, RISKS AND SUSTAINABILITY COMMITTEE

During 2023, the Control, Risks and Sustainability Committee:

- Assessed and expressed opinions on corporate risks brought to its attention by the Internal Audit function;
- Met the external auditor to verify the financial audit activities carried out ensuring a regular flow of information among the Internal Audit function, the Control, Risks and Sustainability Committee and the external auditor;
- As to sustainability matters, assessed Campari Group's sustainability strategy examining the non-financial report as well as the report concerning the quality, health, safety, and environmental aspects of all Campari Group's production plants;
- Examined the audit results on the harvesting relevant to Cinzano and Riccadonna wines;
- Examined the audit results on co-manufacturing activities;
- Examined the audit results on commercial activities of Campari do Brasil Ltda.;
- Examined the audit results on Channel&Customer Marketing Function ('CCM') of Campari America Ltd.;
- Examined the audit results on Supply Chain Function of Campari Argentina S.A.;
- Examined the audit results on management of distributors and deferred discounts in J. Wray & Nephew Ltd.;
- Examined the "Great Place To Work" survey results;
- Examined the audit results on IT/Cybersecurity;
- Examined the audit results on Champagne Lallier S.A.S.;
- Examined the audit results on Business Process Outsourced ('BPO');
- Examined the audit results on Procurement Policy;
- Examined the audit results on J. Wray & Nephew Limited-Supply Chain;
- Examined the audit results on J. Wray & Nephew Limited-Customer Service;
- Examined the audit results on Spare Parts Inventory Management of J. Wray & Nephew Ltd.;
- Examined the audit results on Campari Austria Gmbh;
- Examined the audit results on Bellonnie et Bourdillon Successeurs S.A.S. PCP;
- Examined the audit results on sustainability reporting of Campari Beijing Trading;
- Examined the audit results on the marketing function of Campari Australia PTY Ltd.;
- Examined the Physical Count Program regarding the warehouses of finished products;
- Examined the audit results on Campari Mexico S.A. de C.V.-Logistic Operations;
- Examined the audit results on Campari America LLC- Assessment on Bailment Warehouse Operations;
- Examined the audit results on Camparino S.r.l.;
- Examined the audit results on Terrazza Aperol S.r.l.;
- Examined the audit results on Trans Beverage Co. Ltd.;
- Examined the audit results on Campari India Pvt Ltd.;
- Examined the Tax Control Framework Implementation;
- Examined the controls carried out over 2023 pursuant to Law No. 262 of 28 December 2005 and about the results of both data analytics controls, as well as manual controls;
- Examined the progress made in implementing the Internal Audit recommendations;
- Examined the statistics regarding the Campari Safe Line;
- Examined the annual audit plan;
- Approved the services other than statutory audit provided by the external auditor;
- Approved the appointment of the new Data Protection Officer;
- Met with the Group Financial Planning and Analysis, IFRS Consolidated Financial Reporting, Investor relations&Corporate Finance Senior Director.

The Non-Executive Directors have also examined the half year report reviewed by the Control, Risks and Sustainability Committee then approved by the Board of Directors.
During 2023, nine meetings of the Control, Risks and Sustainability Committee took place with the attendance details provided in the Table below.

REMUNERATION AND APPOINTMENT COMMITTEE

The main activities carried out by the Remuneration and Appointment Committee during 2023 were as follows:

- Evaluation and approval of the proposal regarding the share option report as well as the remuneration report;
- Examination of the corporate governance report pursuant to applicable law;
- Determination of the variable remuneration for the Executive Directors as per the applicable STI 2022 targets;
- Determination of the STI 2023 targets and base amounts for the Executive Directors;
- Approval of the 2027 Last Mile Incentive targets;
- Approval of the proposal to grant share options in favour of specific beneficiaries;
- Approval of the new gender diversity targets;
- LTI transition: from stock options (SO) to restricted stock units (RSU);
- Remuneration package for the new CEO;
- Executive Officers remuneration analysis and evaluation on the LMI scheme;
- Update of the remuneration policy.

During 2023, 2 meetings of the Remuneration and Appointment Committee took place with the attendance details provided in the table below.
The Non-Executive Directors also examined the yearly report prepared by the Remuneration and Appointment Committee then approved by the Board of Directors. The Non-Executive Directors were able to review and evaluate the performance of the Remuneration and Appointment Committee. There is no need to amend the size or composition of the Remuneration and Appointment Committee.
The chairman of the Remuneration and Appointment Committee reports once a year to the Board of Directors on activities carried out, when the annual financial statements are approved. It considers that this frequency is preferable to providing an update at the first appropriate meeting, except in cases of particular importance and/or urgency.

INTERNAL AUDIT FUNCTION

The Company has a separate department for the internal audit function and the Board of Directors appoints the Head of Internal Audit.
The main activities carried out by the Internal Audit function during 2023 were as follows:

- Audit on the harvesting relevant to Cinzano and Riccadonna wines;
- Audit on co-manufacturing activities;
- Audit on commercial activities of Campari do Brasil Ltda.;
- Audit on Channel & Customer Marketing Function ('CCM') of Campari America Ltd.;
- Audit on Supply Chain Function of Campari Argentina S.A.;
- Audit on management of distributors and deferred discounts in J. Wray & Nephew Ltd.;
- Audit on IT/Cybersecurity;
- Audit on Champagne Lallier S.A.S.;
- Audit on Business Process Outsourced ('BPO');
- Audit on Procurement Policy;
- Audit on J. Wray & Nephew Limited-Supply Chain;
- Audit on J. Wray & Nephew Limited-Customer Service;
- Audit on Spare Parts Inventory Management of J. Wray & Nephew Ltd.;
- Audit on Campari Austria Gmbh;
- Audit on Bellonnie et Bourdillon Successeurs S.A.S. PCP;
- Audit on sustainability reporting of Campari Beijing Trading;
- Audit on the marketing function of Campari Australia PTY Ltd.;
- Audit on Physical Count Program regarding the finished products warehouses;
- Audit on Campari Mexico S.A. de C.V.-Logistic Operations;
- Audit on Campari America LLC- Assessment on Bailment Warehouse Operations;
- Audit on Camparino S.r.l.;
- Audit on Terrazza Aperol S.r.l.;
- Audit on Trans Beverage Co. Ltd;
- Audit on Campari India Pvt Ltd..

INDEPENDENCE OF THE NON-EXECUTIVE DIRECTORS

Each Non-Executive Director owes a duty to the Company to properly perform the duties assigned to each Director and to act in the Company's corporate interest. Under Dutch law, the Company's corporate interest extends to the interests of all its stakeholders, including its shareholders, creditors and employees.

Pursuant to best practice provisions 2.1.7 and 2.1.8 of the DCGC, at most one Non-Executive Director does not have to meet the independence criteria as set out in the DCGC. In addition, for each shareholder, or group of affiliated shareholders, who directly or indirectly hold more than ten percent of the shares in the Company, there is at most one Non-Executive Director who may be affiliated with or representing such shareholder. In total, the majority of the Non-Executive Directors should be independent.

The Non-Executive Directors have determined that five of the eight Non-Executive Directors qualify as independent in accordance with the DCGC. Please see the paragraph 'Compliance with the DCGC' of this governance section for further information.

COMPOSITION OF THE BOARD OF DIRECTORS AND THE COMMITTEES ON 31 DECEMBER 2023

							Board of Directors	Control and Risks Committee		Remuneration and Appointment Committee	
Member and principal position	**Nationality**	**Date of first appointment**	**In office since**	**In office until the end of the annual General Meeting in**	**Gender**	**Independent according to DCGC**	**Attendance % at meetings**	**Member**	**Attendance % at meetings**	**Member**	**Attendance % at meetings**
Luca Garavoglia (Chairman and Non-Executive Director)	Swiss	19 September 1994	16 April 2019	2025	M	No	100				
Robert Kunze-Concewitz (Executive Director)	Austrian	23 July 2007	16 April 2019	2025	M	No	100				
Paolo Marchesini (Executive Director)	Italian	10 May 2004	16 April 2019	2025	M	No	100				
Fabio Di Fede (Executive Director)	Italian	16 April 2019	16 April 2019	2025	M	No	100				
Emmanuel Babeau (Non-Executive Director)	French	12 April 2022	16 April 2022	2025	M	Yes	83.33			X	100
Eugenio Barcellona (Non-Executive Director)	Italian	24 April 2007	16 April 2019	2025	M	No	83.33	X	100	X	100
Alessandra Garavoglia (Non-Executive Director)	Italian	16 April 2019	12 April 2019	2025	F	No	100				
Margareth Henriquez (Non-Executive Director)	Dutch	12 April 2022	12 April 2022	2025	F	Yes	100				
Jean-Marie Laborde (Non-Executive Director)	French	12 April 2022	12 April 2022	2025	M	Yes	100	X	100		
Christophe Navarre (Non-Executive Director)	Belgian	12 April 2022	12 April 2022	2025	M	Yes	100			X	100
Lisa Vascellari Dal Fiol (Non-Executive Director)	Italian	12 April 2022	12 April 2022	2025	F	Yes	100	X	100		
Number of meetings held							Board of Directors: 6	Control, Risks and Sustainability Committee: 9		Remuneration and Appointment Committee: 2	

REMUNERATION REPORT

1. Introduction

The Company's remuneration structure aspires to support Campari's stated mission, vision and strategy while motivating, retaining, and attracting world-class talent. It aims to reinforce and support the Group's key strategic drivers in both the short and long term, the achievement of which will support sustainable, long-term value creation for all stakeholders.

As described below, the Executive Directors' remuneration consists of a fixed component and a variable component such as: (i) the base salary (fixed component); (ii) the short-term incentive (variable component); and (iii) the long-term incentive (variable component), while the Non-Executive Directors' remuneration consists of a single fixed annual component in cash.

The base salary compensates for the individual's experience, skills, duties, responsibilities and the contribution of the individual within the Company. The short-term incentive aims to ensure that the Executive Directors are well incentivized to achieve the annual Group performance targets, while the Company's long-term incentive component-providing for five years vesting-form a substantial part of total remuneration and maintains meaningful levels of share ownership, encouraging the Executive Directors to act as stewards and ambassadors of the Company.

The achievement against individual financial targets, as set for by the Board of Directors, resulted in an outperformance, at aggregate level, based on 2023 results. As a direct consequence, the Company short-term incentive pay out for 2023 was above the base amount as well.

The remuneration report provided below summarizes the guidelines and the principles followed by the Company in order to define and implement the remuneration policy applicable to the Executive Directors and the Non-Executive Directors of the Company. In addition, the remuneration report provides the remuneration paid to these individuals for the year ended 31 December 2023.

Photo submitted by Emmanuel Cervantes. Finalist of the 2023 Annual Report Photo Contest

2. Remuneration policy

The General Meeting adopted the remuneration policy for the Executive Directors and the Non-Executive Directors on 18 September 2020 (the 'Remuneration Policy'). The objective of the Remuneration Policy for the Executive Directors is to attract, reward and retain the necessary leadership talent in order to support the execution of the Company's strategic objectives, whilst for the Non-Executive Directors the Remuneration Policy aims at rewarding them appropriately for their work based on market competitive fee levels.

The form and amount of compensation received by the Board of Directors for the year ended 31 December 2023 was determined in accordance with the Remuneration Policy. The authority to establish remuneration is vested in the Board of Directors, with due observance of the Remuneration Policy, whereby the Executive Directors may not participate in the deliberations and decision-making with respect to the remuneration of the Executive Directors. The Remuneration and Appointment Committee of the Board of Directors oversees the Remuneration Policy and prepares decisions for the Board of Directors with respect to the Remuneration Policy and the application thereof in individual situations.

In line with Sections 2:135 subsection 1 and 2:135a subsection 2 of the Dutch Civil Code, the Remuneration Policy must be submitted to the General Meeting in case of any amendments and at least every four years; the new remuneration policy will be submitted to the upcoming Annual General Meeting which will be held on 11 April 2024. The Remuneration and Appointments Committee has reviewed the current Remuneration Policy and updated the incentives based on a long-term view. To this purpose the new remuneration policy to be submitted to the upcoming Annual General Meeting on 11 April 2024, contains a new long-term incentive component: the stock options have been replaced with the RSUs and PSUs (as indicated below) and the structure of the last mile incentive (LMI) has been updated to allow eligible Executive Directors to be granted with a LMI based on a PSU incentive plan. In updating the new remuneration policy, the Company has also taken into account the investors' appreciation for the PSUs.

3. Composition of Board of Directors

On 12 April 2022, the General Meeting (re)appointed the Directors for a three-year period until the end of the General Meeting to be held in 2025.
On 12 September 2023, Bob Kunze-Concewitz, informed the Board of Directors of his decision to retire from his role effective as of the Annual General Meeting of 11 April 2024. According to the Group's succession planning process, the Board of Directors, after consulting with the Remuneration and Appointments Committee, has selected Matteo Fantacchiotti, Managing Director Asia Pacific, as the new CEO nominee. To ensure an orderly and smooth handover, Matteo has already been appointed Deputy CEO. After retiring, Bob Kunze-Concewitz is expected to become a Non-Executive Director of the Company; in this regard, the Board of Directors will propose at the forthcoming Annual General Meeting on 11 April 2024 that Matteo Fantacchiotti be appointed Executive Director and CEO and that Bob Kunze-Concewitz be appointed as Non-Executive Director. In 2023, no additional changes were carried out with respect to the composition of the Board of Directors.

2023 HIGHLIGHTS OF THE GROUP

For the year ended 31 December 2023 Campari Group achieved an organic net sales growth at +10.5% (reported change of +8.2%) thanks to continued solid brand momentum driven by aperitifs, tequila and bourbon, with industry outperformance in core developed markets as well as robust pricing across the portfolio. In terms of profitability (reported change of +8.6%), the organic EBIT growth at +15.5% was mainly driven by positive pricing and sales mix effects during the period, combined with a lower organic growth of advertising and promotional expenses; partially offset by inflation on cost of sales and continuous investments in the business infrastructure. For more information on the Group's performance please refer to the Management board report of this Annual report.

SHAREHOLDER VOTE

This remuneration report will be submitted to the annual General Meeting in 2024 for an advisory vote.

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4. Remuneration for Board of Directors

Remuneration principles

EXECUTIVE DIRECTORS

In line with the key objective of achieving the most effective combination of 'profitability' and 'sustainability' in the long term, the Company adopts an Executive Directors' remuneration policy aimed at supporting managerial growth strategies oriented towards the long term: this is considered of fundamental importance in the Company's reference market (the global premium spirits market), where the strength of the brands, built through long-term brand building strategies consistently and patiently deployed over time, is the primary source of the achievement of a long-term competitive advantage.

The Remuneration Policy aims not only at the adequate remuneration of the Executive Directors, but also at their adequate retention, as it is considered, in principle, an important value that is consistent with the fundamental objective of maximum sustainable profitability in the long term, i.e., the promotion of successful management cycles.

Although the Company reviews remuneration policies of comparable size and economic performance as a useful tool to understand its competitive position on the job offer market and attract high level human capital, the Company pursues its remuneration policies independently and such policies are not benchmarked against a group of peers.

The basic components of the remuneration applicable to the Executive Directors consist of (*i*) base salary, (*ii*) short-term incentive, and (*iii*) long-term incentive.

Over the last 5 years the average relative proportion of the Executive Directors' remuneration components is as follows:

- Fixed remuneration: ~32%;
- Short-term incentive: ~39%;
- Long term-incentive: ~30%.

Fixed component

BASE SALARY

The base salary compensates for the individual's experience, skills, duties, responsibilities and the contribution of the individual within the Company. The base salary of each Executive Director is a fixed compensation.
Each year, the Remuneration and Appointment Committee reviews the base salaries and decides whether circumstances justify adjustments. In considering base salary increases, the Remuneration and Appointment Committee uses as reference the nature and responsibility of the role and the progressive increase of the Executive Directors duties along with the Company growth, individual and business performance, as well as the prospective ability of Executive Directors to create value and contribute to the long-term objectives of the Company. Over the last 5 years, the compound annual growth rate of the Executive Directors' base salary is about 0.1%[54]. Thus, such minor increase in the base salary component was inferior to the proportional increase of the Group's business performance.
All Executive Directors are beneficiaries of a D&O (directors' and officers' liability) insurance policy at market conditions for this type of coverage. The insurance policy covers losses resulting from claims made against the Directors for wrongful acts committed in their respective functions and for which they have been recognized accountable.

Executive Directors are also entitled to other benefits such as car benefit; ticket restaurant; supplementary pension funds, and medical, life and accident insurance.

Variable components

SHORT-TERM INCENTIVE

The short-term incentive ('STI') aims to ensure that the Executive Directors are well incentivized to achieve the Group performance targets in the shorter-term.

At the beginning of each year, the Remuneration and Appointment Committee proposes to the Board of Directors target ranges for the Executive Directors, based on the Group's budget. At the end of the year, the Remuneration and Appointment Committee reviews the Group performance against the target ranges, based on the Company's financial statements, as audited by the external auditor.

Executive Directors are eligible for the short-term incentive only if at least 90% of the targets are achieved. The minimum short-term incentive payout, in such case, is equal to 70% of base salary, with the maximum incentive payout capped at 180% of base salary (if 120% or more of the targets are achieved). If 100% of the targets are achieved, the STI payout is equal to the bonus base amount set by the Board of Directors on the basis of a proposal from the Remuneration and Appointment Committee.

The Remuneration and Appointment Committee each year selects and proposes to the Board of Directors the financial performance measures and determines their relative weights. To support the Company's strategic objective growth in an organic and sustainable way and to focus on profitable growth segments, such performance measures are typically: profit (target A, usually weighing 40%); marginality (target B, usually weighing 40%); and operating working capital (target C, usually weighing 20%).

- **Target A** identifies Campari Group's consolidated EBIT target. The achievement of the target is verified comparing the actual EBIT (at constant perimeter and exchange rates and normalized to exclude non-recurring items) with the EBIT target.
- **Target B** identifies Campari Group's margin target (i.e., the ratio of the consolidated EBIT to the consolidated net sales) adjusted to account for advertising and promotion investment. In fact, in case advertising and promotion investment weigh less than expected (under a certain threshold), then the effective marginality will be adjusted downwards with the consequence of a minor target payout.
- **Target C** identifies the weight in percentage of the net operating working capital on Campari Group's consolidated net sales.

Targets are structured in a way that they cannot be achieved through short-term management decisions that in the long term are likely to compromise brand strength (such as cutting and/or reducing advertising investment) or to compromise the sustainability of a long-term growth (such as non-physiological changes in operating working capital). Accordingly, the short-term incentive contributes to the Company's strategy and its long-term interests.

The adjustment factor of Operating Leverage Ratio ('OLR') is applied to the results of the Financial Objectives and it may increase or decrease the payout based on the level of its achievement. It allows to measure sustainable growth by linking the margin to the expenses operated to generate such margin. It is calculated as the ratio of the Contribution After Advertising and Promotional expenses ('CAAP') to the Selling, General and Administrative expenses.
If the short-term incentive targets are met, the short-term incentive is paid the year following the relevant performance period, once the predetermined performance objectives are verified.

LONG-TERM INCENTIVE

The long-term incentive aims to provide incentives for the Executive Directors to achieve growth results in the medium and long term and align their interests with the pursuit of the priority objective of sustainable creation of value for shareholders.

Until this year, the long-term incentive was granted to the Executive Directors through the participation to stock options plans approved by the General Meeting for a large number of beneficiaries, usually every two years, under the same conditions.

[54] The average increase is defined with reference to Executive Directors who have been in office for at least the last 5 years.

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The assignment of share options was governed by the 'Regulation for the assignment of share options' approved by the Remuneration and Appointment Committee, based on a mandate from the Board of Directors dated 13 May 2014, as subsequently modified, and amended. Such regulation (which is available on the website www.camparigroup.com) sets out the general terms and principles that will continue to apply to the outstanding stock options.

With the submission of the new remuneration policy to the Annual General Meeting on 11 April 2024, the adoption of a new long-term variable incentive for senior management will be proposed to the shareholders. It will consist of a share-based incentive, combining restricted stock units (RSU) and performance share units (PSU), the latter conditional upon the achievement of a financial target (relative total shareholder return) and a sustainability target (renewable energy). Among the others, such equity-based award will aim at further aligning the Executive Directors' commitment to sustainable long-term value creation with shareholders' interests and with the Campari Group's sustainability agenda, following the implementation of the revised EU Shareholder Rights Directive[55].

Such equity-based award will aim to align the Executive Directors' interests with shareholders' interests, by providing the Executive Director the opportunity to benefit from long-term success by acquiring a proprietary interest in the Company.

LAST MILE INCENTIVE[56]

The Remuneration Policy provides that Chief Executive Officers who have provided the Company with extraordinary value during a long-standing managerial period of at least 10 years are eligible for an additional last mile incentive should certain additional financial and operational objectives over the last years of their term be achieved.

The performance period is set from three to five years and the purpose of the last mile incentive is to boost the Chief Executive Officers' ambition in their potential last years of their long-term mandate. The Company believes that it may also enhance the Chief Executive Officers' long-term focus since the beginning of their mandate and attract, motivate and retain Chief Executive Officers with a long-term vision.

Since Bob Kunze-Concewitz informed the Board of Directors of his decision to retire from his role effective as of the Annual General Meeting on 11 April 2024 (making himself available to stay on as a Non-Executive Director), the Non-Executive Directors will approve a bonus payout for a maximum of €30 million ('Base Amount'), based on the performance targets achieved by Bob Kunze-Concewitz as verified by the Remuneration and Appointment Committee.
The current LMI Scheme encompasses three different targets each of which shall have a relative weight of one-third with respect to the Base Amount ('Target Base Amount'): (i) a profitability target (quantitative target) related with the strategic plan approved by the Board of Directors on 17 December 2020; (ii) an organic growth target (quantitative target) related to an organic sales growth at least equal to the organic growth of selected listed peers over the reference period; and (iii) a third target (qualitative target) related to managerial and industry objectives such as the retention of certain employees that the Company would not want to lose, and a significant strengthening of the Group in selected geographical areas. In case of an overperformance of the target, such target payout can increase up to 180% of the Target Base Amount notwithstanding that the Base Amount is the maximum payout of the last mile incentive. Targets do not entail performance gate and the payout is measured according to *ad hoc* rules for each target approved by the Board of Directors upon proposal of the Remuneration and Appointment Committee.

SCENARIO ANALYSIS

On an annual basis, the Non-Executive Directors, upon proposal of the Remuneration and Appointment Committee, examine the relationship between the performance criteria chosen and the possible outcomes for the Executive Directors' variable remuneration (scenario analysis). Also by taking into account the scenario analysis, the Company has decided to propose to the next Annual General Meeting that the stock options be replaced by the most commonly used RSUs and PSUs.

As at the date of this Report, the Non-Executive Directors believe the Remuneration Policy has proven effective in terms of establishing a correlation between the Group's strategic goals and the selected performance criteria. The main key performance criteria related to the payout curve of the variable remuneration (such as: (i) the consolidated operating profit target; (ii) the ratio between the consolidated operating income and consolidated net sales, adjusted for advertising expenses; or (iii) the operating net working capital as a percentage of consolidated net sales), still support both the Group's business strategy and value creation for shareholders and other stakeholders.

NON-EXECUTIVE DIRECTORS

The remuneration of the Non-Executive Directors consists of a fixed annual component in cash, equal to €50,000.

Non-Executive Directors who are also a member of a committee receive an additional remuneration. The chair and each other member of the Remuneration Committee receive an additional amount of €12,500 and the chair and each other member of the Control and Risks Committee receive an additional amount of €25,000.

The Non-Executive Directors do not receive any performance-related compensation or shares. Non-Executive Directors who hold shares in the Company have a long-term investment perspective and adhere to the Company's internal dealing policy.

All Non-Executive Directors are beneficiaries of the same D&O (directors' and officers' liability) insurance policy of the Executive Directors.

[55] Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement (Official Journal of the European Union 2017, L 132).
[56] Pursuant to the Remuneration Policy, a last mile incentive scheme with retention purpose to be potentially awarded to the current CEO has been approved by the Company's corporate bodies and therefore implemented.

2023 remuneration

The actual remuneration of the Board of Directors over the financial year ended 31 December 2023 has been determined by the Board of Directors and is reflected in the tables below.

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Executive Directors

Remuneration of Executive Directors during the year shown by each pay component (in €)[57].

Director, Position, Year		Fixed remuneration			Variable remuneration		Total Remuneration	Of which	
		Wages	Fees	Others benefits(1)	Short-term Incentive(2)	Long-term Incentive(3)		Fixed	Variable
Robert Kunze-Concewitz Chief Executive Officer and Executive Director	2023	-	1,085,000	18,362	2,097,662	1.042.929	4,243,953	1,103,362 (26% of total remuneration)	3,140,591 (74% of total remuneration)
	2022	-	1,085,000	-	1,657,404	1,085,538	3,827,942	1,085,000 (28% of total remuneration)	2,742,942 (72% of total remuneration)
Paolo Marchesini Chief Financial Officer and Operating Officer and Executive Director	2023	123,689	590,000	22,443	1,498,330	969,982	3,204,444	736,132 (23% of total remuneration)	2,468,312 (77% of total remuneration)
	2022	124,054	590,000	18,566	1,361,439	1,027,504	3,121,352	732,409 (23% of total remuneration)	2,388,943 (77% of total remuneration)
Fabio Di Fede General Counsel and Business Development Officer and Executive Director	2023	472,554	50,000	53,764	1,378,463	969,982	2,924,763	576,318 (20% of total remuneration)	2,348,445 (80% of total remuneration)
	2022	466,663	50,000	45,801	1,124,667	1,049,742	2,736,873	562,464 (21% of total remuneration)	2,174,409 (79% of total remuneration)

1 Other benefits' includes: car benefit; ticket restaurant; supplementary pension funds, and medical, life and accident insurance.
2 In line with market practice the indicated short-term incentive amount is based on the targets achieved with reference to the last financial year ended; the STI 2023 will be paid in 2024.
3 The long-term incentive item included a component related to share options measured with the fair value of the outstanding relevant share option plans accruing in fiscal year 2023 under IFRS.

Details regarding the achievement of the LMI bonus, with a payout recognised to Robert Kunze-Concewitz for up to a maximum of €30 million, will be provided in next year's remuneration report after the bonus approval by the Non-Executive Directors[58].

To determine the Executive Directors' short-term (annual) performance remuneration in respect of the 2023 year (paid in 2024), the Remuneration and Appointment Committee selected and proposed to the Board of Directors the following metrics as performed by the Executive Directors in 2023 for payment in 2024.

			Bandwidth payout level					
Target	**Weight**	**Minimum payout**	**On-target payout**	**Maximum payout**	**Payout gate**	**Actual performance(1)**	**Payout**	**Weighted payout**
Target A	40%	70%	100%	180%	90%	108.2%	132.6%	53.1%
Target B	40%	70%	100%	180%	90%	110.5%	142.0%	56.8%
Target C	20%	70%	100%	180%	90%	72.3%	-%	-%
OLR ratio (adj. Factor)						106.3%	110.0%	
Total Payout level	**100%**							**109.9% of on-target level + 10% ORL Adj. = 119.9%**

(1) Targets are based on the Group's business plan which contains confidential information, therefore actual targets are not public.

57 All remuneration was borne by the Company.
58 Please note that, in 2023, in line with the previous two years, a non-cash amount of €10 million has been set aside under selling, general and administrative expenses as non-recurring last mile long-term incentive ('LMI') schemes with retention purposes, to be potentially recognized to Robert Kunze-Concewitz. The total amount accrued and not paid during the last three years is €30 million (reference to IAS37).

Based on the criteria approved by the Board of Directors, the three targets have a weight of: 40% profit (EBIT), 40% marginality (EBIT margin), and 20% operating working capital.

The Operating Leverage Ratio (OLR) is a ratio of the Contribution After Advertising and Promotional expenses (CAAP) to the Selling, General and Administrative expenses. This correlation allows to measure sustainable growth by linking the margin to the expenses operated to generate such margin.

Since the base amounts of the STI 2023 were set to the following extent: (i) €1,750,000 for the Chief Executive Officer Robert Kunze-Concewitz; (ii) €1,250,000 for the Chief Financial Officer and Operating Officer Paolo Marchesini; and (iii) €1,150,000 for the Group General Counsel and Business Development Officer Fabio Di Fede, the STI bonuses accrued by the Executive Directors amounted, respectively, to €2,097,662 in favour of Robert Kunze-Concewitz, €1,498,330 in favour of Paolo Marchesini, and €1,378,463 in favour of Fabio Di Fede.

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Non-Executive Directors

Remuneration of Non-Executive Directors during the year shown (in €).

Director, Position	Fixed remuneration 2023	Committee remuneration 2023	Total Remuneration 2023[1]	Total Remuneration 2022
Luca Garavoglia Non-Executive Director and Chairman	50,000	N/A	50,000	50,000
Eugenio Barcellona Non-Executive Director and member of the Control and Risks Committee and the Remuneration and Appointment Committee	50,000	37,500	87,500	87,500
Alessandra Garavoglia Non-Executive Director	50,000	N/A	50,000	50,000
Emmanuel Babeau *Non-Executive Director and member of the Remuneration and Appointment Committee*	50,000	12,500	62,500	51,875
Margareth Henriquez Non-Executive Director and Chairman	50,000	N/A	50,000	42,500
Jean-Marie Laborde Non-Executive Director and member of the Control and Risks Committee	50,000	25,000	75,000	61,250
Christophe Navarre Non-Executive Director and member of the Remuneration and Appointment	50,000	12,500	62,500	51,875
Lisa Vascellari Dal Fiol Non-Executive Director, member of the Control and Risks Committee and member of the Supervisory Body ('Organismo di Vigilanza')	50,000	25,000	82,500[2]	68,750[2]

(1) All remuneration was borne by the Company.
(2) Including €7,500 as member of the Supervisory Body - 'Organismo di Vigilanza'.

Please note that the Shareholders' Meeting held on 12 April 2022 approved the renewal of the Board of Directors of the Company. The Board of Directors, during the meetings held on 23 February 2022 and on 12 April 2022, approved to grant a remuneration to each Director equal to €50,000.00, a remuneration to each member of the Control and Risks Committee equal to €25,000.00 and a remuneration to each member of the Remuneration and Appointment Committee equal to €12,500,00.

Share-based remuneration

The Company has a number of share option plans in place. The purpose of these plans is to offer beneficiaries holding key positions in the Group the opportunity of owning shares in the Company, thereby aligning their interests with those of other shareholders and fostering loyalty, in the context of the strategic goals to be achieved.

On 13 April 2023, the General Meeting approved a stock option plan for a total maximum number of options equal to the ratio between €6 million and the exercise price (i.e., the value equal to the arithmetic mean of the official stock exchange price during the month prior to assignment) for beneficiaries other than the Directors (no options have been assigned to the Directors). The options are exercisable in the two-year period following the end of the fifth year after the date of assignment.

Similar share option plans were adopted by the General Meeting on 12 April 2022, 8 April 2021, 27 March 2020, 16 April 2019, 23 April 2018 and 28 April 2017 over the respective financial years. The options under the 2022, 2021, 2019, and 2017 share option plans are — differently from the share options plans in 2022, 2020 and 2018 — not assigned to any Directors but granted to other beneficiaries.

The total maximum number of options available under the 2022 share option plan is equal to the ratio between €95 million and the exercise price. Of this total number of options, in particular, a maximum number of options resulting from the ratio between €24 million and the exercise price is allocated to the Directors (or other beneficiaries for whom an individual disclosure is required). With respect to the 2020 share option plan, the total maximum number of options available, is equal to the ratio between €81 million and the exercise price. Of this total number of options, in particular, a maximum number of options resulting from the ratio between €21.3 million and the exercise price is allocated to Directors (or other beneficiaries for whom an individual disclosure is required). With respect to the 2018 share option plan, the total maximum number of options available, is equal to the ratio between €73.8 million and the exercise price. Of this total number of options, in particular, a maximum number of options resulting from the ratio between €10.8 million and the exercise price is allocated for Directors (or other beneficiaries for whom an individual disclosure is required).
The options under each of the share option plans are exercisable in the two-year period following the end of the fifth year after the date of such assignment.
Finally, each of the share option plans does not prescribe any holding period by which Executive Directors are bound.

The following table gives an overview of the outstanding share options provided to Executive Directors

Director, position	Main conditions of share option plans						Information regarding 2023: Opening balance	During the year			Closing balance	
	Plan	Performance period[1]	Award date	Vesting start date	End exercise period	Exercise price	Share options on 1 January 2023	Share options awarded	Share options vested	Share options subject to performance condition	Share options awarded and unvested	Unexercised share options
Robert Kunze-Concewitz Chief Executive Officer and Executive Director	Plan 2018	N.A.	05/09/2018	05/10/2023	05/09/2025	€6.25	960,000	-	-	N.A.	-	866,195
	Plan 2020	N.A.	04/08/2020	04/08/2025	04/07/2027	€6.41	1,092,043	-	-	N.A.	1,092,043	-
	Plan 2022	N.A.	12/04/2022	13/04/2027	12/04/2029	€10.29	777,453	-	-	N.A.	777,453	-
Paolo Marchesini Chief Financial Officer and Executive Director and Operating Officer	Plan 2018	N.A.	05/09/2018	05/10/2023	05/09/2025	€6.25	720,000	-	-	N.A.	-	-
	Plan 2020	N.A.	04/08/2020	04/08/2025	04/07/2027	€6.41	1,092,043	-	-	N.A.	1,092,043	-
	Plan 2022	N.A.	12/04/2022	13/04/2027	12/04/2029	€10.29	777,453	-	-	N.A.	777,453	-
Fabio Di Fede[2] General Counsel and Business Development Officer and Executive Director	Plan 2017	N.A.	08/04/2017	08/04/2022	08/03/2024	€6.19	161,551	-	-	N.A.	-	-
	Plan 2018	N.A.	05/09/2018	05/10/2023	05/09/2025	€6.25	720,000	-	-	N.A.	-	-
	Plan 2020	N.A.	04/08/2020	04/08/2025	04/07/2027	€6.41	1,092,043	-	-	N.A.	1,092,043	-
	Plan 2022	N.A.	12/04/2022	13/04/2027	12/04/2029	€10.29	777,453	-	-	N.A.	777,453	-

1 The share options vest over time and no performance criteria applies.
2 On 8 April 2017, certain share options were assigned to Fabio Di Fede who, at the time, was an employee of a Company's subsidiary. Fabio Di Fede was appointed director of the Company by the General Meeting on 16 April 2019.

5. Any use of the right to reclaim

The short-term cash incentive and long-term incentive of the Executive Directors are subject to the malus and claw back provisions laid down in Section 2:135 subsections 6 and 8 of the Dutch Civil Code. These provisions were not invoked in 2023.

6. Derogations and deviations

Derogations and deviations from the remuneration policy and from the procedure for its implementation

For the Board of Directors' 2023 remuneration, the Company did not deviate from the procedure for the implementation of the Remuneration Policy nor were any derogations applied.

The terms and conditions of the new LTI plan, to be approved by the Annual General Meeting of 11 April 2024, deviate from the provision of Article 3.1.2 vi. of the DCGC which provided that "*shares should be held for at least five years after they are awarded*". The Company believes that a retention period of less than 5 years (3 years vesting without a further 2 years lock-up, as provided in the new LTI plan) contributes to shape a more competitive remuneration package in the interest of the Company.

7. Comparative information on the change of remuneration and Company performance

The following table shows a comparison of the total remuneration of Executive Directors and Non-Executive Directors over the last five years.

EXECUTIVE DIRECTORS

	2019	2020	2021	2022	2023	CAGR 2019/2023
						Company performance
Net sales (€/million)	1,842.5	1,772.0	2,172.7	2,697.6	2,918.6	12.2%
EBIT-adjusted (€/million)	408.0	321.9	435.2	569.9	618.7	11.0%
EPS basic-adjusted (€)[1]	0.23	0.18	0.27	0.34	0.35	10.3%
Average indicators						**11.2%**
(€)						Executive Directors' remuneration
Robert Kunze Concewitz *Chief Executive Officer and Executive Director*	2,755,179	2,365,620	3,756,132	3,827,942	4,243,953	11.4%
Paolo Marchesini *Chief Financial Officer and Operating Officer and Executive Director*	1,938,000	1,734,701	2,906,042	3,121,352	3,204,444	13.4%
Fabio Di Fede *General Counsel and Business Development Officer and Executive Director*	1,295,609	1,331,500	2,424,479	2,736,873	2,924,763	31.2%

(1) EPS basic-adjusted' means: Basic earnings per share-adjusted.

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NON-EXECUTIVE DIRECTORS

(€)	2019	2020	2021	2022	2023
Luca Garavoglia Non-Executive Director and Chairman	1,045,000	893,750	50,000	50,000	50,000
Eugenio Barcellona Non-Executive Director and Member of the Control and Risks Committee and the Remuneration and Appointment Committee	81,250	87,500	87,500	87,500	87,500
Alessandra Garavoglia Non-Executive Director	37,500	50,000	50,000	50,000	50,000
Emmanuel Babeau Non-Executive Director and member of the Remuneration and Appointment Committee			N.A.	51,875	62,500
Margareth Henriquez Non-Executive Director			N.A.	42,500	50,000
Jean-Marie Laborde Non-Executive Director and member of the Control and Risks Committee			N.A.	61,250	75,000
Christophe Navarre Non-Executive Director and member of the Remuneration and Appointment			N.A.	51,875	62,500
Lisa Vascellari Dal Fiol Non-Executive Director, member of the Control and Risks Committee and member of the Supervisory Body ('Organismo di Vigilanza')			N.A.	68,750	82,500[1]

[1] Including €7,500 as member of the Supervisory Body - 'Organismo di Vigilanza'

8. Chief Executive Officer pay ratio

In line with Article 2:135b subsection 3 of the Dutch Civil Code and Best Practice Provision 3.4.1 DCGC, the internal pay ratio is an important input for determining the Remuneration Policy for the Board of Directors. Please see below the internal pay ratio calculated in line with the methodologies prescribed by the DCGC. For 2023, the internal pay ratio is in line with the Company's acceptable bandwidths, while the slight increase compared to the previous year is due to the payout of variable incentives.

AVERAGE REMUNERATION ON A FULL-TIME EQUIVALENT BASIS OF EMPLOYEES[59]

Average remuneration of employees on a FTE basis(€)

2019	2020	2021	2022	2023
83,019	82,949	96,126	102,748	104,160

CHIEF EXECUTIVE OFFICER PAY RATIO[60]

(Times)

Robert Kunze Concewitz
Chief Executive Officer and Executive Director

2019	2020	2021	2022	2023
33.2	28.5	39.1	37.3[(1)]	40.7[(1)]

(1) Pro forma pay ratio including the accrual for the last mile long-term incentive scheme with retention purposes was 136.8 (134.6 in 2022). Any differences from the data reported in previous years are due to the new calculation methodology applied.

9. Information on shareholder vote

No further changes to the remuneration report have been made following the positive voting outcome on last year's report with 84.42% positive votes. Furthermore, the negative advisory votes cast on the remuneration report last year were made by certain shareholders without justification, thus not allowing the Company to address possible suggestions. The Company still intends to consider the advisory vote going forward if and when feasible and appropriate.

59 The Company's employees average remuneration is calculated taking into account all the remuneration components, such as: base salary, and where applicable: (i) short-term incentive, (ii) mid-term incentive; and (iii) long-term incentive (measured on the basis of the fair value of the incentive plan defined at the grant date, allocated pro-rata over the vesting period, multiplied by the number of options granted, as represented in the Company financial statements). For consistency with 2023 and 2022 data, the values reported in the aforementioned internal disclosures on pay ratios from 2019 to 2021, differ from those reported in the respective Annual reports as they were recalculated on the basis of the methodology suggested by Best Practice Provision 3.4.1 DCGC.

60 The Chief Executive Officer's remuneration is calculated taking into account all the remuneration components, such as: base salary, and where applicable: (i) short-term incentive, (ii) mid-term incentive; and (iii) long-term incentive. Components sub (ii) and (iii) are measured on the basis of the fair value of the outstanding incentives (cash incentives or share options incentive) accrued under IFRS (the amount set aside in the 2023 financial statement is linked to the relevant mid/long term incentive plans). Starting from the remuneration report at 31 December 2021 pay ratios have been recalculated as the CEO's total remuneration accrued divided by the average remuneration of employees in each year from 2019 to 2023. This approach is deemed in line with the best market practice.

STATEMENT AND RESPONSIBILITIES

Statement and Responsibilities in respect to the annual report

STATEMENT BY THE BOARD OF DIRECTORS

Based on the assessment performed, the Board of Directors believes that, as of 31 December 2023, the Group's and the Company's internal control over financial reporting is considered effective and that:

- The Control Risks and Sustainability Committee and Internal Audit Function paragraphs provide sufficient insights into any failings in the effectiveness of the internal risk management and control systems with regard to the risks as referred to in best practice provision 1.2.1 of the New Dutch Corporate Governance Code (please refer to paragraphs 'Control, Risks and Sustainability Committee' and 'Internal Audit Function' of this governance section);
- The internal risk management and control systems are designed to provide reasonable assurance that the financial reporting does not contain any material inaccuracies (please refer to paragraph 'Risk management and Internal Control System' of this annual report);
- Based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis (please refer to note 2-'Accounting information and material general accounting policies' of the consolidated and Company only financial statements, respectively, as at 31 December 2023);
- The management board report states those material risks and uncertainties that are relevant to the expectation of the Company's continuity for the period of twelve months after the preparation of the report (please refer to paragraph 'Full year 2023 conclusion and outlook' of the management board report), as referred to in best practice provision 1.2.1 of the New Dutch Corporate Governance Code.

SESTO SAN GIOVANNI (MILAN)-ITALY, TUESDAY, 27 FEBRUARY 2024

Luca Garavoglia
Chairman

Robert Kunze-Concewitz
Executive Director and Chief Executive Officer

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OTHER INFORMATION

PROPOSAL FOR THE APPROPRIATION OF PROFIT

The appropriation of the profit will be determined in accordance with article 28 of the Articles of Association of Davide Campari-Milano N.V.

The total amount of the dividend distributed and, consequently, the residual amount of the profits carried forward, will vary according to the number of shares entitled, and these amounts will be defined when the dividend is actually paid on the basis of the shares outstanding at the coupon detachment date (therefore excluding the Company's own shares in the portfolio at that date).

In view of the above, it is proposed to:

- Approve the financial statements for the year ended 31 December 2023;
- To allocate the profit for the year of €288,186,894 as follows:
  - To distribute a dividend of €0.065 per ordinary share outstanding, except for own shares held by the Company at the coupon detachment date (for information purposes, based on the 29,617,742 own shares held at 31 December 2023, as well as on the new 69,667,738 ordinary shares issued following the successful placement in January 2024[61], the total dividend is €78.1 million);
  - To carry forward the residual amount (for information purposes, amounting to €210.1 million on the basis of the outstanding shares mentioned above);
- To pay the above dividend per share starting from 24 April 2024, with detachment of coupon n. 4 of 22 April 2024 (in accordance with the Italian Stock Exchange calendar) and a record date of 23 April 2024.

Sesto San Giovanni (MI), 27 February 2024

Chairman of the Board of Directors
Luca Garavoglia

[61] For detailed information please refer to the 'Significant events of the year' paragraph in the management board report.

Independent auditor's report

To: the shareholders and board of directors of Davide Campari-Milano N.V.

Report on the audit of the financial statements 2023 included in the annual report

Our opinion

We have audited the financial statements 2023 of Davide Campari-Milano N.V. based in Amsterdam, the Netherlands.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Davide Campari-Milano N.V. as at 31 December 2023 and of its result and its cash flows for 2023 in accordance with International Financial Reporting Standards as adopted in the European Union (EU-IFRSs) and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The consolidated and company only statement of financial position as at 31 December 2023
- The following statements for 2023: the consolidated and company only statements of profit or loss, other comprehensive income, cash flows and changes in shareholders' equity
- The notes comprising material accounting policy information and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of Davide Campari-Milano N.V. (the group) in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our understanding of the business

Davide Campari-Milano N.V. is a global player in the branded spirits industry. With a portfolio of more than 50 premium brands and with leadership positions in Europe and the Americas and a growth strategy that aims to combine organic growth and external growth via acquisitions. The group is structured in group entities and we tailored our group audit approach accordingly. We paid specific attention in our audit to a number of areas driven by the operations of the group and our risk assessment.

We determined materiality and identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Materiality

Materiality	€25 million (2022: €24 million).
Benchmark applied	Approximately 5% of profit before taxation.
Explanation	We have considered which was the most important financial statements measure to the users of the financial statements. In this respect, we concluded that for a profitable listed company the starting point is an earnings based measure, specifically profit before taxation. We determined materiality consistent with previous year.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Control & Risks Committee, a standing committee of the board of directors (hereinafter: Control, Risk and Sustainability Committee), that misstatements in excess of €1,3 million, which are identified during the audit, would be reported to the board of directors, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Davide Campari-Milano N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

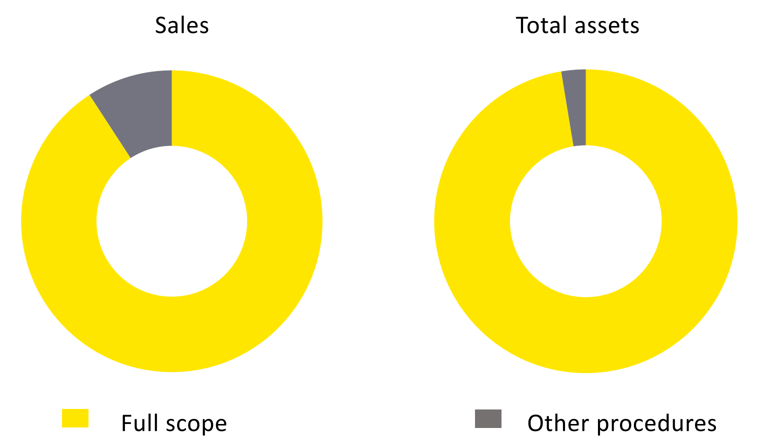
Our group audit mainly focused on significant group entities (29 entities; full scope). 11 components have been subject to risk-based analytics or specified audit procedures (other procedures).

In establishing the overall approach to the audit, we determined the type of work that is needed to be done by us, as group auditors, or by component auditors generally from EY Global member firms operating under our instructions. The group consolidation, financial statements and disclosures as well as the audit of the following key audit matters were audited directly by the group audit team:

- Valuation of goodwill and brands with indefinite useful life
- Improper revenue recognition of transactions around year-end including management override of controls related to estimates of discounts and deferred incentives

The group audit team shared detailed instructions to all components' auditors for the entities in scope, including key risk areas and the group audit team reviewed their deliverables

In total these procedures represent 100% of the group's total assets and 100% of sales.



By performing the procedures mentioned above at components of the group, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the consolidated financial statements.

Teaming and use of specialists

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of a listed client in the consumer products industry. We included specialists in the areas of actuarial services, climate and sustainability, IT audit, forensics, treasury, valuation and business modelling and income tax.

Our focus on climate-related risks and the energy transition

Climate change and the energy transition are high on the public agenda. Issues such as CO_2 reduction impact financial reporting, as these issues entail risks for the business operation, the valuation of assets (stranded assets) and provisions or the sustainability of the business model and access to financial markets of companies with a larger CO_2 footprint.

The board of directors summarized the group's commitments and reported in the section Sustainability Disclosure of the annual report how the group is addressing climate-related and environmental risks. Furthermore, we refer to section Significant events of the year of the management board report where the board of directors discloses its new environmental targets in connection to climate-related risks and the effects of energy transition.

As part of our audit of the financial statements, we evaluated the extent to which climate-related risks and the effects of the energy transition, and the company's commitments and new targets are taken into account in estimates and significant assumptions, as well as in the design of relevant internal control measures. Furthermore, we read the management board report and considered whether there is any material inconsistency between the non-financial information in the sections Significant events of the year and Sustainability Disclosure and the financial statements.

Our audit procedures to address the assessed climate-related risks and the possible effects of the energy transition did not result in a key audit matter. However, we describe the audit procedures responsive to the assessed risk related to the valuation of goodwill and brands with indefinite useful life in the description of our audit approach for the related key audit matter.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Our audit response related to fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the group and its environment and the components of the system of internal control, including the risk assessment process and board of directors' process for responding to the risks of fraud and monitoring the system of internal control and how the Control, Risk and Sustainability Committee exercises oversight, as well as the outcomes.
We refer to Risk management and Internal Control System of the annual report for the board of directors' (fraud) risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the Campari Group code of ethics, anti-corruption, anti-bribery, antitrust and whistleblowing policies and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption, in close co-operation with our forensic and legal specialists. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

We addressed the risks related to management override of controls, as this risk is present in all companies. For these risks we have performed procedures among other things to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in Note 2 (iv) to the financial statements. We have also used data analysis to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions, including those with related parties.

When identifying and assessing fraud risks we presumed that there are risks of fraud in revenue recognition, in particular relating to estimates of discounts and deferred incentives. We describe the audit procedures responsive to the presumed risk of fraud in revenue recognition in the description of our audit approach for the key audit matter 'Improper revenue recognition of transactions around year-end including management override of controls related to estimates of discounts and deferred incentives'.

We considered available information and made enquiries of relevant executives, directors, internal audit, legal, compliance, human resources, regional directors and the Control, Risk and Sustainability Committee.

The fraud risks we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to risks of non-compliance with laws and regulations

We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, we assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the board of directors and the Control, Risks & Sustainability Committee, reading minutes, inspection of internal audit and compliance reports and performing substantive tests of details of classes of transactions, account balances or disclosures.

We also inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit response related to going concern

As disclosed in section Going concern including net financial debt in Note 2iv to the financial statements, the financial statements have been prepared on a going concern basis. When preparing the financial statements, the board of directors made a specific assessment of the group's ability to continue as a going concern and to continue its operations for the foreseeable future.

We discussed and evaluated the specific assessment with the board of directors exercising professional judgment and maintaining professional skepticism. We considered whether the board of directors' going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant events or conditions that may cast significant doubt on the group's ability to continue as a going concern.
If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Based on our procedures performed, we did not identify material uncertainties about going concern.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a group to cease to continue as a going concern.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Control, Risk and Sustainability Committee. The key audit matters are not a comprehensive reflection of all matters discussed.

In comparison with previous year, the nature of our key audit matters did not change.

Valuation of goodwill and brands with indefinite useful life	
Risk	Valuation of goodwill and brands with indefinite useful life are impacted by the same risk and procedures so we have combined these to matters in one key audit matter. At 31 December 2023, the recorded amount of goodwill and brands with indefinite useful life was €1,850.8 million and €1,151.5 million, respectively. Financial statements disclosures related to the valuation of goodwill and brands with indefinite useful life are reported in Note 4iii Intangible assets which describes the composition of the value as at 31 December 2023 as well as the CGU (Cash Generating Unit) allocation process and the methodology applied to determine the recoverable amount of assets, and in particular the valuation methodology and assumptions used, as well as the sensitivity analysis performed on the recoverable amount upon the modification of the main assumptions. The processes and the methodologies for the evaluation and calculation of the recoverable amount of goodwill and brands is based on assumptions that imply management judgment, with particular reference to the expected cash flows, included in the 2024 budget and the strategic plan for 2025-2026 (the cash flow plan). These are prepared by the operating companies and approved by the board of directors. The cash flow plan was extrapolated on a ten-year basis. The use of a ten-year forecast period was justified by the extension of the life cycle of the brands in the reference market, as well as the length of the maturing process of certain brands in some CGUs. Regarding climate-related matters, the strategic plan considered the necessary investments accounting to the path to decarbonization. Additionally, for the period beyond the cash flow plan the board of directors has determined an appropriate long-term growth and discount rate to be applied to the cash flow forecasts. Considering the significance of the amounts for the financial statements, the level of management judgement in the assessment of the methodologies and assumptions adopted to determine the recoverable amount of goodwill and brands with indefinite useful life, we considered this matter a key audit matter.
Our audit approach	Our audit procedures related to this key audit matter included, amongst others evaluating the appropriateness of group's accounting policies related to the valuation of goodwill and brands

Valuation of goodwill and brands with indefinite useful life	

	with indefinite useful life in accordance with IAS 36, "Impairment of Assets" and whether these accounting policies has been applied consistently or whether changes, if any, are appropriate in the circumstances. Understanding of the processes and key controls implemented by the group in connection to the valuation of goodwill and brands with indefinite useful life, as identified in the impairment test procedures approved by the board of directors and how assets and liabilities have been allocated to CGU's.
	
	Furthermore, we performed the following procedures with the support of our own experts in valuation techniques:
	• Evaluation of the methodologies applied and the discount rates used by the group based on market practice as well as the mathematical accuracy of the calculation models
	• Inspection of the independent expert report supporting the group's impairment test
	• Reperforming the sensitivity analysis on the key assumptions in order to identify the changes in assumptions that could have a significant impact on the determination of the recoverable amount. For the forward looking information used in the cash flow plan, ten-year forecast and long-term expectations, we evaluated:
	  • The quality of the forecasts as compared to the historical accuracy of the previous forecasts
	  • How the strategic plan includes the necessary investments for the path to decarbonization
	  • The criteria used in the determination of the long-term growth and the discount rates with market reports and public information about demographic and economic developments
	
	Lastly, we evaluated the adequacy of the disclosure provided in the explanatory notes to the consolidated financial statements.

Key observations	The assumptions used in the impairment model are within acceptable ranges and we agree with the board of directors' conclusions.

Improper revenue recognition of transactions around year-end including management override of controls related to estimates of discounts and deferred incentives	
Risk	The group recognizes revenues when the customer gains the control of goods according to the contract terms applicable to specific distribution channel. The revenue recognized is based on the price provided in the agreement, net of discounts or estimated deferred incentives granted in line with industry practice. The estimate of discounts and deferred incentives due to customers in relation to sales for the year is recognized based on customer agreements and historical experience.
	Considering the high volume of sales transactions, through different distribution channels, the significance of the estimate of discounts and deferred incentives, and the complexity due to the number of variable agreement terms for different customers, as well as the potential risk of management override of controls or other inappropriate influence on revenue recognition, we consider this matter a key audit matter. Financial statements disclosures related to revenue recognition, estimate of discounts and deferred incentives are reported in Note 3i Net sales in the paragraph related to Revenues from sales and services.
Our audit approach	The procedures designed to address the matter in our audit included, among others: • Evaluating the appropriateness of the company's accounting policies for revenue recognition in particular relating to estimates of discounts and deferred incentives in accordance with IFRS 15 "Revenue from Contracts with Customers" and whether these policies have been applied consistently or whether changes, if any, are appropriate in the circumstances • Understanding of the processes and key controls implemented by the group in connection with the estimate of discounts and deferred incentives • Testing key controls specifically related to determining satisfaction of the contractual terms and information related to sales • Substantive testing on a sample of sales transactions, estimate of discounts and deferred incentives • Performing look-back analysis of prior year discount and deferred incentives estimate against actual results and analysis of variances • Substantive testing on a sample of sales transactions recognized at year end, considering the different distribution channels, to evaluate revenue recognition in the correct financial year. Lastly, we evaluated the adequacy of the disclosures in the consolidated financial statements.
Key observations	Based on the audit procedures performed, we did not identify any material misstatements in the revenue reported.

Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:
- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code and as required by Sections 2:135b and 2:145 sub-section 2 of the Dutch Civil Code for the remuneration report.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 and Section 2:135b sub-Section 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The board of directors is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code. The board of directors is responsible for ensuring that the remuneration report is drawn up and published in accordance with Sections 2:135b and 2:145 sub-section 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Engagement

We were engaged by the shareholders' meeting as auditor of Davide Campari-Milano N.V. on July 27, 2020, as of the audit for the year 2020 and have operated as statutory auditor ever since that date.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

European Single Electronic Reporting Format (ESEF)

Davide Campari-Milano N.V. has prepared the annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion the annual report prepared in the XHTML format, including the (partially) marked-up consolidated financial statements as included in the reporting package by Davide Campari-Milano N.V., complies in all material respects with the RTS on ESEF.

The board of directors is responsible for preparing the annual report, including the financial statements, in accordance with the RTS on ESEF, whereby the board of directors combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N, "Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument" (assurance engagements relating to compliance with criteria for digital reporting). Our examination included amongst others:

- Obtaining an understanding of the group's financial reporting process, including the preparation of the reporting package
- Identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
  - Obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files, has been prepared in accordance with the technical specifications as included in the RTS on ESEF
  - Examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

Description of responsibilities regarding the financial statements

Responsibilities of the board of directors for the financial statements

The board of directors is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the board of directors is responsible for such internal control as the board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of directors is responsible for assessing the group's ability to continue as a going concern. Based on the financial reporting framework mentioned, the board of directors should prepare the financial statements using the going concern basis of accounting unless the board of directors either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so. The board of directors should disclose events and circumstances that may cast significant doubt on the group's ability to continue as a going concern in the financial statements.

The Non-Executive Directors are charged with the supervision of the Executive Directors, including supervision on the integrity and quality of financial reporting. Working within the board of directors, the Control, Risk and Sustainability Committee is charged with the monitoring of the group's financial reporting process and the preparatory work for the Non-Executive Directors' decision-making regarding the supervision of the integrity and quality of the group's financial reporting.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The Information in support of our opinion section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.
Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication

We communicate with the Control, Risk and Sustainability Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

In this respect we also submit an additional report to the Control, Risk and Sustainability Committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Control, Risk and Sustainability Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Control, Risk and Sustainability Committee, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Rotterdam, 27 February 2024

Ernst & Young Accountants LLP

signed by P.W.J. (Pieter) Laan

CAMPARI GROUP