DAVIDE CAMPARI-MILANO N.V.
HALF YEAR REPORT
AT 30 JUNE 2022

CAMPARI GROUP

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About this report

Note on presentation

The interim condensed consolidated financial statements for the six months ended 30 June 2022 have been prepared in accordance with the International Accounting Standards ('IAS') 34-'Interim Financial Reporting', as endorsed by the European Union. The interim condensed consolidated financial statements do not include all the information and disclosures required for the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements at 31 December 2021. Specific additional information is provided in the notes of this report in the event of material changes with respect to what was disclosed in Group's annual consolidated financial statements at 31 December 2021.

Forward-looking statements

Campari Group's half year report contains forward-looking statements that reflect management's current view of the Group's future development. All statements other than statements of historical facts set forth in this annual report regarding Campari Group's 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 half year report. The effects arising from the pandemic as well as the consequences from the Russian invasion of Ukraine that occurred in February 2022 and the expected intensification of the inflationary pressure, especially on input costs, may be materially different from management's expectations.

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

Information on the figures presented

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

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

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

The language of this half year 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.

This half year report is not prepared in the European Single Electronic Format (ESEF), which is only required for the annual financial reports. The obligation applies from 1 January 2021 for all natural and legal persons with securities listed on a European stock exchange and it is required for annual IFRS consolidated financial statements.

Key financial highlights

	for the six months ended 30 June		change		overall organic change vs. the first half of 2019[3]	organic CAGR first half 2022-2019[3]
	2022 € million	2021 € million	% total	% organic		
Net sales[1]	**1,256.9**	**1,000.8**	**25.6%**	**19.2%**	**45.0%**	**13.2%**
EBITDA	330.9	255.7				
EBITDA-adjusted	**353.0**	**261.7**	**34.9%**	**24.7%**	**59.3%**	**16.8%**
EBIT	288.9	217.1				
EBIT-adjusted	**310.9**	**223.2**	**39.3%**	**28.2%**	**68.2%**	**18.9%**
Group net profit	199.1	159.6				
Group net profit-adjusted	**220.2**	**156.8**				
Basic earning per share (€)	0.18	0.14				
Diluted earning per share (€)	0.17	0.14				
Basic earning per share (€)-adjusted [2]	0.20	0.14				
Diluted earning per share (€)-adjusted [2]	0.19	0.14				
Average number of employees	**4,048**	**3,795**				
Free cash flow	40.2	82.9				
Free cash flow-adjusted	**98.4**	**141.6**				

	at 30 June 2022 € million	at 31 December 2021 € million
Net financial debt	**1,005.1**	**830.9**
	number	number
Own ordinary shares held	**35,185,811**	29,109,729

(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 half year report.

(3) The overall organic percentage change in the first half of 2022 compared with the same period of 2019 is calculated as the sum of the overall values of organic performance in 2022, 2021 and 2020 (with respect to 2021, 2020 and 2019 respectively), divided by the overall net sales for the comparison period, i.e. 2019. The compound annual growth rate ('CAGR') is calculated as the first half 2022 organic annualized performance change when compared to first half 2019.

Corporate bodies

Board of Directors[1]

Luca Garavoglia[2]	Chairman
Robert Kunze-Concewitz[3]	Chief Executive Officer
Paolo Marchesini[3]	Chief Financial Officer
Fabio Di Fede[3]	General Counsel and Business Development Officer
Alessandra Garavoglia[2]	Director
Eugenio Barcellona[2]	Director and Member of the Control and Risks Committee and of the Remuneration and Appointment Committee
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 and Risks Committee
Christophe Navarre[2]	Director and Member of the Remuneration and Appointment Committee
Lisa Vascellari Dal Fiol[2]	Director and Member of the Control and Risks Committee

External auditor

Ernst&Young Accountants LLP

[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 Fabio Di Fede, General Counsel and Business Development Officer, as Executive Managing 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 and Risks 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 managing director.

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Management board report for the half year ending 30 June 2022

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Macro-economic scenario

2022 started with more encouraging expectations after two challenging years due to the Covid-19 pandemic, mainly thanks to mass vaccination campaigns in most markets, which led to a gradual return to normality. However, despite the winding-down of the pandemic, the degree of recovery of the global economy has remained uncertain since the beginning of the year.

The ongoing Russia-Ukraine conflict, which started in February 2022, and the related escalating geopolitical tensions, have generated further volatility and uncertainty, adding further inflationary pressure and potentially impacting consumer demand.

In terms of business activities, Russia and Ukraine accounted overall for approximately 3% of the Group's net sales 2021. The Group has commercial operations in both countries with no production facilities. Since the outbreak of the war, the Group's priority has been ensuring the safety and security of Ukraine-based Camparistas, by providing them the best possible support, including financial aids and accommodation options. With reference to the business in Russia, since the beginning of the war, the Group has stopped its promotional investments in the country and reduced the business to the bare minimum necessary to support its people to live through this unprecedented situation.
Beyond the primary consequences in the region directly affected by the war, the general rise of inflation and the increased tensions around commodity and energy prices are hindering the world economy recovery, with GDP growth expectations moderating worldwide. Global growth is projected to slow from 6.1% in 2021 to an estimated 2.9% in 2022, significantly lower than 4.1% that was anticipated at the beginning of the year[1]. The possible downside risks originate not only from the weakened performance of the industrial sector, affected by worsened supply-chain disruptions and further inflationary pressures, but also from the change in consumer behaviour due to rising prices of goods, including of consumer staples. With regards to monetary policy, at the end of the first half of the year an interest rate increase was announced by the US Federal Reserve, whilst also the ECB announced its intention to follow in order to tackle inflation, with effects to be closely monitored in the future.

Regarding the spirits industry, now with the end of Covid-19 restrictive measures in most markets, the sector continues to benefit from a return to the on-premise. In addition, resilience in the off-premise has continued. Increasing sophistication and focus on the at-home experience as well as a general 'cultural shift' whereby the consumer is comfortable in high-end mixology at home, especially in developed markets, has cemented this trend. Nevertheless, the spirits industry is also exposed to the challenges of the current macroeconomic environment, given the incremental input costs pressure combined with logistics constraints. Campari Group continuously monitors its resource allocation and pricing opportunities across major markets for continued value generation and brand portfolio strengthening.

Main brand-building initiatives and significant events of the interim period

The brand portfolio represents a strategic asset for the Campari Group. Intangible assets are a key component of the market value of spirit products, reflecting the brand strength built over many years.
The Group categorises its brands into three main clusters (global priorities, regional priorities and local priorities) based on the geographic scale, business priority and growth potential of the brands[2].
The main marketing initiatives focused on global and regional priority brands, undertaken in the first six months of 2022, are outlined below.

Global priorities
Aperol. Upon the reopening of the on-premise channel, multiple initiatives were launched to strengthen Aperol's emotional bond with consumers also outside the key summer season. Activations were developed to recruit new consumers and educate them on the perfect Aperol Spritz serve. In particular, in the core Italian market, the 360° communication platform **Together We Joy** was reactivated, while the second edition of **Together We Cheer** was launched and an online consumer contest, **Together We Create**, was also performed to expand the consumer base. In terms of on-premise activations, during the winter season, the **Aperol Alps tour** was developed in three main areas of the French Alps. A **360° activation plan** in Spain was launched across all channels to increase

[1] International Monetary Fund and World Bank.
[2] Starting from 1 January 2022, the Group has slightly reorganised its brand clusters, in order to reflect the evolved growth potential of selected brands, hence their brand building strategies. In particular Crodino, Aperol Spritz ready-to-enjoy (both previously within local priorities) and Magnum Tonic (previously within rest of portfolio) entered into the regional priorities cluster; SKYY ready-to-drink (previously within rest of portfolio) entered into the local priorities cluster and the Brazilian brands (Dreher and Sagatiba) were moved into the rest of portfolio (previously within local priorities).

brand conversion and consolidate consideration and in the United Kingdom a **Piazza Aperol** was created in London's Covent Garden area, with a Venetian-style Aperol Spritz bar.
Campari. During the period, brand activations were implemented to strengthen the unmistakable Italian red spirit with its ethos of Red Passion. Local markets, including Belgium, France, Spain, Argentina and Brazil, are following the release of the new **Red Passion digital campaign**. Moreover, Campari's presence in the cinema territory was enhanced since the beginning of the 2022 film awards season through the following initiatives:
- Campari was for the first year the **official partner of the world-renowned Festival de Cannes (France) in its 75th edition**;
- in United States the brand sponsored the **Screen Actors' Guild ('SAG') Awards** and the **Costume Design Guild ('CDGA') Awards**.

Wild Turkey portfolio. In April 2022 the second edition of the **Longbranch Wonder What If** campaign was launched, continuing to leverage the brand creator and spokesperson Matthew McConaughey to support and inspire Longbranch's award-winning liquid credentials.
Grand Marnier. During the period **Cuvée Quintessence** and **Cuvée Révélation**, the prestige expressions of the iconic French house, were launched and made available at fine retailers in selected markets. In June, Grand Marnier attended the **14th edition of Cocktail Spirits 2022**, a famous trade salon dedicated to the latest trends in the spirits industry in Paris, with a stand dedicated to the world of mixology and a signature cocktail list.
Jamaican rums. With regard to the Jamaican rums portfolio, during the period, multiple awards were obtained: Dr. Joy Spence, the Appleton Estate Jamaica Rum's legendary Master Blender, received the 2022 Distilled Spirits Council of the United States (DISCUS) Lifetime Achievement Award, while Appleton Estate was recognised with multiple rewards in the United States such as the globally recognised **Drinks International 2022 Brands Report**, the **2022 San Francisco World Spirits Competition** and the **2022 International Wine & Spirits Competition**. In April 2022, the **Ruby Anniversary Edition was launched** in premium retailers in the United States. It is a limited-edition release made from a blend of 5 exceptionally aged and rare Jamaica rums to celebrate Master Blender Joy Spence's 40 years of craftsmanship with the distillery.
SKYY. During the period, in the core United States market, **digital activations** focused on social media and aimed at driving brand awareness were developed for the brand. Moreover, starting from May, the brand supported a full-scale **Born for the Summer** experiential campaign, combined with two large scale **music festivals** and the **New York City Pride**. In Australia, a 360° campaign was launched, leveraging the new SKYY vodka proposition and the new global campaign **Born from the Blue**.

Regional priorities
With respect to **Espolòn**, the first global communication platform 'Change the Game' kicked-off across Mexico, the United States and Italy. For **Braulio**, an important global repositioning was developed with an expansion of the brand's frame of reference to the premium and artisan Amaro world, also supported by a new global digital campaign aimed at driving brand awareness. In terms of **Averna**, in line with the global campaign 'Open Sicily' and with the objective of creating local relevance in that specific Italian region, the brand activated an open and inclusive space to give back to the local community. With reference to awards obtained, **Trois Rivières**, **Maison La Mauny** and **Champagne Lallier** were honoured at the prestigious 2022 International Wines&Spirit Competition. In addition, the Crodino campaign **Restiamo Umani** was activated at the beginning of April in Italy to highlight Crodino's role as the quintessential Italian non-alcoholic Aperitif, while in Switzerland an activation campaign on multiple channels including out of home, paid media and PR, was developed across different touchpoints in key cities.

In terms of initiatives under the dedicated to **RARE**, Campari Group's division of luxury offerings in key global markets, the following activations were developed:
- the event **Journey of the senses** for the Grand Marnier Quintessence and Revelation Grand Cuvées was launched at the Baccarat Boutique in the Miami design district;
- an art exhibition for the renowned artist Donald Robertson was held at the Cerulean Gallery in Dallas, where guests were able to bid for a limited-edition **Champagne Lallier box hand-painted** by the artist;
- **Bisquit&Dubouché Cognac** celebrated its official launch in the United States and its **exclusive sponsorship of Frieze Los Angeles,** the world's leading platform for modern and contemporary art, with an immersive installation by Miami-based, multi-disciplinary artist Jillian Mayer;
- the **RARE Attico** was opened in Campari Group's Asia Pacific regional headquarters in Singapore, an invite-only space, aimed at providing a unique and exclusive experience of the most exceptional liquids in Campari Group's portfolio.

Significant events of the year

Acquisitions and Commercial agreements

Campari Group acquired Picon, a leading bitter aperitif brand in France

On 10 May 2022, Campari Group announced the signing and simultaneous closing of an agreement with Diageo to acquire the Picon brand, and minor related assets, for an overall consideration paid of approximately €119 million (excluding ancillary costs). Picon is a traditional, market-leading French bittersweet aperitif with a unique orange flavour, invented in 1837 by Gaétan Picon. For the fiscal year ended on 30 June 2021 the brand achieved net sales of €21.5 million and Contribution After Advertising and Promotion of €12.9 million. Around 80% of its sales were generated in France, where it has a leading position in the bitter aperitif category, whilst the remaining were mostly generated in Benelux. With the acquisition of Picon brand, Campari Group aims to further enlarge its brand offering in its core bitter aperitifs category in international markets and increase its critical mass in the strategic markets of France and Benelux. The transaction was funded via available cash.

New distribution agreement with Coca Cola FEMSA in Brazil

On 19 April 2022, Campari Group entered into a distribution agreement with the Brazilian subsidiary of Coca-Cola FEMSA, S.A.B. de C.V. and the Coca-Cola system for the distribution of its products in a defined territory of the Brazilian market. The partnership aims to leverage the strength of Coca Cola FEMSA's distribution network and execution capabilities to strengthen Campari Group's coverage in this market.

Corporate actions

Annual General Meeting of Davide Campari-Milano N.V.

On 12 April 2022, the Annual General Meeting ('AGM') approved the 2021 annual financial statements and the distribution of a dividend per share of €0.06 (increased from the €0.055 distributed in the previous fiscal year). The total dividend, calculated on the outstanding shares and excluding shares held by the Company on the date of the general meeting (34,365,724 own shares), was €67,634,056.56. The cash dividend was paid from 21 April 2022, with a record date of 20 April 2022, and detachment date for coupon no. 2 of 19 April 2022, in line with the Italian Stock Exchange calendar.
Moreover, the AGM appointed a new Board of Directors for the three-year period of 2022-2024, whose composition is indicated in the 'Corporate bodies' section, and approved a new stock option as well as a mid-term incentive plan based on Campari shares. The latter is aimed at rewarding Camparistas for their active participation in the Group performance and fostering their retention.

Group significant events

Share buyback programs

During first half 2022 the Company has announced the launch of two share buyback programs under article 5 of Regulation (EU) no. 596/2014, intended to meet the obligations arising from the long-term share-based incentive plans currently in place or yet to be adopted and whose beneficiaries are (or will be) employees or other members of the administrative or management bodies of either the Company or other Campari Group companies. The share buyback programs are managed in accordance with all applicable laws and regulations.
The share buyback program launched on 7 March 2022, coordinated and executed by UBS Europe SE, was implemented in accordance with the resolution approved at the Company's Annual General Meeting held on 8 April 2021 and was completed on 11 April 2022. The Program was managed with a maximum value allocation of €40 million and a reported number of 3,014,744 Campari shares acquired in the period from 7 March to 11 April 2022.
On 11 May 2022, the Company has launched a new share buyback program, implemented in accordance with the resolution approved by the Company's Annual General Meeting held on 12 April 2022 and coordinated by Morgan Stanley Europe SE. The program started on 12 May 2022 and will end no sooner than 28 February 2023 and, in any case, not after 31 May 2023. The maximum value allocated to the program is €110 million with a maximum number of 16,000,000 Campari shares to be purchased at the most appropriate time and price.
Moreover, consistently with similar sustainability initiatives successfully completed in January 2022, this program includes a contractually-agreed reward mechanism to allocate an amount deriving from its outperformance[3] to energy efficiency projects, namely the installation of photovoltaic panels in the production site in Jamaica. With this program, Campari Group confirms its strong commitment to further contribute to the decarbonisation agenda already undertaken in this area through the responsible use of resources and reduction of the environmental impacts of its production activities, being the environment one of the four pillars of Campari Group's sustainability roadmap.

[3] The outperformance is the difference between the purchase price and the average VWAP (Volume Weighted Average Price) during the execution period.

Subsequent events

Subsequent events relating to corporate actions, significant events, acquisitions and commercial agreements and other significant events impacting results are reported in a dedicated note in the Campari Group half year condensed consolidated financial statements at 30 June 2022, to which reference is made.

Group Financial Review

Sales performance

In the first half of 2022, the Group's net sales amounted to €1,256.9 million, an overall increase of +25.6% compared with the first half of 2021. Both organic and exchange rate components were positive at +19.2% and +6.9%, only partially offset by a negligible perimeter effect of -0.5%

	for the six months ended 30 June							organic change % by quarter	
	2022	2021	total change	six months change %, of which					
	€ million	€ million	€ million	total	organic	perimeter	exchange rate [1]	first	second
Total	**1,256.9**	1,000.8	**256.1**	25.6%	**19.2%**	-0.5%	6.9%	29.4%	**12.5%**

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

1. Organic change

The first half of 2022 registered strong organic growth (+19.2%) across all regions, thanks to a positive brand momentum driven by the aperitifs, which benefitted from very favourable weather conditions in Europe and sustained on-premise consumption, as well as the initial pricing effects to mitigate the impacts of the inflationary pressure. The second quarter showed a solid double-digit positive trend (+12.5%), despite a tough comparison base (+54.0%) and the prebuying effects registered during the first quarter of the year ahead of price increases. If compared with the first six months of 2019, an unaffected base with respect to Covid-19, the net sales performance in the first half of 2022 was highly satisfactory with an overall organic increase of +45.0% and a CAGR of +13.2%.

2. Perimeter variation

The perimeter variation of -0.5% in the first half of 2022, compared with sales in the same period of the previous year, is analysed in the table below.

perimeter variation		
breakdown of the perimeter effect	€ million	% on first six months ended 30 June 2021
asset deal	1.3	0.1%
total asset deal	**1.3**	**0.1%**
new agency brands	0.5	-
discontinued agency brands	(6.8)	-0.7%
total agency brands distribution	**(6.3)**	**-0.6%**
total perimeter effect	**(5.1)**	**-0.5%**

- **Asset deal**
  In the first half of 2022, the asset deal effect was +0.1% and included the effect of the Picon brand from May 2022 (for further information refer to paragraph 'Significant events of the year').

- **Agency brands distribution**
  The perimeter variation due to the agency brands in the first half of 2022 represented a net decrease of -0.6% and was mainly related to the termination of the distribution agreement for the Jägermeister brand in Italy, effective from 1 January 2022 (brand sales accounted for less than 1% of consolidated sales in 2021). This negative variation was only in part offset by the sales generated by the new agency brand Truly Hard Seltzer, for which the Group entered a partnership to manufacture and distribute the brand in Australia from February 2022.

3. Exchange rate effects

The exchange rate effect for the six months ended 2022 was positive at +6.9%, mainly thanks to the appreciation against the Euro of the Group's key currencies such as the US Dollar, the Jamaican Dollar, the Canadian Dollar, the Brazilian Real and the Mexican peso. The exchange rate effect includes the impact of applying 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 six months ended 2021 and 2022, and the spot rates at 30 June 2022, with the percentage change against the Euro compared with the same period of 2022 and at 31 December 2021.

	average exchange rates			spot exchange rates		
	for the six months ended 30 June 2022	for the six months ended 30 June 2021	revaluation/(devaluation) vs. first half of 2021	at 30 June 2022	at 31 December 2021	revaluation/(devaluation) vs. 31 December 2021
	1 Euro	1 Euro	%	1 Euro	1 Euro	%
US Dollar	1.094	1.206	10.2%	1.039	1.133	9.0%
Canadian Dollar	1.391	1.504	8.2%	1.343	1.439	7.2%
Jamaican Dollars	168.938	179.260	6.1%	156.545	174.455	11.4%
Mexican peso	22.175	24.321	9.7%	20.964	23.144	10.4%
Brazilian Real	5.558	6.492	16.8%	5.423	6.310	16.4%
Argentine Peso(1)	129.898	113.644	-12.5%	129.898	116.362	-10.4%
Russian Ruble(2)	85.496	89.605	4.8%	57.371	85.300	48.7%
Great Britain Pounds	0.842	0.868	3.1%	0.858	0.840	-2.1%
Swiss Franc	1.032	1.094	6.0%	0.996	1.033	3.7%
Australian Dollar	1.521	1.563	2.8%	1.510	1.562	3.4%
Yuan Renminbi	7.083	7.798	10.1%	6.962	7.195	3.3%

(1) The average exchange rate of the Argentine Peso for the six months ended 30 June 2022 and 30 June 2021 was equal to the spot exchange rate at 30 June 2022 and at 30 June 2021 respectively, based on IFRS accounting requirements for hyperinflation.

(2) On 2 March 2022, the European Central Bank ('ECB') decided to suspend the publication of Euro 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.

4. Comments on sales performance

Net sales relate to spirit products 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 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. As a consequence, 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.

The sales performance of the four operating segments in the first half of 2022 compared with the same period of 2021 is provided in the table below.

	for the six months ended 30 June									
	2022		2021		total change	six months change %, of which				second quarter organic change
	€ million	%	€ million	%	€ million	total	organic	perimeter	exchange rate(1)	%
Americas	556.3	44.3%	438.9	43.9%	117.4	26.7%	12.9%	-0.1%	14.0%	11.3%
Southern Europe, Middle East and Africa	370.8	29.5%	293.2	29.3%	77.6	26.5%	28.1%	-1.8%	0.2%	12.3%
North, Central and Eastern Europe	243.9	19.4%	191.9	19.2%	52.0	27.1%	24.8%	0.2%	2.2%	20.1%
Asia-Pacific	85.9	6.8%	76.7	7.7%	9.2	12.0%	7.8%	0.6%	3.6%	-2.2%
Total	**1,256.9**	**100.0%**	**1,000.8**	**100.0%**	**256.1**	**25.6%**	**19.2%**	**-0.5%**	**6.9%**	**12.5%**

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

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[4].
The table shows the brand contribution to the consolidated net sales and the most relevant markets for each brand.

[4] Starting from 1 January 2022, some changes in the clustering of priorities occurred, in order to reflect the brands' different growth profile. In particular Crodino, Aperol Spritz ready-to-enjoy (both previously within local priorities) and Magnum Tonic (previously within rest of portfolio) entered the regional priority cluster; SKYY ready-to-drink (previously within rest of portfolio) entered the local priority cluster; the Brazilian brand (Dreher and Sagatiba) were moved to the rest of portfolio (previously within local priorities). With regards to the sales comments, the performances have been calculated based on the 2021 data as recalculated to reflect the new brand cluster applicable from 1 January 2022.

	percentage of Group sales	six months change % compared with half year 2021, of which				second quarter organic change % compared with second quarter 2021	main region/markets for brands
		total	organic	perimeter	exchange rate		
global priority brands	**59.9%**	**29.1%**	**22.2%**	**-**	**6.9%**	**16.9%**	**-**
Aperol	23.0%	40.1%	37.3%	-	2.8%	24.2%	- *Italy, SEMEA* *Germany, NCEE* *US, AMERICAS* *France, SEMEA* *United Kingdom, NCEE*
Campari	11.5%	38.4%	32.0%	-	6.4%	17.7%	- *Italy, SEMEA* *US, AMERICAS* *Brazil, AMERICAS* *Jamaica, AMERICAS* *Germany, NCEE*
Wild Turkey portfolio(1)(2)	7.9%	28.4%	18.1%	-	10.3%	21.9%	- *US, AMERICAS* *Australia, APAC* *South Korea, APAC* *Japan, APAC* *Gtr, SEMEA*
Grand Marnier	7.0%	8.7%	-0.4%	-	9.1%	-8.0%	- *US, AMERICAS* *Canada, AMERICAS* *France, SEMEA* *Gtr, SEMEA* *Mexico, AMERICAS*
Jamaican rums portfolio(3)	5.2%	23.2%	15.6%	-	7.6%	26.1%	- *Jamaica, AMERICAS* *US, AMERICAS* *United Kingdom, NCEE* *Canada, AMERICAS* *Mexico, AMERICAS*
SKYY(1)	5.3%	9.4%	-4.1%	-	13.5%	2.7%	- *US, AMERICAS* *Argentina, AMERICAS* *South Africa, SEMEA* *Germany, NCEE* *Canada, AMERICAS*
regional priority brands	**23.4%**	**29.4%**	**22.6%**	**-**	**6.8%**	**16.4%**	**-**
Espolòn	5.9%	31.9%	20.3%	-	11.6%	14.6%	-
Cinzano, Riccadonna and Mondoro	4.7%	34.2%	26.3%	-	7.8%	19.1%	-
Italian specialties(4)	3.0%	34.7%	28.0%	-	6.8%	25.1%	-
Crodino	2.6%	35.0%	34.6%	-	0.4%	20.1%	-
Magnum Tonic	1.4%	-2.2%	-6.3%	-	4.0%	-14.7%	-
Aperol Spritz RTE (ready-to-enjoy)	1.4%	38.1%	36.9%	-	1.2%	38.7%	-
The GlenGrant	0.9%	37.9%	33.9%	-	4.1%	23.7%	-
other(5)	3.5%	22.1%	15.9%	-	6.3%	10.1%	-
local priority brands(6)	**8.4%**	**11.2%**	**6.9%**	**1.3%**	**3.0%**	**-2.7%**	**-**
Campari Soda	3.4%	7.3%	7.2%	-	-	-4.3%	-
Wild Turkey ready-to-drink(7)	1.8%	4.6%	1.8%	-	2.8%	-6.1%	-
Skyy RTD (ready-to-drink)	1.0%	36.6%	24.6%	-	12.0%	11.3%	-
X-Rated	0.5%	-5.8%	-8.7%	-	2.9%	-21.8%	-
other(8)	1.7%	21.4%	9.1%	7.1%	5.3%	4.8%	-
rest of the portfolio	**8.3%**	**9.3%**	**5.0%**	**-6.7%**	**11.0%**	**-9.9%**	**-**
total	**100.0%**	**25.6%**	**19.2%**	**-0.5%**	**6.9%**	**12.5%**	**-**

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

An in-depth analysis by geographical region and core market of sales registered in the first half of 2022 compared with the same period of 2021 is provided below. Unless otherwise stated, the comments relate to the organic change in each market.

- **Americas**
  The region, broken down into its core markets below, recorded an overall organic increase of +12.9%. The region is predominantly off-premise skewed, particularly North America.

	% of Group total	for the six months ended 30 June 2022 € million	2022 %	2021 € million	2021 %	total change € million	six months change %, of which total	organic	perimeter	exchange rate[1]	second quarter organic change %
US	27.3%	343.3	61.7%	290.9	66.3%	52.4	18.0%	7.1%	-	10.9%	7.5%
Jamaica	4.9%	61.6	11.1%	47.3	10.8%	14.3	30.1%	22.6%	-	7.5%	25.4%
Canada	3.1%	38.5	6.9%	34.0	7.8%	4.4	13.0%	4.5%	-	8.5%	0.1%
Other countries of the region	9.0%	112.9	20.3%	66.7	15.2%	46.3	69.4%	35.7%	-0.8%	34.5%	24.3%
Americas	**44.3%**	**556.3**	**100.0%**	**438.9**	**100.0%**	**117.4**	**26.7%**	**12.9%**	**-0.1%**	**14.0%**	**11.3%**

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

The **United States**, the Group's largest market accounting for 27.3% of the total Group sales, closed the first half of 2022 with a positive organic performance of +7.1%, with a slight acceleration in the second quarter (+7.5%) against an overall tough comparison base in the same periods of 2021 (half year 2021 +29.0% and second quarter +42.6%). The performance benefitted from the strong on-premise bounce-back and resilient home-consumption trends and was driven by the double-digit growth of Wild Turkey Bourbon (+26.1%) and Espolòn (+20.1%), supported by a solid premiumization trend in spirit consumptions, as well as by very positive performances of the aperitif portfolio, mainly Campari (+26.0%) and Aperol (+20.7). This increase offset the negative performance of SKYY (broadly flat in the second quarter). Grand Marnier performance was slightly negative due to a tough comparison base of the same period of 2021 and volume constraints due to glass availability. Compared to the half-year 2019 results, the United States market registered an overall organic increase of +32.9% and a CAGR of +10.0% in the first half of 2022.

Jamaica recorded an increase in sales of +22.6%, driven by the strong growth of Campari, Appleton Estate, Wray&Nephew Overproof and other rums.

Canada reported positive growth of +4.5% in the first half of 2022, driven by Grand Marnier, SKYY, Campari and Espolòn all recording a positive performance while Forty Creek declined due to a tough comparison base.

Other countries reported an overall organic growth in sales of +35.7%, mainly driven by the sound double-digit organic growth of **Brazil**, **Mexico** and **Argentina,** thanks to positive consumption trends in recovering markets. The exchange rate effect in Argentina includes the impact of applying IAS 29 'Hyperinflation' principle in this market, where as a prudent measure to strip out the effects of the local high inflation rate, the exchange rate effect also included the pricing component.

- **Southern Europe, Middle East and Africa**
  The region, which is broken down by core markets in the table below, reported an organic increase of +28.1%. It is predominantly skewed to the on-premise channel.

	% of Group total	for the six months ended 30 June 2022 € million	2022 %	2021 € million	2021 %	total change € million	six months change %, of which total	organic	perimeter	exchange rate	second quarter organic change %
Italy[1]	19.3%	243.0	65.5%	191.4	65.3%	51.6	27.0%	29.6%	-2.7%	-	12.0%
France	5.0%	63.2	17.1%	60.5	20.6%	2.8	4.6%	4.9%	-0.3%	-	-10.8%
Other countries of the region	5.1%	64.6	17.4%	41.3	14.1%	23.2	56.1%	54.8%	-0.1%	1.4%	37.2%
Southern Europe, Middle East and Africa	**29.5%**	**370.8**	**100.0%**	**293.2**	**100.0%**	**77.6**	**26.5%**	**28.1%**	**-1.8%**	**0.2%**	**12.3%**

(1) Starting from 1 January 2022 San Marino is included in 'Italy' (previously included in 'Other countries of the region'). Therefore 2021 reference data have been recalculated according to this update.

The performance in the highly on-premise-biased **Italian** market was overall strong in the first half of 2022 (+29.6%) with a second quarter at +12.0%, despite a very unfavourable comparison base (half year 2021 +55.8% and second quarter +106.5%) and the prebuying effect in the first quarter. The performance was driven by the continued strength and 'revenge conviviality' in the on-premise channel, also boosted by good weather conditions. The entire aperitif portfolio registered strong growth thanks to Aperol (+35.4%), Campari (+48.1%) and the non-alcoholic Crodino (+33.5%). Additionally, the bitter portfolio (Averna, Braulio and Cynar) also recorded very strong growth, thanks to the recovery of the on-premise channel. Compared to results from the first half of 2019, the market registered an overall organic increase of +35.0% and a CAGR of +10.6% in the first half of 2022.

France registered an organic growth of +4.9%. The overall positive performance was mainly driven by the double-digit performance of Aperol and Riccadonna, despite a weaker performance in the second quarter, due to a tough comparison base with the same period of 2021 (+60.4%).

Other countries in the region reported an overall organic growth of +54.8%. With respect to the **Global Travel Retail** a triple-digit growth of +110.7% was registered, broadly recovering the shortfall to pre-pandemic levels, driven by the lifting of international travel restrictions in the second quarter of 2022. **Spain** registered a very strong performance thanks to the on-premise recovery (+84.6%). The strong performance in **South Africa** (+70.3%) was mainly supported by the lifting of curfew and trading restrictions, together with the recovery registered in the market combined with progressive on-premise bounce-back.

- **Northern, Central and Eastern Europe**
The region, predominantly off-premise skewed, reported highly positive overall organic growth (+24.8%) across its core countries.

		for the six months ended 30 June									
		2022		2021		total change	six months change %, of which				second quarter
	% of Group total	€ million	%	€ million	%	€ million	total	organic	perimeter	exchange rate	organic change %
Germany	7.5%	94.7	38.8%	70.3	36.6%	24.5	34.8%	34.8%	-	-	31.3%
United Kingdom	3.1%	38.8	15.9%	31.8	16.6%	7.0	22.2%	18.5%	-	3.7%	14.1%
Other countries of the region	8.8%	110.3	45.2%	89.9	46.8%	20.5	22.8%	19.2%	0.3%	3.3%	6.9%
North, Central and Eastern Europe	**19.4%**	**243.9**	**100.0%**	**191.9**	**100.0%**	**52.0**	**27.1%**	**24.8%**	**0.2%**	**2.2%**	**20.1%**

Germany showed a very solid business performance (+34.8%), with a continued outperformance in the second quarter (+31.3%). The market benefitted from resilient home consumption combined with a buoyant on-premise channel and favourable weather conditions. The performance was largely sustained by a strong business momentum of the aperitifs: Aperol (+54.7%), Aperol Spritz ready-to-enjoy (+129.7%), Campari (+11.9%) and the non-alcoholic Crodino (+43.8%). Compared to the first half of 2019 results, the market registered an overall organic increase of +47.2% and a CAGR of +13.7% in the first half of 2022.

The **United Kingdom** registered double-digit growth in the first six months (+18.5%) despite a tough comparison base (+37.1% in the first six months of 2021), driven by the very positive growth of Aperol and Magnum Tonic.

Performance in the **Other countries of the region** was up overall by +19.2%, thanks to the positive trends of **Switzerland**, **Belgium** and **Austria**, largely led by the aperitifs portfolio.

- **Asia-Pacific**
This region, which is predominantly off-premise skewed and whose market breakdown is shown in the table below, recorded an organic growth of +7.8%.

		for the six months ended 30 June									
		2022		2021		total change	six months change %, of which				second quarter
	% of Group total	€ million	%	€ million	%	€ million	total	organic	perimeter	exchange rate	organic change %
Australia	4.3%	53.9	62.8%	51.0	66.5%	2.9	5.7%	2.1%	0.8%	2.8%	-1.5%
Other countries of the region	2.5%	32.0	37.2%	25.7	33.5%	6.3	24.5%	19.0%	0.4%	5.1%	-3.5%
Asia-Pacific	**6.8%**	**85.9**	**100.0%**	**76.7**	**100.0%**	**9.2**	**12.0%**	**7.8%**	**0.6%**	**3.6%**	**-2.2%**

Australia, the region's largest market, showed growth of +2.1% against a tough comparison base (+11.5% in the first half of 2021), despite a weak second quarter 2022 affected by very poor weather conditions and ocean freight constraints, impacting in particular the product availability of Wild Turkey ready-to-drink. In the first half of 2022 the positive performance was driven by Campari and Wild Turkey bourbon. Compared to the first half of 2019 results, the market registered an overall organic increase of +34.6% and a CAGR of +10.4% in the first half of 2022.

Sales in the **Other countries of the region** grew by +19.0%. South Korea registered a very strong performance after an acceleration in the second quarter of 2022, largely driven by The GlenGrant, X-Rated, SKYY and high-end Wild Turkey offerings, offsetting negative performances of China driven by the zero-Covid policy and Japan due to shipment phasing. Positive momentum continued elsewhere thanks to the Group's enhanced investments across all levers.

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

Global priority performance (+22.2%) was driven by solid brand momentum. **Aperol** registered an organic growth of +37.3% with strong growth in core Italy, Germany, the United States, France, the United Kingdom as well as all other European markets. The performance was achieved thanks to renewed activations and recruitment with the reopening of the on-premise and sustained at-home consumption, also helped by favourable weather conditions. The positive performance continued in the second quarter (+24.2%) despite a tough comparison base (+69.5% in the second quarter of 2021). **Campari** was up by +32.0% across all the main markets, including Italy, the United States, Brazil, Jamaica and Germany. The strong overall trend benefitted also from the at-home mixology trend, driven by proprietary cocktails such as the Negroni, Americano and Boulevardier, the success of the consumer-driven Campari spritz as well as the initial price increases effects. The **Wild Turkey portfolio** recorded double-digit growth (+18.1%), driven by very good results in the core United States market and South Korea, which showed triple-digit growth. The **Jamaican rums portfolio** was up by +15.6%, with Appleton Estate (+12.5%), benefitting from the favourable category trend in premium rum, despite a tough comparison base (+38.9% in the first half of 2021). Wray&Nephew Overproof showed a double-digit growth thanks to a strong recovery in the second quarter in its core markets Jamaica, the United States and the United Kingdom. **Grand Marnier** showed a flattish performance of -0.4%, after weak shipments in the second quarter of 2022 in the core United States market due to a tough comparison with second quarter of 2022 (+77.8%) as well as glass constraints, partially mitigated by a good performance in Canada, France and the Global Retail Travel. **SKYY** registered a weak performance of -4.1% due to shipment decline in the core US and China, which were partly mitigated by the positive results in international markets, largely thanks to Argentina, Canada and Italy.

Regional priority brands registered double-digit growth (+22.6%), with Espolòn growing overall by double-digits also boosted by pricing effects, despite a tough comparison base driven by the core United States market, as well as international markets, albeit off a small base. The GlenGrant showed a strong performance driven by the premiumisation, in particular in South Korea, China, and the Global Retail Travel. Positive results were also delivered by Aperol Spritz ready-to-enjoy and Crodino, the latter continuing to expand internationally, from a small base, as the go-to non-alcoholic aperitif. Magnum Tonic reported an overall decline due to procurement constraints which impacted the core Jamaican market, whilst the United Kingdom continued to grow. The other brands, such as the Italian specialities, sparkling wines and vermouths (Cinzano, Mondoro and Riccadonna), Bisquit&Dubouché, Montelobos, Ancho Reyes and Lallier also showed positive growth.

The **local priority brands** grew by +6.9%, driven by the positive performance of Campari Soda in the core market Italy, the Wild Turkey ready-to-drink in Australia; combined with the good results of SKYY ready-to-drink, driven by Mexico and Cabo Wabo, driven by the core United States market.

The **rest of the portfolio** reported a positive growth of +5.0%.

Statement of profit or loss

Key highlights

Profit or loss for the first half of 2022 showed very 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 growth of +19.2%, +19.0%, +19.1% and +28.2%, respectively. In particular, the result from recurring operations (EBIT-adjusted) grew stronger than net sales, thus driving margin accretion. This result originated from a healthy brand momentum (particularly in the aperitif portfolio) combined with positive effects of price increases and better absorption of supply chain fixed costs, which were able to significantly mitigate the pressures deriving from accelerating input cost inflation. The strong top-line growth enabled continuous sustained brand building, almost in line with organic sales growths and significant operating leverage at the level of general and administrative expenses, which increased lower than net sales, thus generating margin accretion.
In the first half of 2022, the perimeter component related specifically to the termination of the distribution agreement for the Jägermeister brand in Italy, effective from 1 January 2022, only partially offset by the inclusion of the Picon brand as well as new agency brand Truly Hard Seltzer, for which the Group entered a partnership to manufacture and distribute the brand in Australia from February 2022.
The exchange rate effect was favourable during the first half of 2022, mainly driven by the revaluation against the Euro of the Group's key currencies, such as the US Dollar, the Jamaican Dollar, the Canadian Dollar, the Brazilian Real and the Mexican peso.

The table below shows the profit or loss[1] for the first half of 2022 and a breakdown of the total change by organic change, perimeter change and exchange rate effects.

	for the six months ended 30 June											
	2022		2021		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]	**1,256.9**	**100.0**	**1,000.8**	**100.0**	**256.1**	**25.6%**	**192.5**	**19.2%**	**(5.1)**	**-0.5%**	**68.7**	**6.9%**
Cost of sales	(490.5)	(39.0)	(397.3)	(39.7)	(93.2)	23.5%	(77.8)	19.6%	4.2	-1.1%	(19.6)	4.9%
Gross profit	**766.5**	**61.0**	**603.6**	**60.3**	**162.9**	**27.0%**	**114.7**	**19.0%**	**(0.9)**	**-0.1%**	**49.1**	**8.1%**
Advertising and promotional expenses	(202.8)	(16.1)	(161.9)	(16.2)	(40.9)	25.3%	(30.3)	18.7%	0.6	-0.4%	(11.3)	7.0%
Contribution margin	**563.7**	**44.8**	**441.7**	**44.1**	**122.0**	**27.6%**	**84.4**	**19.1%**	**(0.3)**	**-0.1%**	**37.8**	**8.6%**
Selling, general and administrative expenses	(252.7)	(20.1)	(218.5)	(21.8)	(34.2)	15.7%	(21.5)	9.8%	0.3	-0.1%	(13.0)	6.0%
Result from recurring activities (EBIT-adjusted)	**310.9**	**24.7**	**223.2**	**22.3**	**87.8**	**39.3%**	**62.9**	**28.2%**	**0.1**	**-**	**24.8**	**11.1%**
Other operating income (expenses)	(22.1)	(1.8)	(6.1)	(0.6)	(16.0)	264.4%						
Operating result (EBIT)	**288.9**	**23.0**	**217.1**	**21.7**	**71.7**	**33.0%**						
Financial income (expenses)	(4.7)	(0.4)	(8.8)	(0.9)	4.1	-46.9%						
Adjustments to financial income (expenses)	-	-	4.6	0.5	(4.6)	-100.0%						
Put option, earn out income (expenses) and hyperinflation effect	(0.4)	-	(0.4)	-	-	-						
Profit (loss) related to associates and joint-ventures	(1.6)	(0.1)	1.9	0.2	(3.5)	-						
Profit before taxation	**282.3**	**22.5**	**214.4**	**21.4**	**67.8**	**31.6%**						
Profit before taxation-adjusted	**304.3**	**24.2**	**213.1**	**21.3**	**91.2**	**42.8%**						
Taxation	(82.7)	(6.6)	(54.9)	(5.5)	(27.8)	50.6%						
Net profit for the period	**199.5**	**15.9**	**159.5**	**15.9**	**40.0**	**25.1%**						
Net profit for the period-adjusted	**220.6**	**17.5**	**156.7**	**15.7**	**63.9**	**40.8%**						
Non-controlling interests	0.4	-	(0.1)	-	0.5	-						
Group net profit	**199.1**	**15.8**	**159.6**	**15.9**	**39.5**	**24.8%**						
Group net profit-adjusted	**220.2**	**17.5**	**156.8**	**15.7**	**63.4**	**40.4%**						
Total depreciation and amortisation	(42.1)	(3.3)	(38.5)	(3.9)	(3.5)	9.2%	(1.8)	4.7%	-	-	(1.7)	4.5%
EBITDA-adjusted	**353.0**	**28.1**	**261.7**	**26.1**	**91.3**	**34.9%**	**64.7**	**24.7%**	**0.1**	**-**	**26.5**	**10.1%**
EBITDA	**330.9**	**26.3**	**255.7**	**25.5**	**75.3**	**29.4%**						

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

The change in profitability in the first half of 2022 shown by the operating profitability indicators, expressed as a percentage (basis points) of total net sales and organic sales, is as follows[(1)].

	first half 2022 compared to first half 2021		
margin accretion (dilution) in basis point[(2)] and organic	total	organic bps	% organic
Net sales	-	**-**	**19.2%**
Cost of goods sold	70	(10)	19.6%
Gross profit	**70**	**(10)**	**19.0%**
Advertising and promotional costs	-	10	18.7%
Contribution margin	**70**	**-**	**19.1%**
Selling, general and administrative expenses	170	170	9.8%
Result from recurring activities (EBIT-adjusted)	**240**	**170**	**28.2%**

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

Statement of profit or loss in detail

The key profit or loss items for the first half of 2022 are analysed below, while a detailed analysis of the 'sales performance' is included in the previous paragraph, to which reference is made.

Gross profit for the period was €766.5 million, up +27.0% compared with the same period of 2021. The organic component of +19.0% was combined with positive exchange rate variations at +8.1% and a negligible perimeter effect of -0.1%. As a percentage of sales, profitability stood at 61.0%, higher than 60.3% reported in the first half of 2021, hence generating an accretive effect of 70 basis points on a reported basis. This variance was driven by the exchange rates and the perimeter effect, which accounted for 80 basis points overall, fully offsetting the organic component that was dilutive for 10 basis points. In organic terms, the very positive sales mix driven by the outperformance of aperitifs (particularly Aperol and Campari) in high-margin markets, combined with the positive effects of price increases and better absorption of supply chain fixed costs, almost entirely mitigated the expected acceleration of inflation of the input costs.

Advertising and promotional expenses amounted to €202.8 million, up +25.3% overall compared with the same period of 2021. As a percentage of sales, advertising and promotional expenses stood at 16.1%, substantially in line with 16.2% shown in the first half of 2021, with a neutral effect on profitability on a reported basis. Both organic and exchange rate variations were positive at +18.7% and +7.0%, respectively, while the perimeter effect was slightly negative at -0.4%. In organic terms, marketing expenses reflected the sustained investments behind key brands, favoured by the strong top line growth, and generated an accretive effect of 10 basis points.

The **contribution margin** was €563.7 million, an overall increase of +27.6% on the first half of 2021. As a percentage of sales, the contribution margin stood at 44.8%, showing an overall accretion of 70 basis points compared with the same period of 2021 on a reported basis. The organic growth component was +19.1% almost in line with net sales, hence neutral on profitability. The perimeter effect was slightly negative at -0.1%, with a positive impact on profitability of 10 basis points. The exchange rate effect of +8.6% had an accretive impact on margins of 60 basis points.

Selling, general and administrative expenses amounted to €252.7 million, up by +15.7% on the first half of 2021. As a percentage of sales, they amounted to 20.1% lower than 21.8% recorded in the first half of 2021. At organic level, selling, general and administrative expenses increased by +9.8%, compared with the first half of 2021, lower than the net sales trend and therefore generating a meaningful accretion effect on margins of 170 basis points.

The result from recurring operations (EBIT-adjusted) was €310.9 million, with an overall increase of +39.3% on the first half of 2021. The return on sales adjusted (ROS) stood at 24.7%, up from 22.3% recorded the same period of 2021, with an accretive effect of 240 basis points on a reported basis. The organic growth component was +28.2%, which was higher than organic sales growth, generating an improved profitability on net sales of 170 basis points. The impact of the exchange rate variation was positive at +11.1% (with an accretion of 60 basis points), namely generated by the revaluation against the Euro of the Group's key currencies, such as the US Dollar and Jamaican Dollar, while the perimeter effect was neutral. If compared with the first half of 2019 results, an unaffected base with respect to Covid-19, the 2022 period registered an overall organic increase of +68.2% and a CAGR of +18.9%.

Other operating income (expenses) comprised a net expense of €22.1 million, which included the non-recurring costs associated to the Russia-Ukraine conflict amounting to €10.6 million, namely related to the write-off of the inventory stocks destroyed during the conflict and a measurement over trade receivables reflecting the highly increased probability of default recorded in both countries. The costs associated with both restructuring and reorganizational projects, non-recurring last mile long-term incentive schemes with retention purposes to be potentially recognised to senior management[5] and investments in the Group digital transformation were reported in this reporting line as well, for a total amount of €9.0 million.

The operating result (EBIT) in the first half of 2022 was €288.9 million, reflecting an increase of +33.0% on the same period of 2021. ROS, which measures the operating result as a percentage of net sales, amounted to 23.0% (21.7% in the first half of 2021).

Depreciation and amortisation totalled €42.1 million, up by +9.2% on the first half of 2021, of which +4.7% was at organic level and +4.5% related to exchange rate variations while the perimeter variation was neutral.

EBITDA-adjusted stood at €353.0 million, an increase of +34.9%, of which +24.7% was at organic level, +10.1% was driven by exchange rate variations, while the perimeter effect was neutral. If compared with results from the first half of 2019, an unaffected base with respect to Covid-19, the 2022 period registered an overall organic increase of +59.3% and a CAGR of +16.8%.

EBITDA was €330.9 million, an increase of +29.4% compared with the first half of 2021 (€255.7 million).

Net financial expenses totalled €4.7 million compared with €8.8 million in the same period of 2021, including the monetary effect of cross-currency transactions of €5.3 million (€4.2 million in the first half of 2021), driven by the US Dollar. Excluding the aforementioned exchange components, net financial expenses stood at €10.0 million in the first half of 2022, recording a decrease compared to the same period of last year. The improvement was mainly attributable to an increase in the interest income from short-term liquidity investments consequential to efficient financial management and a lower average net debt in the first half of 2022 (€890.2 million in the first half of 2022 and €1,078.8 million in the same period of 2021). The average cost of net debt (excluding the exchange rate components) was 2.2%, compared with 2.4% recorded in the first half of 2021. This improvement was only partly impacted by the negative carry effect in connection with the significant cash position held.
A detailed analysis of the net financial expenses is provided in the table below.

	for the six months ended 30 June	
	2022 € million	2021 € million
Total interest expenses bond, loans and leases	(13.9)	(13.9)
Bank and other term deposit interests income	6.2	2.9
Other net expenses	(2.4)	(1.9)
Total financial expenses before exchange gain (losses)	**(10.0)**	**(13.0)**
Exchange gain (losses)	5.3	4.2
Total financial income (expenses)	**(4.7)**	**(8.8)**

In the first half of 2022, the **adjustments to financial income (expenses)** were negligible, while in the same period of the previous year amounted to €4.6 million, due to the gain (interest rates component) resulting from the favourable closure of a tax dispute in Brazil on indirect taxes.

The **income (expenses) relating to put options, earn-out and hyperinflation effects** was slightly negative at €0.4 million.

The profit (loss) related to associates and joint-ventures represented a net loss of €1.6 million, resulting from the allocation of the results from joint-venture companies.

Profit before taxation (Group and non-controlling interests) was €282.3 million, an increase of +31.6% compared with the first half of 2021. Profit before taxation as a percentage of sales was 22.5%, improved compared with the 21.4% reported in the first half of 2021.

Taxation totalled €82.7 million on a reported basis. The reported tax rate in 2022 was 29.3%, compared to a reported tax rate of 25.6% in 2021. The main driver for the increase was the difference in the tax impact of the other operating expenses, financial adjustments and remeasurement of previously held joint-venture investment (€22.1 million in the first half of 2022 compared to €1.4 million in the first half of 2021). The normalised tax rate, i.e. the tax rate adjusted, was 27.5% in first half of 2022 higher than the 26.5% recognised in the first half of 2021. Excluding the impact of the non-cash component due to the deferred taxes relating to the amortisation of goodwill and brands eligible for tax purposes, the 2022 first half cash tax rate was 24.9%, higher than 21.8% reported in

[5] Pursuant to the Remuneration Policy, a last mile incentive scheme with retention purpose 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 2021.

2021. The increase in the cash tax rate was guided by the strong business performance and the country mix, as well as the impact of the revised tax legislation on the fiscal amortization timeline of goodwill and brands, extended from the original 18 years to 50 years, following the Italian tax law no. 234 revised on 30 December 2021, as disclosed in the Campari Group consolidated financial statements at 31 December 2021, to which reference is made.

Result relating to non-controlling interests for the period was marginal and corresponded to a gain of €0.4 million.

The **Group's net profit** was €199.1 million in 2022, an increase of +24.8% compared to 2021, with a sales margin of 15.8%, in line with the same period of the previous year. Excluding the adjustments to operating and financial result and the related tax effects and tax adjustments, the Group's net profit increased by 40.4% to €220.2 million (€156.8 million in 2021 reported on a consistent basis).

Basic and diluted earnings per share[6] were respectively €0.18 and €0.17. Once adjusted for the aforementioned components, they amounted to €0.20 and €0.19. Adjusted basic earnings per share and adjusted diluted earnings per share were up by 39.6% and 40.9% respectively, compared to the first half of 2021 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.

	for the six months ended 30 June			
	2022 € million		2021 € million	
adjustments to operating income (expenses), of which:		**(22.1)**		**(6.1)**
Ukraine and Russia conflict costs	*(10.6)*		*-*	
last mile long-term incentive schemes with retention purposes	*(5.0)*		*(5.0)*	
gain (loss) on fiscal dispute	*(1.4)*		*6.3*	
other adjustments to operating income (expenses)	*(5.2)*		*(7.3)*	
adjustments to financial income (expenses)		**-**		**4.6**
adjustment related to remeasurement in joint-ventures and associates		**-**		**2.9**
total adjustments		**(22.1)**		**1.4**
tax adjustments, of which:		**1.0**		**1.5**
tax adjustments	*(4.2)*		*3.0*	
tax effect on operating and financial adjustments	*5.2*		*(1.6)*	
total net adjustment		**(21.1)**		**2.8**

	for the six months ended 30 June							
	2022			2021			changes	
€ million	reported	adjustments	adjusted	reported	adjustments	adjusted	reported	adjusted
profit before taxation	**282.3**	(22.1)	**304.3**	**214.4**	1.4	**213.1**	31.6%	42.8%
total taxation	**(82.7)**	**1.0**	**(83.8)**	**(54.9)**	**(1.5)**	**(56.4)**	50.6%	48.5%
Group and non-controlling interests net profit for the period	**199.5**	(21.1)	**220.6**	**159.5**	2.8	**156.7**	25.1%	40.8%
tax rate (reported and adjusted)	**-29.3%**		**-27.5%**	**-25.6%**		**-26.5%**		
deferred taxes on goodwill and brands		(8.1)	(8.1)		(9.9)(1)	(9.9) **(1)**		
cash tax rate			**-24.9%**			**-21.8%(1)**		

(1) The cash tax rate for the six months ended 30 June 2021 would be 22.8%, if calculated with the deferred taxes on goodwill and brands reduced to €7.9 million reflecting the Italian tax law no. 234 revised on 30 December 2021.

6 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.

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 period 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 six months ended							
	2022				2021			
	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	556.3	44.3%	134.1	43.1%	438.9	43.9%	101.8	45.6%
Southern Europe, Middle East and Africa	370.8	29.5%	74.8	24.0%	293.2	29.3%	40.2	18.0%
Northern, Central and Eastern Europe	243.9	19.4%	93.9	30.2%	191.9	19.2%	72.7	32.6%
Asia-Pacific	85.9	6.8%	8.1	2.6%	76.7	7.7%	8.4	3.8%
Total	**1,256.9**	**100.0%**	**310.9**	**100.0%**	**1,000.8**	**100.0%**	**223.2**	**100.0%**

- **Americas**
  The Americas region made the largest contribution to the Group in terms of both sales and results from recurring activities, at 44.3% and 43.1% 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 first six months of 2022 are shown below.

	for the six months ended								
	2022		2021		total change		organic change		organic accretion/dilution of profitability
	€ million	%	€ million	%	€ million	%	€ million	%	basis points
Net sales	**556.3**	**100.0**	**438.9**	**100.0**	**117.4**	**26.7%**	**56.7**	**12.9%**	**-**
Gross margin	**319.2**	**57.4**	**247.0**	**56.3**	**72.2**	**29.2%**	**27.4**	**11.1%**	**(90)**
Advertising and promotional costs	(92.6)	(16.6)	(70.9)	(16.2)	(21.7)	30.6%	(11.6)	16.4%	(50)
Selling, general and administrative expenses	(92.5)	(16.6)	(74.3)	(16.9)	(18.2)	24.5%	(6.9)	9.2%	60
Result from recurring activities	**134.1**	**24.1**	**101.8**	**23.2**	**32.3**	**31.7%**	**9.0**	**8.8%**	**(80)**

The result from recurring activities increased by +31.7% overall, generating a margin on sales of 24.1% compared with the 23.2% reported in the same period of the previous year. The organic change was +8.8%, causing a dilutive effect of 80 basis points on profitability. The main drivers at organic level were as follows:

- **gross margin** increased in value by +11.1%, below net sales growth (+12.9%), thus generating a dilution effect on profitability of 90 basis points. In particular, the favourable pricing effect was not able to offset the accelerated inflationary pressure on input costs, the unfavourable geographic mix and the outperformance of Espolòn, the latter with product costs still impacted by high agave prices;
- **advertising and promotional expenses** recorded an increase of +16.4%, higher than net sales growth and therefore with a dilutive effect on profitability (50 basis points). The performance in the period showed accelerated initiatives behind selected global priority brands, also to benefit from the strengthening of the on-premise channels combined with the resilient home-consumption;
- **selling, general and administrative expenses** increased by +9.2% at organic level, lower than organic sales growth, thus resulting in a profit accretion of 60 basis points.

- **Southern Europe, Middle East and Africa**
  The Southern Europe, Middle East and Africa region is the Group's second-largest region in terms of net sales, at 29.5% and the third-largest in terms of profitability at 24.0%. Besides Italy, the other key markets include France, Spain, South Africa and Nigeria, in addition to the Global Travel Retail channel. The results for the first six months of 2022 are shown below.

	for the six months ended								
	2022		2021		total change		organic change		organic accretion/dilution of profitability
	€ million	%	€ million	%	€ million	%	€ million	%	basis points
Net sales	**370.8**	**100.0**	**293.2**	**100.0**	**77.6**	**26.5%**	**82.3**	**28.1%**	**-**
Gross margin	**235.2**	**63.4**	**182.1**	**62.1**	**53.1**	**29.2%**	**54.4**	**29.9%**	**90**
Advertising and promotional costs	(55.3)	(14.9)	(46.0)	(15.7)	(9.3)	20.3%	(10.0)	21.8%	80
Selling, general and administrative expenses	(105.1)	(28.4)	(95.9)	(32.7)	(9.3)	9.6%	(9.4)	9.8%	470
Result from recurring activities	**74.8**	**20.2**	**40.2**	**13.7**	**34.5**	**85.8%**	**35.0**	**87.0%**	**630**

The result from recurring operations increased to €74.8 million overall, generating a sales margin of 20.2% compared to the 13.7% reported in the same period of the previous year. The main organic drivers were as follows:

- **gross margin** showed an increase of +29.9%, leading to an accretion of 90 basis points. The input costs inflation effect was more than offset by a favourable sales mix driven by the healthy brand momentum of the high-margin aperitifs (mainly Aperol and Campari), very favourable weather conditions combined with a fully reopened on-premise and the lifting of international travel restrictions (especially in the second quarter of 2022), as well as the pricing effects;
- **advertising and promotional expenses** were up by +21.8% in comparison with the first half of 2021, lower than net sales growth and hence having an accretive effect on profitability (80 basis points). The trend reflected sustained investments in the period behind the core brands for the region and, in particular, the aperitifs in their peak season, also to leverage the full on-premise reopening;
- **selling, general and administrative expenses** increased by +9.8% compared to the first half of 2021, with an accretive effect on profitability of 470 basis points, benefitting from a higher absorption of structure fixed costs as a result of a very strong sales growth (+28.1%).

- **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 19.4% and 30.2% respectively.
The region includes the direct markets in Germany, Austria, Switzerland, Benelux, the United Kingdom, Russia and Ukraine, which represent nearly all the sales in the region, and the markets served by third-party distributors. The results for the first six months of 2022 are shown below.

	for the six months ended								
	2022		2021		total change		organic change		organic accretion/dilution of profitability
	€ million	%	€ million	%	€ million	%	€ million	%	basis points
Net sales	**243.9**	**100.0**	**191.9**	**100.0**	**52.0**	**27.1%**	**47.5**	**24.8%**	**-**
Gross margin	**172.3**	**70.6**	**137.9**	**71.8**	**34.5**	**25.0%**	**31.0**	**22.5%**	**(130)**
Advertising and promotional costs	(42.5)	(17.4)	(33.7)	(17.5)	(8.9)	26.4%	(8.2)	24.4%	10
Selling, general and administrative expenses	(35.9)	(14.7)	(31.5)	(16.4)	(4.4)	13.8%	(3.5)	11.2%	180
Result from recurring activities	**93.9**	**38.5**	**72.7**	**37.9**	**21.2**	**29.2%**	**19.3**	**26.5%**	**50**

The result from recurring activities was up by +29.2% overall, generating a sales margin of 38.5%, compared with 37.9% reported in the first half of 2021. Organic growth was +26.5% with an accretive effect of 50 basis points. The main drivers were as follows:

- **gross margin** showed a solid growth of +22.5%. However, the increased pressure at the level of input costs was only partially offset by price increases, leading to an overall organic dilutive effect of 130 basis points;
- **advertising and promotional expenses** increased by +24.4%, lower than sales growth of +24.8%, with an accretive effect on profitability of 10 basis points. The trend highlighted showed sustained investments behind the main brands and in particular the aperitifs (Aperol and Campari) during the key summer season for the aperitif category;
- **selling, general and administrative expenses** showed an increase of +11.2%, with an accretive effect of 180 basis points on profitability, thanks to significant efficiencies on the back of strong top-line growth (+24.8%).

- **Asia-Pacific**

The Asia-Pacific region includes the Group's own Australian and South Korean distribution platforms, as well as markets served by third-party distributors and joint-ventures. The region's contribution to the Group's net sales and result from recurring activities in the first six months of 2022 were 6.8% and 2.6% respectively. The results for the first six months of 2022 are shown below.

	for the six months ended								
	2022		2021		total change		organic change		organic accretion/dilution of profitability
	€ million	%	€ million	%	€ million	%	€ million	%	basis points
Net sales	**85.9**	**100.0**	**76.7**	**100.0**	**9.2**	**12.0%**	**5.9**	**7.8%**	**-**
Gross margin	**39.7**	**46.3**	**36.6**	**47.7**	**3.2**	**8.7%**	**1.8**	**4.9%**	**(120)**
Advertising and promotional costs	(12.4)	(14.4)	(11.3)	(14.7)	(1.0)	9.3%	(0.4)	3.9%	50
Selling, general and administrative expenses	(19.3)	(22.4)	(16.8)	(21.9)	(2.5)	14.6%	(1.7)	10.2%	(50)
Result from recurring activities	**8.1**	**9.5**	**8.4**	**11.0**	**(0.3)**	**-3.8%**	**(0.3)**	**-4.1%**	**(120)**

The result from recurring activities decreased by -3.8% overall, generating a sales margin of 9.5% compared with the 11.0% reported in the same period of the previous year. The organic change was negative at -4.1%, with a corresponding dilution in profitability of 120 basis points, due to the following effects:
- **gross margin** grew by +4.9%, lower than net sales growth, and showed a dilutive effect on profitability by 120 basis points. The positive price and volume mix driven by a high-margin offering of Wild Turkey and X-Rated were not able to offset the increased inflationary pressure at the level of input costs and the negative effects related to logistic constraints;
- **advertising and promotional expenses** were up by +3.9%, lower than the organic sales growth (+7.8%), generating an accretive effect on profitability that reached 50 basis points;
- **selling, general and administrative expenses** increased by +10.2%, higher than net sales (+7.8%) thus generating a dilutive effect on profitability of 50 basis points, reflecting continued investments in the region.

Operating working capital

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

	at 30 June 2022	at 31 December 2021	total change	*organic*	*asset deal*	*exchange rates and hyperinflation*
	€ million	€ million	€ million	*€ million*	*€ million*	*€ million*
Trade receivables	352.9	290.4	62.5	*49.9*	-	*12.6*
Total inventories, of which:	889.1	745.7	143.4	*103.9*	0.5	*39.0*
- maturing inventory	*445.8*	*409.7*	*36.1*	*14.2*	-	*21.9*
- biological assets	*5.4*	*3.7*	*1.7*	*1.3*	-	*0.4*
- other inventory	*437.8*	*332.3*	*105.5*	*88.4*	0.5	*16.6*
Trade payables	(455.7)	(394.6)	(61.1)	*(44.9)*	-	*(16.2)*
Operating working capital	**786.3**	**641.5**	**144.7**	***108.9***	***0.5***	***35.3***
Net sales rolling in the previous 12 months	2,428.8	2,172.7				
Working capital as % of net sales rolling	32.4	29.5				

At 30 June 2022, operating working capital grew higher than twelve months rolling net sales, hence increasing its weight by 2.8% to 32.4% from 29.5% at year-end 2021. The disproportional increase of operating working capital was the combined effect of the following drivers: an organic increase of €108.9 million, mainly driven by the step-up in inventories of €103.9 million ahead of the summer peak, the exchange rate variation leading to an increase of €35.3 million whilst the positive asset deal effect was limited to €0.5 million.

Focusing on the organic performance, trade receivables were up by €49.9 million. The efficient management of payments helped contain the net increase in trade receivables which grew in connection with the strong sales performance, especially towards to end the second quarter of 2022. Trade payables, which recorded an organic increase of €44.9 million, started to reflect both the macro-economic driven inflationary pressure on the main input factors and the transportation costs. This trend was exacerbated by the Group’s commitment to satisfy the strong customer demand ahead of the peak summer season in the current context of continued logistics constraints. The same business drivers impacted the level of the inventory in stock, which registered a total increase of €103.9 million, of which €88.4 million attributable to a significant increase in finished products reflecting the expected demand and €14.2 million related to the organic step up in aging liquid supporting the maturation process, mostly linked cognac (Grand Marnier and Bisquit), to Espolòn and Jamaican rum to meet the expected future demand. It should be noted that, due to its nature, the aging liquid is comparable to invested capital as its growth profile is planned over a long-term horizon.

The increase attributable to the exchange rate component, equal to €35.3 million, is related to trade receivables for €12.6 million, fully offset by an increase in trade payables for €16.2 million. The exchange rate component in inventories was €39.0 million, of which €21.9 million was due to maturing inventory located in the Americas, particularly in the United States, driven by the revaluation of the US dollar, and Jamaica.

The asset deal effect reported a marginal impact of €0.5 million, attributable to the acquisition of Picon brand products in connection with the acquisition agreement finalised in May 2022 (refer to 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 six months ended 30 June			
	2022 € million	*of which recurring € million*	2021 € million	*of which recurring € million*
Operating result (EBIT)	**288.9**		**217.1**	
Result from recurring activities (EBIT-adjusted)		**310.9**		**223.2**
Depreciation and amortization	42.1	42.1	38.5	38.5
EBITDA	**330.9**		**255.7**	
EBITDA-adjusted		***353.0***		***261.7***
Effects from hyperinflation accounting standard adoption	3.5	*3.5*	1.8	*1.8*
Accruals and other changes from operating activities	(27.8)	*(32.8)*	33.5	*33.5*
Goodwill, brand, tangible fixed assets and sold business impairment	0.3	-	1.6	-
Income taxes paid	(89.8)	*(74.6)*	(28.4)	*(23.3)*
Cash flow from operating activities before changes in working capital	**217.2**	***249.2***	**264.2**	***273.8***
Changes in net operating working capital	(108.9)	*(108.9)*	(98.7)	*(98.7)*
Cash flow from operating activities	**108.2**	***140.2***	**165.5**	***175.1***
Net interests paid	(4.9)	*(4.9)*	(8.3)	*(8.3)*
Capital expenditure	(63.1)	*(37.0)*	(74.4)	*(25.3)*
Free cash flow	**40.2**	***98.4***	**82.9**	***141.6***
Sale and purchase of brands and rights	(123.6)		-	
(Acquisition) disposal of business	-		(0.4)	
Dividend paid out by the Company	(67.6)		(61.6)	
Other items including net purchase of own shares	(68.8)		19.6	
Cash flow invested in other activities	**(260.0)**		**(42.5)**	
Total change in net financial debt due to operating activities	**(219.8)**		**40.4**	
Put option and earn out liability changes(1)	(4.3)		(2.1)	
Increase in investments for lease right of use(2)	(2.9)		(11.4)	
Net cash flow of the period=change in net financial debt	**(227.0)**		**26.9**	
Effect of exchange rate changes	**52.9**		**12.1**	
Net financial debt at the beginning of the period	**(830.9)**		**(1,103.8)**	
Net financial debt at the end of the period	**(1,005.1)**		**(1,064.8)**	

(1) This item, which is a non-cash item, was included purely to reconcile the change in financial debt relating to activities in the period with the overall change in net financial debt.

(2) For information on the value shown, please see note 6 ii-'Right of use assets' of Campari Group-condensed consolidated financial statements at 30 June 2022.

Key highlights

At 30 June 2022, net cash flow showed a cash flow absorption of €174.1 million, also reflected as an equivalent decrease in the net financial debt compared to 31 December 2021, including a positive **exchange rate effect** on net financial debt items of €52.9 million.

The cash generation in terms of free cash flow on a reported basis was positive in the first half of 2022, standing at €40.2 million, compared to a free cash flow of €82.9 million reported in the same period of 2021. The recurring free cash flows amounted to €98.4 million in the six months ended 30 June 2022, down by €43.2 million compared with the same period in 2021. In terms of percentages on EBITDA-adjusted, recurring free cash flows totalled 27.9%, compared to 54.1% in the first half of 2021.

Analysis of the consolidated statement of cash flows

The following drivers contributed to the positive generation of free cash flows in the first half of 2022:

- operating result (EBIT) amounted to €288.9 million compared to €217.1 million in the first half of 2021 and included a negative effect of €22.1 million related to operating adjustments, out of which €10.6 million was attributable to the Russia-Ukraine conflict in connection with the updated measurement over trade receivables in light of the revised expected credit losses in both countries and the write-off of the stocks destroyed during the conflict. Excluding operating adjustments, the result from recurring activities (EBIT-adjusted) amounted to €310.9 million (€223.2 million in the first half of 2021);
- EBITDA amounted to €330.9 million. It increased by €75.3 million compared to the previous year. Excluding the before-mentioned non-recurring components, EBITDA-adjusted amounted to €353.0 million (€261.7 million in the first half of 2021);
- non-cash liabilities arising from the application of the accounting standard used to manage hyperinflationary effects in Argentina amounted to €3.5 million in the first half of 2022;
- accruals for provisions net of utilisations and other miscellaneous operating changes, such as indirect taxation and excise duties, showed an absorbing effect of €27.8 million. The difference compared with the same period

of 2021 is mainly attributable to the payout of incentive plans for employees accrued in previous periods. The item included also an accrual for a non-recurring last mile long-term incentive schemes with retention purposes. Excluding the latter, accruals and other changes from recurring operating activities amounted to €32.8 million;
- write-off losses, related to IT equipment, were negligible during the period;
- the cash financial impact deriving from the tax payments effected in the first half of 2022 was €89.8 million. The amount paid included non-recurring withholding taxes over dividend distribution of €10.2 million and the second instalment of €5.1 million of the substitution tax permitting the access to the tax benefit, which allows a higher amortisation on goodwill and brands for tax purposes, that the Group applied to in previous years. Excluding the non-recurring components, taxes paid amounted to €74.6 million, an increase compared to the same period of last year as a consequence of both the adverse phasing effect of 2021 tax payments negatively impacting 2022 cash flows, as well as the increase in 2022 advance tax payments due to positive business performance;
- working capital recorded a cash absorption of €108.9 million (refer to paragraph 'Operating working capital' for details);
- interest paid, net of interest received, stood at €4.9 million in the first six months of 2022;
- net investment in capital expenditure amounted to €63.1 million, of which the recurring component was €37.0 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 in the enhancement of its IT infrastructure.

Cash flow used in other activities was negative at €260.0 million, compared to a negative absorption of €42.5 million in the first half of 2021, resulting mainly in:
- the purchase of the Picon brand for €123.6 million,
- dividends paid for €67.6 million and
- the net purchase of own shares for €69.5 million.

New **leases** and changes in **liabilities for put options and earn-outs** are shown purely to reconcile net cash flows for the year with total net financial debt.

Net financial debt

As of 30 June 2022, consolidated net financial debt amounted to €1,005.1 million was up by €174.1 million compared with €830.9 million reported at 31 December 2021.
The increase was largely driven by cash absorption to fulfil various payment commitments and planned working capital increase due to inventory build-up during the peak season in a constrained logistic environment.

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

	at 30 June 2022 € million	at 31 December 2021 € million	total change € million	*organic € million*	*asset deal € million*	*exchange rates € million*
cash and cash equivalents	533.1	791.3	(258.2)	*(198.4)*	*(124.1)*	*64.4*
bonds	-	(50.0)	50.0	*50.0*	*-*	*-*
loans due to banks	(188.1)	(198.1)	10.0	*14.1*	*-*	*(4.0)*
lease payables	(13.9)	(13.5)	(0.4)	*0.3*	*-*	*(0.8)*
other financial assets and liabilities	9.7	3.6	6.2	*4.9*	*-*	*1.3*
short-term net financial debt	**340.8**	**533.2**	**(192.4)**	***(129.1)***	***(124.1)***	***60.8***
bonds	(845.9)	(845.5)	(0.4)	*(0.4)*	*-*	*-*
loans due to banks	(347.0)	(355.2)	8.2	*8.2*	*-*	*-*
lease payables	(70.0)	(70.4)	0.4	*4.5*	*-*	*(4.1)*
other financial assets and liabilities	19.4	5.7	13.8	*13.3*	*-*	*0.4*
medium-/long-term net financial debt	**(1,243.5)**	**(1,265.5)**	**22.0**	***25.6***	***-***	***(3.6)***
net financial debt before put option and earn-out payments	**(902.7)**	**(732.3)**	**(170.4)**	***(103.5)***	***(124.1)***	***57.2***
liabilities for put option and earn-out payments current	(48.0)	(48.2)	0.3	*0.6*	*-*	*(0.3)*
liabilities for put option and earn-out payments non-current	(54.4)	(50.4)	(4.0)	*-*	*-*	*(4.0)*
net financial debt	**(1,005.1)**	**(830.9)**	**(174.1)**	***(102.9)***	***(124.1)***	***52.9***

As of 30 June 2022, net financial debt remains skewed into medium to long-term maturities in line with the company's long-term growth strategy. Short-term net debt is still characterized by significant liquidity, represented by cash and cash equivalents, which reflects the Campari Group priority to maintain flexibility in a challenging macroeconomic context and to accomplish any short-term investment decisions. Moreover, the Group relies on significant credit lines, for a total of €789.3 million, of which €143.0 million drawn down at the end of the period.

The short-term net financial position, mainly composed of cash and cash equivalents (€533.1 million) net of loans due to banks (€188.1 million), was positive at €340.8 million. The short-term financial position reported an overall reduction of €192.4 million compared with 31 December 2021, out of which €129.1 million organic change. Organically, the positive free cash flow generation, resulting from a very satisfactory business performance, was more than offset by the dividends payments for €67.6 million, repayment of the 5-year unrated bond issued in

2017 with maturity in April 2022 for €50.0 million, and by the net cash outflow to purchase own shares for €69.6 million[7] supporting the share buyback programs launched in March and in May 2022 in connection with newly introduced share-based incentive schemes. The short-term net financial debt in the first half of 2022 also factored in the acquisition of the Picon brand for an overall cash outflow of €124.1[8] million.

The medium to long-term financial debt largely consisted of bonds and loans due to banks for a total amount of €1,243.5 million. The decrease in the medium to long-term financial positions was mainly driven by the reclassification to short-term of settlements scheduled in the next twelve months.

Moreover, the Group's net financial debt included liabilities of €102.4 million, related to future commitments to acquire outstanding minority shareholdings in controlled companies of which Société des Produits Marnier Lapostolle S.A.S. (for an expected cash outflow of €44.5 million), Casa Montelobos, S.A.P.I. de C.V, Licorera Ancho Reyes y Cia., S.A.P.I. de C.V., J. Wray&Nephew Ltd. and Champagne Lallier S.A.S. (for an estimated combined cash outflow of €57.9 million).

At 30 June 2022, the Campari Group's net debt/EBITDA-adjusted ratio[9] was 1.7 times, compared with 1.6 times at 31 December 2021 and 2.2 at 30 June 2021, on a like-for-like basis. The decrease of the ratio compared with 30 June 2021 was mainly driven by the improved rolling EBITDA-adjusted which more than offset the slight increase in net financial debt.

Capital expenditure

During the first half of 2022, net investments totalled €63.1 million, of which €37.0 million were recurring and €26.2 million were non-recurring.

The recurring investments were related to initiatives aimed at continuously enhancing the supply chain, via production capacity expansion, efficiency improvements and sustainability related initiatives, as well as its business infrastructure. Specifically, they related to the following projects:
- maintenance expenditure on Group's operations and production facilities, offices and IT infrastructure which, although not material on an individual basis, amounted overall to €21.8 million;
- the purchase of barrels for maturing bourbon and rum totalling €10.6 million, net of related disposals;
- investments to develop biological assets, totalling €4.5 million.

Non-recurring investments, totalling €26.2 million, related to the extraordinary capacity expansion in Mexico destinated to the Espolòn production, digital transformation projects and renovation activities related to the office building in London.

With regard to the type of investment, net purchases comprised tangible assets of €52.2 million, biological assets namely related to grapes and agave plantations for €4.5 million and intangible assets of €6.4 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 during the period by €2.9 million.

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 30 June 2022	at 31 December 2021	total change	*organic change*	*asset deal*	*exchange rates and hyperinflation*
	€ million	€ million	€ million	*€ million*	*€ million*	*€ million*
fixed assets	3,388.8	3,090.6	298.1	*25.1*	*123.6*	*149.4*
other non-current assets and (liabilities)	(376.3)	(365.3)	(11.0)	*10.0*	*-*	*(21.0)*
operating working capital	786.3	641.5	144.7	*108.9*	*0.5*	*35.3*
other current assets and (liabilities)	(140.4)	(161.1)	20.8	*39.5*	*-*	*(18.7)*
total invested capital	**3,658.3**	**3,205.7**	**452.6**	***183.6***	***124.1***	***145.0***
Group shareholders' equity	2,649.1	2,371.8	277.2	*79.6*	*-*	*197.6*
non-controlling interests	4.2	3.0	1.3	*1.0*	*-*	*0.2*
net financial debt	1,005.1	830.9	174.1	*102.9*	*124.1*	*(52.9)*
total financing sources	**3,658.3**	**3,205.7**	**452.6**	***183.6***	***124.1***	***145.0***

(7) The amount included €0.1 million liability in connection with the share buyback programs. At 30 June 2022 the equivalent of 3.0% of the share capital, corresponding to 35,185,811 own shares were held by the Company mainly aimed to meet the obligations arising from the long-term share-based incentive plans.

(8) The total cash out of €124.1 million was comprising the Picon brand for €118.0 million, ancillary costs for €5.6 million and other minor assets namely related to stock products for €0.5 million.

(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' of this management board report.

Invested capital at 30 June 2022 was €3,658.3 million, showing up €452.6 million compared with the figures at 31 December 2021.

Focusing on the organic change, the most significant variations attributable to the invested capital referred to:
- the increase of €108.9 million in operating working capital, driven by the rise of inventories supporting the positive business momentum (refer to paragraph 'Operating working capital' for more information);
- the increase of €39.5 million in other current assets net of liabilities, mainly related to the decrease in payables to employees due to the pay-out of short-term and mid-term incentive plans;
- the increase of €25.1 million in fixed assets, mainly referred to the acquisition of land and buildings to strengthen the Group's production capacity and efficiency as well as the purchase of barrels dedicated to the aging process.

The asset deal effect referred to the acquisition of the Picon brand for a consideration of €124.1 million, including ancillary costs (refer to the paragraph 'Acquisitions and Commercial agreements' in this management board report).

Moreover, invested capital at 30 June 2022 was significantly impacted by non-monetary foreign currency translation effects, resulting in an increase of €145.0 million.

Regarding financing sources, the main changes related to an increase of €277.2 million in the Group's shareholders' equity, mostly due to the combined effect of the Group results for the period of €199.1 million, net purchases of the own shares supporting stock option plans for €69.6 million, payment dividend for €67.6 million and non-monetary foreign currency effect of €197.6 million mainly guided by US Dollar and the Jamaican Dollar With respect to net financial debt variations totalling €174.1 million, refer to the paragraph 'Net financial debt' in this management board report.

As a result of the changes mentioned above, the Group's financial structure showed a net debt to shareholders' funds ratio of 37.9% at the end of the period, an increase on the 35.0% recorded at 31 December 2021.

Half year 2022 conclusion and outlook

After two challenging years due to the Covid-19 pandemic and notwithstanding the ongoing geopolitical tensions, the first half of 2022 was characterized by a very positive start to the year, driven particularly by the high-margin aperitifs business in European markets, thanks to underlying momentum and strong on-premise recovery, also boosted by favourable weather conditions and pricing.

Looking at the remainder of the year, while volatility and uncertainty remain due to the ongoing pandemic and geopolitical tensions, the Group remains positive on the underlying momentum of key brand-market combinations, whilst the shipment performance is expected to reflect some temporary supply constraints.

Concomitantly, the Group will leverage planned price increases and operational efficiencies to partially mitigate the expected less favourable sales mix and accelerating input cost pressures exacerbated by logistics costs.

The Group confirms its guidance of a flat organic EBIT margin in 2022 on a full-year basis and, regarding the exchange rates effect, it expects a continued positive contribution driven by the US Dollar.

Looking at the medium term, whilst the current challenges in terms of volatile economic and political environment, input cost inflation and logistics constraints persist, Campari Group expects to continue benefitting from the positive trends in consumer preferences which favour its brand portfolio due to its exposure to outperforming spirits categories and its pricing power and brand equity.

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 Financial 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 half-year report to gain a better understanding of the Group's economic, financial and capital positions. 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 (Generally Accepted Accounting Principle) measures and the movements they reflect.

FINANCIAL MEASURES USED TO MEASURE GROUP PERFORMANCE

Organic change: Campari Group shows organic changes to comment on its underlying business performance. By using this measure, it is possible to focus on the business performance common to both periods under comparison and which management can influence. Organic change is calculated by excluding both the impact of currency movement against the Euro (expressed at average exchange rates for the same period in the previous year) and the effects of 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.

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

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

Other operating income (expenses): relate to certain transactions or events identified by the Group as adjustment components for the operating result, such as:
- capital gains (losses) on the disposal of tangible and intangible assets;
- capital gains (losses) on the disposal of businesses;
- penalties or gains arising from the settlement of tax disputes;
- impairment losses on fixed assets;
- restructuring and reorganisation costs;
- ancillary expenses associated with acquisitions/disposals of businesses or companies;
- other non-recurring income (expenses).

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

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;
- 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, also including the non-cash effect, arising from the related actualisation.

Profit (loss) related to associates and joint-ventures: relates to the income (expenses) resulting from the application of the equity method in the valuation of the Group's interests in associates and joint-ventures. The item also includes any fair value re-assessments of previously held Group's interests in joint-ventures and associates 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 associate and joint-venture before their consolidation;
- non-recurring positive (negative) taxation effects.

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

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

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

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

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

Reclassified statement of financial position
The items included in the reclassified statement of financial position are defined below as the algebraic sum of specific items contained in the financial statements:
Fixed assets: calculated as the algebraic sum of:
- property, plant and equipment;
- right-of-use assets;
- biological assets;
- investment property;
- goodwill;
- brands;
- intangible assets with a finite life;

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 associates and joint-ventures.
- other non-current liabilities;
- other non-current financial liabilities.

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

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

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

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 expenses referred to above, and adjusted for interest, net direct taxes paid and cash flows used in capital expenditure attributable to ordinary business before the income/losses component arising from the sale of fixed assets.

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

Recurring taxes paid: these include taxes paid, excluding cash flows from tax incentives and from 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 new business opportunities. The Group monitors changes in this measure on an ongoing basis. Net debt is the Group’s net financial debt reported at the closing date of the reference period; the Group’s EBITDA adjusted for the past 12 months is calculated based on the reported value at the closing date of the reference period, into which the portion of EBITDA adjusted recorded in the previous year is incorporated for the remaining months.

- **Appendix of alternative performance indicators**
  In the first half of 2022, 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 six months ended 30 June 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	**330.9**	**26.3%**	**288.9**	**23.0%**	**282.3**	**22.5%**	**199.1**	**15.8%**	**0.18**	**0.17**
Ukraine and Russia conflict	(10.6)	-0.8%	(10.6)	-0.8%	(10.6)	-0.8%	(10.6)	-0.8%	(0.01)	(0.01)
devaluation of tangible assets, goodwill, brands and business disposed	(0.3)	-	(0.3)	-	(0.3)	-	(0.3)	-	-	-
restructuring and reorganisation costs	(2.8)	-0.2%	(2.8)	-0.2%	(2.8)	-0.2%	(2.8)	-0.2%	-	-
last mile long-term incentive schemes with retention purposes	(5.0)	-0.4%	(5.0)	-0.4%	(5.0)	-0.4%	(5.0)	-0.4%	-	-
other adjustments of operating income (expenses)	(3.4)	-0.3%	(3.4)	-0.3%	(3.4)	-0.3%	(3.4)	-0.3%	-	-
tax adjustments	-	-	-	-	-	-	1.0	0.1%	-	-
total adjustments	**(22.1)**	**-1.8%**	**(22.1)**	**-1.8%**	**(22.1)**	**-1.8%**	**(21.0)**	**-1.7%**	**(0.02)**	**(0.02)**
alternative performance measure-adjusted	**353.0**	**28.1%**	**310.9**	**24.7%**	**304.3**	**24.2%**	**220.2**	**17.5%**	**0.20**	**0.19**

for the six months ended 30 June 2022		basic	diluted
Group net profit-adjusted	€ million	220.2	220.2
outstanding shares	n.	1,128,600,730	1,143,272,794
earnings per share-adjusted	**€**	**0.20**	**0.19**

for the six months ended 30 June 2022	Free cash flow
	€ million
alternative performance measure reported	**40.2**
goodwill, brand and sold business impairment	0.3
other changes from operating activities	(22.1)
non-recurring taxes paid	(15.3)
changes in other non-financial assets and liabilities	5.0
net cash flow from non-recurring investments	(26.2)
total adjustments	**(58.2)**
alternative performance measure-adjusted (recurring free cash flow)	**98.4**

	for the six months ended 30 June 2022
	€ million
EBITDA-adjusted at 30 June 2022 (+)	353.0
EBITDA-adjusted at 31 December 2021 (+)	514.9
EBITDA-adjusted at 30 June 2021 (-)	261.7
rolling twelve months EBITDA-adjusted	**606.2**
net financial debt at 30 June 2022	**1,005.1**
net debt/EBITDA-adjusted ratio	**ratio 1,7**

for the six months ended 30 June 2021	EBITDA		EBIT		profit before taxation		Group net profit		basic earing per share	diluted earning per share
	€ million	% on sales	€ million	% on sales	€ million	% on sales	€ million	% on sales	€	€
alternative performance measure reported	**255.7**	**25.5%**	**217.1**	**21.7%**	**214.4**	**21.4%**	**159.6**	**15.9%**	**0.14**	**0.14**
devaluation of tangible assets, goodwill, brands and business disposed	(1.6)	-0.2%	(1.6)	-0.2%	(1.6)	-0.2%	(1.6)	-0.2%	-	-
restructuring costs	(3.4)	-0.3%	(3.4)	-0.3%	(3.4)	-0.3%	(3.4)	-0.3%	-	-
Jamaica site restoration	(4.5)	-0.4%	(4.5)	-0.4%	(4.5)	-0.4%	(4.5)	-0.4%	-	-
gain (loss) resulting from fiscal disputes	6.2	0.6%	6.2	0.6%	6.2	0.6%	6.2	0.6%	0.01	0.01
last mile long-term incentive schemes with retention purposes	(5.0)	-0.5%	(5.0)	-0.5%	(5.0)	-0.5%	(5.0)	-0.5%	-	-
cyber-attack expenses net of insurance refund	4.3	0.4%	4.3	0.4%	4.3	0.4%	4.3	0.4%	-	-
other adjustments of operating income(expenses) (including donations)	(2.2)	-0.2%	(2.2)	-0.2%	(2.2)	-0.2%	(2.2)	-0.2%	-	-
profit (loss) related to re-assessments previously held associates and joint-ventures					2.9	0.3%	2.9	0.3%	-	-
interest revenues connected to the definition of fiscal disputes					4.6	0.5%	4.6	0.5%	-	-
tax adjustments							1.5	0.1%	-	-
total adjustments	**(6.1)**	**-0.6%**	**(6.1)**	**-0.6%**	**1.4**	**0.1%**	**2.8**	**0.3%**	**-**	**-**
alternative performance measure-adjusted	**261.7**	**26.1%**	**223.2**	**22.3%**	**213.1**	**21.3%**	**156.8**	**15.7%**	**0.14**	**0.14**

for the six months ended 30 June 2021		**basic**	**diluted**
group net profit-adjusted	€ million	156.8	156.8
outstanding shares	n.	1,121,942,616	1,147,014,212
earnings per share-adjusted	**€**	**0.14**	**0.14**

for the six months ended 30 June 2021	**Free cash flow**
	€ million
alternative performance measure reported	**82.9**
goodwill, brand and sold business impairment	1.6
other changes from operating activities	(6.1)
non-recurring taxes paid	(5.1)
net cash flow from non-recurring investments	(49.1)
total adjustments	**(58.7)**
alternative performance measure-adjusted (recurring free cash flow)	**141.6**

	for the six months ended 30 June 2021
	€ million
EBITDA-adjusted at 30 June 2021 (+)	261.7
EBITDA-adjusted at 31 December 2020 (+)	399.9
EBITDA-adjusted at 30 June 2020 (-)	169.7
rolling twelve months EBITDA-adjusted	**491.8**
net financial debt at 30 June 2021	**1,064.8**
net debt/EBITDA-adjusted ratio	**ratio 2,2**

Stock performance in the capital market

Stock performance in the capital market

The Campari stock price performance has been significantly impacted by the overall economic fragility compounded by the negative outlook from the market, magnified by the war in Ukraine.

During the first half of 2022, the Campari stock price declined by -21.9% in absolute terms. The Campari stock price outperformed the FTSE MIB by +0.2% and underperformed the STOXX Europe 600 Food&Beverage index by -9.8% in the period from 1 January to 30 June 2022.

Performance of the Campari stock and the main benchmark indices from 1 January 2022 to 30 June 2022

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 that includes European companies operating in the food and beverage industry.

Davide Campari-Milano N.V. stock

Shares[10]

At 30 June 2022, the total share capital of Davide Campari-Milano N.V. (including Special Voting Shares) was equal to €18,273,183.

The total share capital consisted of 1,161,600,000 ordinary shares with a nominal value of €0.01 each, for a total of €11,616,000, and 665,718,342 Special Voting Shares A with a nominal value of €0.01 each, for a total of €6,657,183. Further update is available at Campari Group's website: Investors | Campari Group.

Dividend

On 8 April 2022, the Shareholders' meeting approved the distribution of a dividend of €0.060 per ordinary share for 2020 (an increase of 9.1% vs. the previous year).

The dividend was paid on 21 April 2022 (with an ex-coupon date for coupon no. 2 of 19 April 2022), in line with the Italian Stock Exchange calendar, and a record date of 20 April 2022, for a total amount of €67.6 million.

Investor relations

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

Other information

Transactions with related parties

As for related parties transactions, the Company is subject to the regulation applicable on this matter as well as the procedure for transactions with related parties approved by the Board of Directors of the Company on 27 October 2020.

It should be noted that transactions with related parties, including intra-group transactions, are not classified as material related parties transactions, as they are part of the normal business of Group companies. These transactions are carried out under market conditions, taking into account the characteristics of the goods and services provided.

[10] Refer to 'Governance' section in the 2021 Annual Report for additional information regarding the composition of the share capital and details on major shareholders.

Campari Group-Half year condensed consolidated financial statements at 30 June 2022

Index-Campari Group consolidated financial statements

Consolidated primary statements

Consolidated statement of profit or loss[1]

	notes	for the six months ended 30 June	
		2022 € million	2021 € million
Gross sales		**1,527.6**	**1,240.2**
Excise duties[2]		(270.7)	(239.4)
Net sales	5 ii.	**1,256.9**	**1,000.8**
Cost of sales	5 iii.	(490.5)	(397.3)
Gross profit		**766.5**	**603.6**
Advertising and promotional costs	5 iv.	(202.8)	(161.9)
Contribution margin		**563.7**	**441.7**
Selling, general and administrative expenses	5 v.	(252.7)	(218.5)
Other operating expenses	5 v.	(23.2)	(18.6)
Other operating income	5 v.	1.1	12.5
Operating result		**288.9**	**217.1**
Financial expenses	5 viii.	(16.6)	(16.3)
Financial income	5 viii.	11.6	11.7
Share of profit (loss) of associates and joint-ventures	5 x.	(1.6)	1.9
Profit before taxation		**282.3**	**214.4**
Taxation	5 xi.	(82.7)	(54.9)
Profit for the period		**199.5**	**159.5**
Profit attributable to:			
Shareholders of the parent Company		*199.1*	*159.6*
Non-controlling interests		*0.4*	*(0.1)*
Basic earnings per share (€)		**0.18**	**0.14**
Diluted earnings per share (€)		**0.17**	**0.14**

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

Consolidated statement of other comprehensive income

	notes	for the six months ended 30 June	
		2022 € million	2021 € million
Profit for the period (A)		**199.5**	**159.5**
B1) Items that may be subsequently reclassified to the statement of profit or loss			
Gains (losses) on cash flow hedge	9 ii.	15.3	2.5
Related Income tax effect	5 xi.	(3.7)	(0.6)
Cash flow hedge		**11.7**	**1.9**
Exchange differences on translation of foreign operations	9 ii.	**197.9**	**66.0**
Total: items that may be subsequently reclassified to the statement of profit or loss (B1)		**209.5**	**67.9**
Total: items that may not be subsequently reclassified to the statement of profit or loss (B2)		**-**	**-**
Other comprehensive income (expenses) (B=B1+B2)		**209.5**	**67.9**
Total comprehensive income (A+B)		**409.1**	**227.4**
Attributable to:			
Shareholders of the parent Company		*408.4*	*227.4*
Non-controlling interests		*0.6*	-

Consolidated statement of financial position

	notes	at 30 June 2022 € million	at 31 December 2021 € million
ASSETS			
Non-current assets			
Property, plant and equipment	6 i.	618.2	560.3
Right of use assets	6 ii.	70.8	71.8
Biological assets	6 iii.	17.0	13.4
Goodwill	6 iv.	1,494.9	1,416.3
Brands	6 iv.	1,134.2	974.9
Intangible assets with a finite life	6 iv.	53.6	54.0
Interests in associates and joint-ventures	5 x.	24.5	26.1
Deferred tax assets	5 xi.	45.2	55.3
Other non-current assets	6 v.	7.0	5.3
Other non-current financial assets	8 iii.	19.5	5.7
Total non-current assets		**3,484.9**	**3,183.0**
Current assets			
Inventories	7 iii.	883.7	742.0
Biological assets	7 iii.	5.4	3.7
Trade receivables	7 i.	352.9	290.4
Other current financial assets	8 ii.	21.6	15.8
Cash and cash equivalents	8 i.	533.1	791.3
Income tax receivables	5 xi.	28.5	17.7
Other current assets	6 vi.	77.1	49.2
Total current assets		**1,902.4**	**1,910.1**
Total assets		**5,387.2**	**5,093.1**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Issued capital and reserves attributable to shareholders of the parent Company	9ii.	2,649.1	2,371.8
Non-controlling interests	9ii.	4.2	3.0
Total shareholders' equity		**2,653.3**	**2,374.8**
Non-current liabilities			
Bonds	8 v.	845.9	845.5
Loans due to banks	8 v.	347.0	355.2
Other non-current financial liabilities	8 v.	124.5	120.9
Post-employment benefit obligations		29.2	30.1
Provisions for risks and charges	10 i.	36.7	34.4
Deferred tax liabilities	5 xi.	363.8	366.0
Other non-current liabilities	6 vii.	23.2	21.5
Total non-current liabilities		**1,770.3**	**1,773.6**
Current liabilities			
Bonds	8 vi.	-	50.0
Loans due to banks	8 vi.	188.1	198.1
Other current financial liabilities	8 vi.	73.8	73.9
Trade payables	7 ii.	455.7	394.6
Income tax payables	5 xi.	62.0	54.4
Other current liabilities	6 viii.	184.0	173.7
Total current liabilities		**963.6**	**944.7**
Total liabilities		**2,734.0**	**2,718.3**
Total liabilities and shareholders' equity		**5,387.2**	**5,093.1**

Consolidated statements of cash flows

	notes	for the six months ended 30 June 2022 € million	2021 € million
Operating profit		**288.9**	**217.1**
Depreciation and amortisation	5 vii.	42.1	38.5
Gain or loss on sale of fixed assets		-	(0.2)
Impairment loss (or reversal) of tangible fixed assets, goodwill, brand and sold business	5 v.	0.3	1.6
Change in provisions		-	4.3
Change in payables to employees		(33.5)	6.8
Change in net operating working capital		(108.9)	(98.7)
Income taxes refund (paid)		(89.8)	(28.4)
Other operating items including changes in other indirect taxes		(5.3)	24.3
Cash flow generated from (used in) operating activities		**93.7**	**165.5**
Purchase of tangible and intangible fixed assets	6 i.- iii.- iv.	(67.6)	(80.1)
Disposal of tangible and intangible assets	6 i.- iii.	4.4	5.7
Purchase and sale of trademarks	6 i.- iii.- iv	(123.6)	-
Acquisition of companies or business divisions		-	(1.2)
Cash and cash equivalents at acquired companies		-	0.7
Put options and earn-out payments		(0.6)	(0.6)
Interests received		6.0	2.9
Decrease (increase) in short-term deposits and investments	8 ii.	(1.2)	-
Cash flow generated from (used in) investing activities		**(182.5)**	**(72.5)**
Repayments of bonds, notes and debentures	8 vii.	(50.0)	-
Proceeds from non-current borrowings	8 vii.	-	130.0
Repayment of non-current borrowings	8 vii.	(8.2)	(4.3)
Net change in short-term financial payables and loans due to bank	8 vii.	(13.3)	(48.7)
Payment of lease payables	8 iv.	(7.5)	(7.1)
Interest on paid leases	8 iv.	(1.4)	(1.4)
Interests paid on other financial items	8 vii.	(9.4)	(9.7)
Inflows (outflows) of other financial items	8 vii.	(6.7)	(4.5)
Purchase of own shares	9 ii.	(72.3)	(11.8)
Sale of own shares	9 ii.	2.8	32.5
Dividend paid to equity holders of the Parent	9 ii.	(67.6)	(61.6)
Cash flow generated from (used in) financing activities		**(233.7)**	**13.4**
Net change in cash and cash equivalents: increase (decrease)		**(322.5)**	**106.4**
Effect of exchange rate changes on cash and cash equivalents		**64.4**	**13.8**
Cash and cash equivalents at the beginning of period	8 i.	791.3	548.1
Cash and cash equivalents at end of period	8 i.	533.1	668.3

Consolidated statement of changes in shareholders' equity

	notes	issued capital	retained earnings and other reserves	cash flow hedge reserve	currency translation differences	remeasurement of defined benefit plans	equity attributable to owners of the parent	non-controlling interests	total
		€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
at 31 December 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	9 ii.	-	(67.6)	-	-	-	(67.6)	-	(67.6)
Increase (decrease) through treasury share transactions	9 ii.	-	(69.6)	-	-	-	(69.6)	-	(69.6)
Increase (decrease) through share-based payment transactions	9 ii.	-	6.8	-	-	-	6.8	-	6.8
Changes in ownership interests	9 ii.	-	(0.4)	-	-	-	(0.4)	0.4	-
Increase (decrease) through other changes	9 ii.	-	(0.2)	-	-	-	(0.2)	0.2	(0.1)
Profit (loss)		-	199.1	-	-	-	199.1	0.4	199.5
Other comprehensive income (expense)	9 ii.	-	-	11.7	197.6	-	209.3	0.2	209.5
Total comprehensive income		**-**	**199.1**	**11.7**	**197.6**	**-**	**408.4**	**0.6**	**409.1**
at 30 June 2022		**18.3**	**2,595.5**	**3.8**	**32.0**	**(0.5)**	**2,649.1**	**4.2**	**2,653.3**

	issued capital	retained earnings and other reserves	cash flow hedge reserve	currency translation differences	remeasurement of defined benefit plans	equity attributable to owners of the parent	non-controlling interests	total
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
at 31 December 2020	**18.3**	**2,297.2**	**(12.4)**	**(304.7)**	**(1.8)**	**1,996.6**	**1.8**	**1,998.4**
Dividends to shareholders of the parent Company	-	(61.6)	-	-	-	(61.6)	-	(61.6)
Increase (decrease) through treasury share transactions	-	20.7	-	-	-	20.7	-	20.7
Increase (decrease) through share-based payment transactions	-	8.5	-	-	-	8.5	-	8.5
Changes in ownership interests	-	-	-	-	-	-	1.9	1.9
Increase (decrease) through other changes	-	(3.4)	-	-	-	(3.4)	(0.6)	(4.0)
Profit (loss)	-	159.6	-	-	-	159.6	(0.1)	159.5
Other comprehensive income (expense)	-	-	1.9	65.9	-	67.8	0.1	67.9
Total comprehensive income	**-**	**159.6**	**1.9**	**65.9**	**-**	**227.4**	**-**	**227.4**
at 30 June 2021	**18.3**	**2,420.9**	**(10.5)**	**(238.8)**	**(1.8)**	**2,188.1**	**3.1**	**2,191.3**

Notes to the condensed consolidated financial statements

1. General Information

Davide Campari-Milano N.V., the Group's parent company, is listed on the Italian Stock Exchange, with its official seat in Amsterdam, the Netherlands, and its corporate address at Via Franco Sacchetti 20, 20099 Sesto San Giovanni, Milan, Italy.
For the purposes of carrying out its business operations in Italy, the Company has established a secondary seat with a permanent representative office, within the meaning of article 2508 of the Italian Civil Code.
The Company is entered in both Dutch Companies' Register under the number 78502934 and Milan Monza Brianza Lodi Chamber of Commerce with the number 06672120158.
At 30 June 2022, 54.2% of the share capital and 66.9% of the total voting rights of the Company were held by Lagfin S.C.A., Société en Commandite par Actions, headquartered in Luxembourg, in its turn controlled by Artemisia Management S.A., Société Anonyme, which is the ultimate controlling company of the Group.
Founded in 1860, Campari is the sixth-largest player in the branded spirits industry, with an extensive and varied product portfolio. Its internationally-recognised brands include Aperol, Appleton Estate, Campari, Grand Marnier, SKYY Vodka and Wild Turkey.
Campari Group operates in around 190 countries and has prime positions in Europe and the Americas. It has 22 production plants and its own distribution network in 23 countries and employs around 4,000 people.

The publication of this half year report at 30 June 2022, which was subject to a limited review by the independent auditor, was authorised by the Board of Directors on 27 July 2022. The financial statements are presented in Euro, the reference currency for the Company and for many of its subsidiaries. Unless otherwise indicated, the figures reported in these notes are expressed in millions of Euro.

2. Significant events of the year

Significant events during the period relating to corporate actions, significant events, acquisitions and commercial agreements and other significant events impacting the results are reported in the dedicated section in the management board report of this half year report, to which reference is made.

3. Accounting information and policies

The half year condensed consolidated financial statements for the six months ended 30 June 2022 have been prepared in accordance with the International Accounting Standard ('IAS') 34-'Interim Financial Reporting' as adopted by the European Union. 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 end of the reporting period.

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

The half year condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2021, to which reference is made.
The Group condensed half year financial statements focused on changes since the last annual financial statements. An explanation of events and transactions, which have been significant to an understanding of the changes in the financial position and performance since the last annual reporting date, have been provided. Therefore, the information disclosed in the half year condensed consolidated financial statements related to those events and transactions, provide an update with respect to the relevant information presented in the 31 December 2021 annual financial report.

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 performance, such as gains (losses) on the sale of fixed assets, restructuring and reorganisation costs, financial expenses and any other non-recurring income (expenses), are described in the notes. This presentation complies with the requirements and guidelines of the European Securities and Markets Authority ('ESMA') set out in ESMA/2015/1415.
In the first half of 2022, 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.
Unless otherwise indicated, the figures reported in these notes are expressed in millions of Euro.

ii. Use of estimates

Preparation of the half year condensed consolidated financial statements at 30 June 2022 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 first half of the year. These estimates and assumptions, which are based on the best valuations available at the time of their preparation and are reviewed regularly, may differ from the actual circumstances and may be revised accordingly at the time the circumstances change or when new information becomes available. Future outcomes can consequently differ from estimates.
Details of critical estimates and judgements that could have a significant impact on the financial statements are set out in the related notes as follows:

- disclosure regarding 'other operating income and expenses': management judgement whether non-recurring or not usual. Please refer to note 5 v-'Selling, general and administrative expenses and other operating income and expenses ' of the half year condensed consolidated financial statements at 30 June 2022;
- 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 10 i-'Provisions for risks and future charges' of the half year condensed consolidated financial statements at 30 June 2022;
- 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 10 i-'Provisions for risks and future charges' of the half year condensed consolidated financial statements at 30 June 2022;
- 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 9 ii-'Share-based payments' of the half year condensed consolidated financial statements at 30 June 2022;
- goodwill and intangible assets: Management judgements and estimates required to determine future cash flows and appropriate applicable assumptions to support the intangible asset value. Please refer to note 6 iv-'Intangible assets' of the half year condensed consolidated financial statements at 30 June 2022;
- taxation: management judgement and estimate required to assess uncertain tax positions and the recoverability of deferred tax assets. Please refer to note 5 xi-'Taxation' of the half year condensed consolidated financial statements at 30 June 2022;
- incremental interest rate for lease transactions: management judgements and estimates required to determine the rate level. Please refer to note 8 iv-'Lease components' of the half year condensed consolidated financial statements at 30 June 2022.

- <u>Macroeconomic scenario including Russia-Ukraine conflict implications and climate related matters</u>

During the interim period of the first half of 2022 Campari Group has continued to monitor and analyse the evolution of the Covid-19 pandemic which showed signs of easing as some countries have lifted travel bans, cancelled lockdowns and eased quarantine measures. No critical situations were highlighted compared with the information provided since the Group's annual consolidated financial statements at 31 December 2021.

A critical review was conducted with reference to the macro-economic scenario including the ongoing Russia-Ukraine conflict which has started in February 2022 and a focused analysis has been performed to identify, and consequently manage, the principal risks and uncertainties to which the Group is exposed. This event and the

consequent geopolitical tensions, that have been generated, are implying significant challenges to business activities and introduce a high degree of uncertainty about the expected development of those activities and the related impacts on the economic and financial system, at both European and international level.
At present, the impact of the conflict is anyway not materially affecting the Group business performances at a consolidated level as reported in the half year condensed consolidated financial statements, since Russia and Ukraine together accounted overall for approximately 3% of the Group's net sales in full year 2021. The Group has commercial operations in both countries with no production facilities. In Ukraine, Campari Group employs 29 people while in Russia 118 people, who in both cases, are working in those commercial operations.

Campari Group, as member of the spirits industry, is currently exposed to the challenges of the present incremental pressures on input costs combined with logistics constraints exacerbated by the aforementioned conflict. To implement measures to mitigate the inflationary pressure, the Group is constantly monitoring the evolution of the macro-economic scenario and of the markets in which it operates, also including behavioural patterns of its consumer base. In the 2022 interim period the intensification of inflationary pressure was mitigated by the favourable sales mix and product and channel.

During the 2022 interim period the impact of climate-related matters was not significant for the Group's business and did not reveal any critical situations not attributable to and not addressable in the normal course of business.

In connection with the recent evolutions in the macro-economic environment, some significant assumptions and estimates underlying the items listed above were subject to in depth analysis aimed at identifying any triggering events which might have impacted the Group's financial performances, hence requiring potential material adjustments in the first six months of 2022: going concern including net financial debt, impairment of non-financial assets, operating working capital including revenue recognition and receivables expected credit loss assessment, provision and onerous contracts and deferred tax assets and tax reliefs.
Specific additional supplementary information is provided below with respect to the beforementioned identified priorities and their impact on the Group disclosure.

Going concern including net financial debt
The Group continues to be very sound, in terms of its operating and financial profiles, and has not been exposed to any going-concern issues during the first half of 2022 thanks to the agility and resilience of its organisation. During the interim period under review, thanks to the lifting of covid restrictive measures in most of the markets, the Group has seen a bounce-back in the out-of-home consumption. Meanwhile Campari Group has experienced sustained home-premise consumption, which also favoured premiumisation within the industry.
With regard to the difficult inflationary pressure of high input costs, the Group has actively implemented strategies aimed at carefully monitoring the cost production trends as well as carrying out price increases across selected brands and geographics in order to mitigate the negative impact on margins.
With regard to the Group net debt position and namely with respect to financial assets, they are not subject to particular risks, since the investments considered by the Group are always the subject of a careful and scrupulous preliminary analysis and are always aligned with the financial needs of the moment. In respect to financial liabilities, the Group's indebtedness ratios measured internally (given the lack of covenants on existing debt) were under control and consistently standing at a level considered entirely manageable by the Group. During 2022, 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 other terms of existing agreements (derivatives included) have been performed if not required by the Group in the normal course of its business, and the fact that the Group's loan profile is mainly at fixed-interest rates has minimised its exposure to market risks. With respect to lease and rental agreements, there have not been new significant lease agreements, including sub-leases, nor significant contract amendments generating financial receivables or liabilities. In terms of fair value measurement hierarchies of financial items, during the first half of 2022, 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 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.

Impairment of non-financial assets: goodwill, brands and intangible assets with a finite life and property, plant and equipment
In the current context of cost inflation, logistics constraints as well as risk free rates increases that might lead to higher cost of capital, the Group performed an impairment assessment. This assessment confirmed that these

external events did not trigger any substantial change on the recoverability of its goodwill and trademarks values.
.
During the first half of 2022 the positive business momentum has continued across key brands and regions, largely benefiting from the consumption recovery. Regarding the on-going cost inflations, the Group is actively implementing price increases across brands and geographics to mitigate the negative impact on margins. In the current circumstance, there is no evidence of significant deterioration of consumer demand affecting business plans. Consequently, there were no evidence of substantial changes of circumstances that could indicate that the carrying amount of goodwill and brands with an indefinite life may no longer be recoverable. 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 normal course of business.
During the first half of 2022 there were no issues related to operations in terms of production facilities since all the Group's plants and distilleries remained fully operational and not directly impacted by the Russia-Ukraine conflict where the Group does not have any production facilities.

Operating working capital, revenue recognition and provision and onerous contracts
Macro-economic trend in the 2022 interim period did not trigger any significant change in clients' contracts and any change in the revenue recognition criteria previously identified. During the first half of 2022 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. To facilitate the management of liquidity, the Group continued the reverse factoring program, confirmed with a limited number of trusted suppliers involved during the first half of 2022, consistently with the previous year.
The macro-economic trend in the 2022 interim period triggers the need to perform in deep assessment to reflect the net realisable value of inventories namely for market directly impacted by the Russia-Ukraine conflict with no material effect on the Group's financial performance. With respect to biological assets, during the first half of 2022 there were no changes to the fair value measurement hierarchies to be reflected in the Group's accounts. In terms of the assessment of provision for risks and charges, there were no events or situations generating the need to include additional provisions outside the normal course of business or requiring any significant estimate of onerous contracts to be reflected in the Group's accounts. Moreover, no supply chain constraints were detected that should have been reflected in the above assessment.

Taxation
During the period, all significant assumptions and estimates considered in the preparation of the latest Group's 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, which could influence the recoverability on deferred tax assets and on the recognition of any additional liabilities for uncertain tax positions or tax risk also with respect to the macro-economic environment connected with the Russia-Ukraine conflict.

iii. Basis of consolidation

No changes in the basis of consolidation resulting from the creation, acquisition, sale and reorganization of Campari Group companies have been completed during the interim period.
The tables below list the companies included in the basis of consolidation at 30 June 2022.

name of company, activity	registered office	share capital at 30 June 2022		% owned by Davide Campari-Milano N.V.		indirect ownership through
		currency	amount	direct	indirect	
Davide Campari-Milano N.V., holding, trading and manufacturing company	official seat: Amsterdam (Netherlands) corporate address: Via Franco Sacchetti 20, 20099 Sesto San Giovanni, Milan, Italy.	€	11,616,000			
Fully consolidated companies						
Italy						
Campari International S.r.l., trading company	Via Franco Sacchetti 20, Sesto San Giovanni; Milan, Italy	€	700,000	100.00		
Camparino S.r.l., trading company	Piazza Duomo 21, Milan, Italy	€	48,880	100.00		
Terrazza Aperol S.r.l., trading company	Sestiere San Marco 2775, Venice, Italy	€	20,000	100.00		
Europe and Africa						
Campari Austria GmbH, manufacturing and trading company	Naglergasse 1/Top 13,1010 Wien, Austria	€	500,000	100.00		
Campari Benelux S.A., trading company	Avenue de la Méterologie, 10, Bruxelles, Belgium	€	1,000,000	61.01	38.99	Glen Grant Ltd. 38.99%
Campari Deutschland GmbH, manufacturing and trading company	Adelgundenstr. Munich, 80538 Germany	€	5,200,000	100.00		
Campari España S.L., holding and trading company	Calle de la Marina 16-18, planta 29, Barcelona, Spain	€	4,279,331	100.00		

name of company, activity	registered office	share capital at 30 June 2022		% owned by Davide Campari-Milano N.V.		indirect ownership through
		currency	amount	direct	indirect	
Campari RUS LLC, trading company	115088, Moscow, 2nd Yuzhnoportovy proezd, 14/22, Russia	RUB	2,010,000,000	100.00		
Campari Schweiz A.G., manufacturing and trading company	Lindenstrasse 8, Baar, Switzerland	CHF	500,000	100.00		
Campari Ukraine LLC, trading company	8, Illinska Street, 5 Floor, block 8 and 9, Kiev, Ukraine	UAH	87,396,209	99.00	1.00	Campari RUS LLC 1%
Glen Grant Ltd., manufacturing and trading company	Glen Grant Distillery, Rothes, Morayshire, AB38 7BN, United Kingdom	GBP	24,949,000	100.00		
Kaloyiannis-Koutsikos Distilleries S.A., manufacturing and trading company	6 & E Street, A' Industrial Area, Volos, Greece	€	6,811,220	100.00		
Société des Produits Marnier Lapostolle S.A.S., holding and manufacturing company	14, rue Montalivet 75008 Paris, France	€	27,157,500	92.71[(1)]		
Société Civile Immobilière Du VAL, property company	14, rue Montalivet 75008 Paris, France	€	16,769,392		92.71[1)]	Campari France S.A.S. 100%
Campari France S.A.S., manufacturing and trading company	14 rue Montalivet 75008 Paris, France	€	112,759,856		92.71[(1)]	Société des Produits Marnier Lapostolle S.A.S. 100%
Bellonnie&Bourdillon Successeurs S.A.S., manufacturing and trading company	Zone de Génipa, 97224, Ducos, Martinique	€	5,100,000		89.49	Campari France S.A.S.96.53%
Distilleries Agricole de Sainte Luce S.A.S., agricultural production company	Zone de Génipa, 97224, Ducos, Martinique	€	2,000,000		89.49	Bellonnie et Bourdillon S.A.S. 100%
SCEA Trois Rivières, agricultural service company	Zone de Génipa, 97224, Ducos, Martinique	€	5,920		89.49	Bellonnie et Bourdillon S.A.S. 25% Distilleries de Sainte Luce S.A.S 75%
Champagne Lallier S.A.S., manufacturing company	4 Place de la Libération, 51160, AY, France	€	3,575,420		74.16	Campari France S.A.S. 80%
Scev des Gloriettes, property company	4 Place de la Libération, 51160, AY, France	€	34,301		74.16	Campari France S.A.S. 80%
Les Rives Marne S.A.S., trading company	4 Place de la Libération, 51160, AY, France	€	100,000		74.16	Champagne Lallier S.A.S. 100%
Sci Athena, property company	4 Place de la Libération, 51160, AY, France	€	1,000		74.16	Champagne Lallier S.A.S. 99.9% Les Rives Marne S.a.s. 0.1%
Campari South Africa Pty Ltd., trading company	2nd Floor ICR House Alphen Park, Constantia main road, Constantia, Western Cape 7806, South Africa	ZAR	310,247,750		100.00	Campari España S.L.
Americas						
Campari America, LLC, manufacturing and trading company	1114 Avenue of the Americas, 19th Floor New York, United States	USD	566,321,274	100.00		
Campari Argentina S.A., manufacturing and trading company	Tucuman, Piso 4 1107 Buenos Aires, Ciudad de Buenos Aires Argentina	ARS	1,179,365,930[(2)]	98.81	1.19	Campari do Brasil Ltda. 1.19%
Campari do Brasil Ltda., manufacturing and trading company	Alameda Rio Negro 585, Edificio Demini, Conjunto 62, Alphaville-Barueri-SP, Brasil	BRL	239,778,071	99.9999	0.0001	Campari Schweiz AG 0.0001%
Campari Mexico S.A. de C.V., trading company	Avenida Americas 1500 Piso G-A Colonia Country Club, Guadalajara, Jalisco, Mexico	MXN	2,970,184,642		100.00]	Campari España S.L. 99.9998% Campari America, LLC 0.0002%
Campari Mexico Destiladora S.A. de C.V., manufacturing company	Camino Real a Atotonilco No. 1081, La Trinidad, San Ignacio Cerro Gordo, Jalisco, Z.C. 47195, Mexico	MXN	10,100,000		100.00	Campari Mexico, S.A. de C.V. 99% Campari America, LLC 1%
Licorera Ancho Reyes y cia, S.A.P.I. de C.V., manufacturing and trading company	Paseo de los Tamarindos No. 90 Edificio Arcos Bosques Torre II-Piso 5C Col. Bosques de las Lomas, 05120, Mexico	MXN	177,888,738		51.00	Campari España S.L. 51%
Casa Montelobos, S.A.P.I. de C.V., manufacturing and trading company	Paseo de los Tamarindos No. 90 Edificio Arcos Bosques Torre II-Piso 5C Col. Bosques de las Lomas, 05120, Mexico	MXN	144,823,850		51.00	Campari España S.L. 51%
Campari Peru SAC, trading company	Av. Jorge Basadre No.607, oficina 702, distrito de San Isidro, Lima, Peru	PEN	34,733,588		100.00	Campari Espãna S.L. 99.92%, Campari do Brasil Ltda. 0.08%
Forty Creek Distillery Ltd., manufacturing and trading company	297 South Service Road West, Grimsby, Canada	CAD	105,500,100	100.00		
J. Wray&Nephew Ltd., manufacturing and trading company	23 Dominica Drive, Kingston 5, Jamaica	JMD	750,000		100.00	Campari Espãna S.L.
Asia						
Campari (Beijing) Trading Co. Ltd., trading company	Building 1, Level 5, Room 66, 16 Chaowai Avenue, Chaoyang District, Beijing, China	CNY	104,200,430	100.00		
Campari Australia Pty Ltd., manufacturing and trading company	Level 21, 141 Walker Street North Sydney, Australia	AUD	56,500,000	100.00		
Campari India Private Ltd., trading company	Upper Ground & First Floor Shop No. SG-1 & SF-1, DT Greater Kailash-II, New Delhi 110048, India	INR	172,260	99.9	0.01	Campari Australia Pty Ltd 0.01%
Campari New Zealand Ltd., trading company	C/o KPMG 18, Viaduct Harbour Av., Maritime Square, Auckland, New Zealand	NZD	10,000		100.00	Campari Australia Pty Ltd.
Campari Singapore Pte Ltd., trading company	152 Beach Road, #24-06, 1Gateway East, 189721, Singapore	SGD	19,100,000	100.00		

name of company, activity	registered office	share capital at 30 June 2022		% owned by Davide Campari-Milano N.V.		indirect ownership through
		currency	amount	direct	indirect	
Trans Beverages Company Ltd., trading company	Nr 1702,c-dong (GL Metrocity Munjung SK V1) 642-3 Munjung-dong, Songpa-gu, Seoul, Korea	KRW	2,000,000,000		51.00	Glen Grant Ltd.

Associates and joint-ventures accounted for using the equity method

name, activity	registered office	share capital at 30 June 2022		% owned by Davide Campari-Milano N.V.		indirect ownership through
		currency	amount	direct	indirect	
CT Spirits Japan Ltd., trading company	2-26-5 Jingumae Shibuya-ku, Tokyo 150-0001, Japan	JPY	100,000,000	40.00		
Dioniso S.r.l., holding and trading company	Via Franco Sacchetti, 20 Sesto San Giovanni; Milan, Italy	€	1,000,000	50.00		
Spiritus Co Ltd., trading company	4F., No, 70, Sec. 3, Nanjing E. Rd Zhongshan Dist, Taipei City 104503, Taiwan (R.O.C.)	TWD	33,600,000		40.00	Glen Grant Ltd.

(1) This figure does not include the portion of capital with right of usufruct, equal to 0.59%, whose bare ownership is held by shareholders of Société des Produits Marnier Lapostolle S.A.S. who hold 7.29% of the capital, both covered by agreements for Campari Group purchases.
(2) The share capital does not include effects related to the hyperinflation accounting standard.

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

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

	for the six months ended 30 June 2022	at 30 June 2022	for the six months ended 30 June 2021	at 30 June 2021	at 31 December 2021
	average rate	end-of-period rate	average rate	end-of-period rate	end-of-period
US Dollar	1.094	1.039	1.206	1.188	1.133
Canadian Dollar	1.391	1.343	1.504	1.472	1.439
Jamaican Dollar	168.938	156.545	179.260	178.001	174.455
Argentine Peso(1)	129.898	129.898	113.644	113.644	116.362
Australian Dollar	1.521	1.510	1.563	1.585	1.562
Brazilian Real	5.558	5.423	6.492	5.905	6.310
Swiss Franc	1.032	0.996	1.094	1.098	1.033
Chile Peso	902.774	962.060	867.989	866.750	964.350
Yuan Renminbi	7.083	6.962	7.798	7.674	7.195
Great Britain Pounds	0.842	0.858	0.868	0.858	0.840
Japanese Yen	134.299	141.540	129.812	131.430	130.380
South Korea Won	1,347.825	1,351.600	1,347.364	1,341.410	1,346.380
Mexican peso	22.175	20.964	24.321	23.578	23.144
New Zealand Dollar	1.649	1.671	1.681	1.703	1.658
Peruvian Sol	4.135	3.933	4.490	4.626	4.519
Russian Ruble(2)	85.496	57.371	89.605	86.773	85.300
Singapore Dollar	1.493	1.448	1.606	1.598	1.528
Ukraine Hryvnia	31.705	30.402	33.479	32.362	30.922
South Africa Rand	16.850	17.014	17.533	17.011	18.063

(1) The average exchange rate of the Argentine Peso for the six months ending 30 June 2022 and 30 June 2021 was equal to the spot exchange rate at 30 June 2022 and at 30 June 2021 respectively, based on IFRS accounting requirements for hyperinflation.
(2) On 2 March 2022, the European Central Bank ('ECB') decided to suspend the publication of Euro 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.

v. Hyperinflation

The indices used to remeasure the values at 30 June 2022, 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 six months ended 30 June	
	2022 average rate	2021 average rate
Consumer Price Index	790.804	483.256
	2022 conversion factor	2021 conversion factor
January	1.307	1.204
February	1.248	1.162
March	1.170	1.109
April	1.103	1.065
May	1.050	1.031
June	1.000	1.000

vi. Accounting standards adopted

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 2021, to which reference is made, except for the accounting standards specified in note 4 'Summary of the new accounting standards adopted by the Group from 1 January 2022'.

4. Change in accounting standards

Summary of the new accounting standards adopted by the Group from 1 January 2022

Amendments to IFRS 3-'Business Combinations' (issued on 14 May 2020). The amendments are intended to replace a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version without significantly changing its requirements. In particular, an exception to the recognition principle of IFRS 3 is added to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37-'Provisions, Contingent Liabilities and Contingent Assets' or IFRIC 21-'Levies', if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendment was considered in the preparation of this Group's half year condensed consolidated financial statements but is not applicable based on the transaction closed during the interim period.

Amendments to IAS 16-'Property, Plant and Equipment' on Proceeds before Intended Use (issued on 14 May 2020). The amendments prohibit a company from deducting, from the cost of an item of property, plant and equipment, amounts received from selling items produced while bringing that asset to the location and into the condition necessary for it to be capable of operating in the manner intended by management. Instead, the company must recognise the proceeds from selling such items, and the cost of producing them, in profit or loss. The amendment was considered in the preparation of this Group's half year condensed consolidated financial statements with no significant impact to be reported.

Amendments to IAS 37-'Provisions, Contingent Liabilities and Contingent Assets' on Onerous Contracts-Cost of Fulfilling a Contract (issued on 14 May 2020). The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. They can either be the incremental costs of fulfilling that contract (examples would be direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendment was considered in the preparation of this Group's half year condensed consolidated financial statements with no significant impact to be reported.

Amendments to Annual improvements 2018-2020 (issued on 14 May 2020) include the following amendments to IFRS:
- IFRS 9-'Financial Instruments'. The amendment clarifies the fees that an entity may include when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.
- IAS 41-'Agriculture'. The amendment removes the requirement to exclude taxation cash flows when measuring the fair value of assets falling within the scope of IAS 41.
- IFRS 16-'Leases'. The amendment to illustrative example 13 in IFRS 16 removes the illustration of payments from the lessor relating to leasehold improvements, in order to resolve any potential confusion regarding the treatment of lease incentives that might arise due to the form in which the lease incentives were illustrated in that example.

These amendments were considered in the preparation of this Group's half year condensed consolidated financial statements with no significant impact to be reported.

5. Results for the period

This section details the results and performance for the period ended 30 June 2022. Disclosures are provided for segmented information, operating costs, other operating items, finance income and expenses, the Group's share of profit or loss of associates and joint-ventures and taxation. For taxation, associates and joint-ventures the balance sheet disclosures are also provided in this section.

i. Seasonal factors

Sales of certain Group products are more affected than others by seasonal factors because of different consumption patterns or consumer habits. In particular, aperitif consumption tends to be concentrated during spring and summer, whereas sales of other products, such as sparkling wines and spirits, are concentrated in the last quarter. Seasonal consumption cycles in the markets in which the Campari Group operates may impact 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, guaranteeing constant consumption throughout the year.

ii. Net sales and Operating segment

Business results are affected by economic and business factors which differ across markets, also as a function of their 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 retailers concentration. As an effect of the above factors, the sales composition by brand (clustered as global, regional and local) and the related brand building and sales infrastructure investments are allocated to respond to each market priority with an impact on the profitability results, which differs from market to market. Since 2012, the Group has mainly based its management analysis on geographical regions, identified as operating segments that reflect the Group's operating model and current way of working by business unit. The geographical regions considered are: i) the Americas ii) Southern Europe, Middle East and Africa iii) Northern, Central and Eastern Europe and iv) Asia-Pacific. The Chief Executive Officer periodically reviews the Group's operating businesses to assess performance and inform resource allocation decisions.
The level of profitability analysed is the operating result. The profitability of each region reflects the profit generated by the Group through sales to third parties in that region, thereby eliminating the effects of inter-company margins.

The result of the operating segments is shown in the table below.

for the six months ended 30 June 2022	Americas	Southern Europe, Middle East and Africa	Northern, Central and Eastern Europe	Asia-Pacific	total allocated	non-allocated items and adjustments	consolidated
	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Net sales to third-parties	556.3	370.8	243.9	85.9	1,256.9	-	1,256.9
Net sales between segments	31.3	266.5	13.9	-	311.7	(492.8)	-
Total net sales	**587.6**	**637.3**	**257.8**	**85.9**	**1,568.7**	**(492.8)**	**1,256.9**
Segment result	**131.9**	**66.8**	**82.5**	**7.8**	**288.9**	**-**	**288.9**
Operating result	-	-	-	-	-	-	288.9
Financial income (expenses)	-	-	-	-	-	(5.1)	(5.1)
Share of profit (loss) of associates and joint-ventures	-	-	-	-	-	(1.6)	(1.6)
Taxation	-	-	-	-	-	(82.7)	(82.7)
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**199.5**
Non-controlling interests	-	-	-	-	-	0.4	0.4
Group profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**199.1**
Goodwill at 31 December 2021	**740.7**	**400.6**	**249.3**	**25.6**	**1,416.3**	**-**	**1,416.3**

for the six months ended 30 June 2021	Americas	Southern Europe, Middle East and Africa	Northern, Central and Eastern Europe	Asia-Pacific	total allocated	non-allocated items and adjustments	consolidated
	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Net sales to third-parties	438.9	293.2	191.9	76.7	1,000.8	-	1,000.8
Net sales between segments	51.1	329.1	17.4	-	397.7	(397.7)	-
Total net sales	**490.0**	**622.4**	**209.4**	**76.7**	**1,398.5**	**(397.7)**	**1,000.8**
Segment result	**102.2**	**36.7**	**70.7**	**7.5**	**217.1**	**-**	**217.1**
Operating result	-	-	-	-	-	-	-
Financial income (expenses)	-	-	-	-	-	(4.6)	(4.6)
Share of net profit (loss) of associates and joint-ventures	-	-	-	-	-	1.9	1.9
Taxation	-	-	-	-	-	(54.9)	(54.9)
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**159.5**
Non-controlling interests	-	-	-	-	-	(0.1)	(0.1)
Group Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**159.6**
Goodwill at 31 December 2020	**684.4**	**403.1**	**247.0**	**22.0**	**-**	**-**	**1,356.6**
Restatements		**(2.5)**					**(2.5)**
Goodwill at 31 December 2020 post-reclassifications	**684.4**	**400.6**	**247.0**	**22.0**	**-**	**-**	**1,354.1**

Net sales, which are almost entirely related to the sale of spirits, totalled €1,256.9 million at the total Group level, compared with €1,000.8 million in the first half of 2021. The overall performance in 2022 was very positive and achieved thanks to a strong business momentum over brand and geographies led by sustained consumption in the on-premise channel, combined with good weather conditions.
In order to highlight the main business performance drivers in a geographically diversified context and assess the contribution of the newly acquired brands to the overall sales performance of the Group, further breakdowns by brand category and for major brands are provided below, to explain better their contribution to the region and the main related market. The categorisation of brands into three main clusters is based on the brands' geographic scale, business priorities, and growth potential.

	for the six months ended 30 June	
Net sales focus by region	2022	2021
	€ million	€ million
Americas	556.3	438.9
Southern Europe, Middle East and Africa	370.8	293.2
North, Central and Eastern Europe	243.9	191.9
Asia-Pacific	85.9	76.7
Total	**1,256.9**	**1,000.8**

	for the six months ended 30 June	
	2022	2021
	€ million	€ million
global priority brands	**753.0**	**583.1**
Aperol	288.6	205.9
Campari	144.5	104.4
Wild Turkey portfolio[1][2]	98.9	77.0
Grand Marnier	88.0	81.0
Jamaican rums portfolio[3]	65.8	53.4
SKYY[1]	67.2	61.4
regional priority brands	**294.0**	**227.2**
Espolòn	73.6	55.8
Cinzano, Riccadonna and Mondoro	59.5	44.3
Italian specialties[4]	38.1	28.3
Crodino	32.1	23.8
Magnum Tonic	17.3	17.7
Aperol Spritz RTE (ready-to-enjoy)	18.1	13.1
The GlenGrant	11.3	8.2
other[5]	44.0	36.1
local priority brands[6]	**106.1**	**95.4**
Campari Soda	43.1	40.2
Wild Turkey ready-to-drink[7]	23.2	22.2
Skyy RTD (ready-to-drink)	12.4	9.1
X-Rated	5.9	6.2
other[8]	21.5	17.7
rest of the portfolio	**103.9**	**95.1**
total	**1,256.9**	**1,000.8**

(1-2-3-4-5-6-7-8) For notes from 1 to 8 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[11].

[11] Starting from 1 January 2022, some changes in the clustering of priorities occurred, in order to reflect the brands' different growth profile. In particular Crodino, Aperol Spritz ready-to-enjoy (both previously within local priorities) and Magnum Tonic (previously within rest of portfolio) entered the regional priority cluster; SKYY ready-to-drink (previously within rest of portfolio) entered the local priority cluster; the Brazilian brand (Dreher and Sagatiba) were moved to the rest of

The table shows the brand contribution to the consolidated net sales and the most relevant markets for each brand.

	for the six months ended 30 June 2022	
	percentage of Group sales	main region/markets for brands
global priority brands	**59.9%**	
Aperol	23.0%	- *Italy, SEMEA* *Germany, NCEE* *US, AMERICAS* *France, SEMEA* *United Kingdom, NCEE*
Campari	11.5%	- *Italy, SEMEA* *US, AMERICAS* *Brazil, AMERICAS* *Jamaica, AMERICAS* *Germany, NCEE*
Wild Turkey portfolio[1][2]	7.9%	- *US, AMERICAS* *Australia, APAC* *South Korea, APAC* *Japan, APAC* *Gtr, SEMEA*
Grand Marnier	7.0%	- *US, AMERICAS* *Canada, AMERICAS* *France, SEMEA* *Gtr, SEMEA* *Mexico, AMERICAS*
Jamaican rums portfolio[3]	5.2%	- *Jamaica, AMERICAS* *US, AMERICAS* *United Kingdom, NCEE* *Canada, AMERICAS* *Mexico, AMERICAS*
SKYY[1]	5.3%	- *US, AMERICAS* *Argentina, AMERICAS* *South Africa, SEMEA* *Germany, NCEE* *Canada, AMERICAS*
regional priority brands	**23.4%**	-
Espolòn	5.9%	-
Cinzano, Riccadonna and Mondoro	4.7%	-
Italian specialties[4]	3.0%	-
Crodino	2.6%	-
Magnum Tonic	1.4%	
Aperol Spritz RTE (ready-to-enjoy)	1.4%	
The GlenGrant	0.9%	
other[5]	3.5%	-
local priority brands[6]	**8.4%**	-
Campari Soda	3.4%	-
Wild Turkey ready-to-drink[7]	1.8%	-
Skyy RTD (ready-to-drink)	1.0%	-
X-Rated	0.5%	-
other[8]	1.7%	-
rest of the portfolio	**8.3%**	-
total	**100.0%**	-

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

portfolio (previously within local priorities). With regards to the sales comments, the performances have been calculated based on the 2021 data as recalculated to reflect the new brand cluster applicable from 1 January 2022.

iii. Cost of sales

A breakdown of the cost of sales is shown in the table below.

	for the six months ended 30 June	
	2022	2021
	€ million	€ million
Materials and manufacturing costs	408.5	343.3
Distribution costs	82.0	54.0
Total cost of sales	**490.5**	**397.3**
Breakdown by nature		
Raw materials and finished goods acquired from third parties	297.3	258.1
Inventory write-downs	5.3	5.6
Personnel costs (1)	47.1	37.7
Depreciation/amortisation (1)	24.2	22.0
Utilities	11.3	7.2
External production and maintenance costs	16.6	13.4
Variable transport costs	63.9	39.4
Other costs	24.8	13.9
Total cost of sales	**490.5**	**397.3**

(1) For an analysis of personnel costs and depreciation and amortisation components by nature, please see also the breakdown of personnel costs in notes 5 vi-'Personnel costs' and 5 vii-'Depreciation and amortisation'.

As a percentage of net sales, the cost of sales decreased overall from 39.7% of 2021 to 39.0% in 2022, thanks to a stronger absorption of fixed production costs driven by higher volume produced. From an organic standpoint, the cost of sales grew organically at +19.6%, mainly due to intensifying inflationary pressure detected on input costs, especially with reference to logistics, packaging, and raw materials, partially mitigated by the favourable sales mix and channel, driven by the performance of high-margin brands, boosted by a solid trend in premium expressions.

iv. Advertising and promotional costs

A breakdown of advertising and promotional costs is shown in the table below.

	for the six months ended 30 June	
	2022	2021
	€ million	€ million
Merchandising and promotional costs	82.1	65.4
Advertising spaces	55.9	44.6
Media production	8.5	11.6
Sponsorships, testimonials, influencers and events	43.9	22.3
Research and innovation	8.8	10.1
Advertising contribution paid (received)	(3.0)	1.5
Depreciation/amortization (1)	1.7	1.6
Personnel costs (1)	2.0	1.5
Other advertising and promotional costs	2.8	3.3
Total advertising and promotional costs	**202.8**	**161.9**

(1) For an analysis of personnel costs and depreciation and amortisation components by nature, please see also the breakdown of personnel costs in notes 5 vi-'Personnel costs' and 5 vii-'Depreciation and amortisation'.

The growth registered in the first half 2022 mainly reflects increased sponsorships, testimonials, and influencers expenses namely related to initiatives in line with the Group's focus on digital brand-building activities undertaken on the on-premise channel.

v. Selling, general and administrative expenses and Other operating income and expenses

A breakdown of selling, general and administrative expenses and other operating income and expenses is shown in the table below.

	for the six months ended 30 June	
	2022 € million	2021 € million
Personnel costs(1)	147.7	136.9
Services, maintenance and insurance	45.0	39.1
Travel, business trip, training and meetings	20.3	10.2
Depreciation/amortisation(1)	16.2	14.9
Charges for use of third-party assets	3.3	2.6
Utilities	1.0	0.7
Agents and other variable sales costs	6.0	3.8
Other	13.3	10.3
Total selling, general and administrative expenses	**252.7**	**218.5**
Operating expenses	23.2	18.6
Operating income	(1.1)	(12.5)
Total other operating income and expenses(2)	**22.1**	**6.1**
Breakdown of other operating income and expenses by nature		
Ukraine and Russia conflict costs	*10.6*	*-*
Restructuring costs(1)	*2.8*	*3.4*
Last mile long-term incentive schemes with retention purposes(3)	*5.0*	*5.0*
Impairment loss on tangible and intangible assets	*0.3*	*1.6*
Jamaica site restoration	*-*	*4.5*
Finance Transformation	*1.2*	*1.1*
Gain/(loss) on fiscal dispute	*1.4*	*(6.3)*
Cyber-attack expenses net of insurance refund	*-*	*(4.3)*
Other expenses	*1.9*	*3.1*
Other income	*(1.1)*	*(1.9)*
Total other operating income and expenses	**22.1**	**6.1**

(1) For an analysis of personnel costs and depreciation and amortisation components by nature, please see also the breakdown of personnel costs in notes 5 vi-'Personnel costs' and 5 vii-'Depreciation and amortisation'.
(2) The breakdown showed the net impact of other income and expense items by nature.
(3) Pursuant to the Remuneration Policy, a last mile incentive scheme with retention purpose to be potentially awarded to the current CEO has been approved by the Parent Company's corporate bodies. For more information, refer to section 'Governance 'in the Campari Group annual report for the year ended 31 December 2021.

The increased of €34.2 million reported at 30 June 2022 in the selling, general and administrative expenses compared to the figures reported at 30 June 2021 mainly related to personnel, travel and business trip costs, driven by incentives catch up and the gradual recovery of travelling, which was favoured by an easy comparison base still affected by pandemic restriction.
In terms of other operating income and expenses in the first half of 2022 the main components for the period totalling €10.6 million, were attributable to the Russia-Ukraine conflict, mainly in connection with the write-off of the stocks destroyed during the conflict and the updated measurement over trade receivables due to the increased probability of default of both countries which was reflected in the related expected losses (€8.6 million). Other components were related to costs associated with both restructuring and reorganizational projects as well as to the long-term non-recurring last mile incentive plans for retention purposes to be potentially recognized to senior management[12] and investment initiatives in the Group's digital transformation process and IT infrastructure, for a total amount of €9.0 million. The first six months ended 30 June 2021 included the gain resulting from fiscal dispute in Brazil as well as insurance refunds related to the cyber-attack.

vi. Personnel costs

A breakdown of personnel costs by nature and by function is shown in the table below.

	for the six months ended 30 June	
	2022 € million	2021 € million
Salaries and wages	155.0	136.4
Social security contributions	31.5	28.7
Cost of defined contribution plans	5.5	4.7
Cost of defined benefit plans	0.3	0.2
Other costs relating to mid-/long-term benefits	(2.4)	1.1
Cost of share-based payments	6.9	5.0
Non-recurring personnel costs	7.8	8.3
Total personnel costs	**204.6**	**184.4**
of which:		
Included in cost of sales	*47.1*	*37.7*
Included in selling, general and administrative expenses	*147.7*	*136.9*
Included in advertising and promotional expenses	*2.0*	*1.5*
Included in other operating income (expenses)(1)	*7.8*	*8.3*
Total personnel costs	**204.6**	**184.4**

(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 section 'Governance 'in the Campari Group annual report for the year ended 31 December 2021.

12 For more information, please refer to section 'Governance' in the Campari Group annual report for the year ended 31 December 2021

As a percentage of sales, personnel costs amounted to 16.3%, compared to 18.4% in the first half of 2021. The total personnel costs included also the expenses associated with indemnities and non-recurring last mile long-term incentive schemes with retention purposes to be potentially recognised to senior management.

vii. Depreciation and amortisation

A breakdown of depreciation and amortisation costs by nature and by function is shown in the table below.

	for the six months ended 30 June	
	2022 € million	2021 € million
- Property, plant and equipment	21.7	19.5
- Right of use assets	0.9	1.1
- Intangible assets	1.6	1.5
Depreciation and amortization included in cost of sales	**24.2**	**22.0**
- Property, plant and equipment	3.9	3.4
- Right of use assets	5.6	5.5
- Intangible assets	6.8	6.0
Depreciation and amortization included in selling, general and administrative expenses	**16.2**	**14.9**
- Property, plant and equipment [1]	0.9	0.8
- Right of use assets	0.6	0.6
- Intangible assets	0.2	0.2
Depreciation and amortization included in advertising and promotional expenses	**1.7**	**1.6**
- Property, plant and equipment [1]	26.4	23.7
- Right of use assets	7.0	7.1
- Intangible assets	8.7	7.7
Total depreciation and amortization in the statement of profit or loss	**42.1**	**38.5**
Total depreciation and amortization	**42.1**	**38.5**

[1] This item included depreciation of biological assets.

viii. Financial income and expenses

The breakdown of net financial expenses for the period is as follows.

	for the six months ended 30 June	
	2022 € million	2021 € million
Interest expenses	(13.9)	(13.9)
Bank expenses	(1.5)	(1.6)
Discounting from put option liabilities and change in estimate	-	(0.3)
Hyperinflation effects	(0.4)	(0.1)
Other expenses	(0.8)	(0.4)
Total financial expenses	**(16.6)**	**(16.3)**
Bank and term deposit interests	6.2	2.9
Exchange gain net	5.3	4.2
Financial income on tax assessment	-	4.6
Total financial income	**11.6**	**11.7**
Net financial income (expenses)	**(5.1)**	**(4.6)**
of which adjustments to financial income (expenses)	***-***	***4.6***

The breakdown by nature of net financial expenses for the period is as follows.

	for the six months ended 30 June	
	2022 € million	2021 € million
Interest expenses on bonds	(7.5)	(7.7)
Interest expenses on loans	(4.9)	(4.7)
Interest expenses on leases	(1.4)	(1.4)
Total interest expenses	**(13.9)**	**(13.9)**
Bank and term deposit interests	**6.2**	**2.9**
Bank expenses	(1.5)	(1.6)
Other net expenses	(0.8)	(0.4)
Total financial expenses	**(2.4)**	**(1.9)**
Total financial expenses before exchange gain (losses), one-offs, hyperinflation and put option	**(10.0)**	**(13.0)**
Exchange rate differences	5.3	4.2
Total financial expenses before one-offs, hyperinflation and put option	**(4.7)**	**(8.8)**
Discounting from put option liabilities and change in estimate	-	(0.3)
Financial income on tax assessment	-	4.6
Hyperinflation effects	(0.4)	(0.1)
Net financial income (expenses)	**(5.1)**	**(4.6)**

ix. Leases components

The amounts recognised in the statement of profit or loss are shown in the table below.

	for the six months ended 30 June	
	2022 € million	2021 € million
Interest on lease payables	1.4	1.4
Depreciation and amortisation on right of use underlying assets	7.0	7.1
Variable lease payment not included in measurement of lease liability	4.4	4.7
Expense related to short terms leases	0.3	0.6
Expense related to low value leases	0.4	1.0
Total lease components in the statement of profit or loss	**13.6**	**14.8**

x. Share of profit (loss) of associates and joint-ventures

The changes in the interest value of associates and joint-ventures are shown in the tables below.

€ million	investment in associates and joint-ventures
at 31 December 2021	**26.1**
Share of profit (loss)	(1.6)
Exchange rate and other movements	(0.1)
at 30 June 2022	**24.5**

For the six months ended 30 June 2022, the Group recorded a €1.6 million loss resulting from the share of results of associates and joint-ventures, applying the equity method for all its interests (€0.9 million loss for the six months ended 30 June 2021 excluding the gain from remeasurement of previous held investment).

The following table includes the breakdown of interest in associates and joint-ventures at 30 June 2022.

name of entity	country of business	% of ownership interest	nature of relationship	measurement method	currency	carrying amount	
						at 30 June 2022 € million	at 31 December 2021 € million
Dioniso Group	Italy	50.0%	*Joint-venture*	Equity method	EUR	24.1	25.7
Spiritus Co. Ltd	Taiwan	40.0%	*Joint-venture*	Equity method	TWD	0.4	0.4
CT Spirits Japan Ltd.	Japan	40.0%	*Joint-venture*	Equity method	JPY	-	-
Total investments in associates and joint-ventures						**24.5**	**26.1**

xi. Taxation

Details of current and deferred taxes included in the Group's statement of profit or loss and statement of other comprehensive income are as follows.

	for the six months ended 30 June	
	2022 € million	2021 € million
- current taxes for the year	(95.5)	(58.5)
- current taxes relating to previous years	(0.7)	(0.8)
- deferred tax expenses	13.5	4.4
Taxes recorded in the statement of profit or loss	**(82.7)**	**(54.9)**
Taxes recorded in the statement of other comprehensive income	**(3.7)**	**(0.6)**

Taxation recorded in the statement of profit or loss totalled €82.7 million with an increase of €27.8 million compared to the same period of 2021. The reported tax rate in the first six month of 2022 was 29.3%, compared to a reported tax rate of 25.6% in the same comparative period. The normalised tax rate, i.e. the tax adjusted ratio of normalised income taxation to the profit before taxation, excluding other operating income and expenses[13], adjustments to financial[14] and to tax income and expenses[15] as well as the re-assessment of previously held joint-venture investments before their consolidation[16], was 27.5% in the first half of 2022, below the normalised tax rate of 26.5% recognised consistently in the comparative period. The variance was mainly driven by the strong business performance recovery as well as the country mix and additional accrual of deferred taxes on undistributed earnings occurred in the first six months ended of 2022.

Breakdown of deferred taxes by type

The balance of current and deferred tax assets and liabilities is shown below.

[13] Refer to note 5 v-'Selling, general and administrative expenses and Other operating income and expenses'.
[14] In the half year 2021 the adjustments to financial income (expenses) were positive at €4.6 million, due to the interest on the gain resulting from the final favourable opinion received from the local authorities related to the closure of a tax dispute in Brazil on indirect taxes.
[15] The tax adjustments totalled €1.0 million and €1.5 million in the half year 2022 and 2021 respectively.
[16] The adjustment of previously held joint-venture investments before their consolidation included in the first half of 2021 was related to the incorporation of the South Korean joint-venture Trans Beverages Co. Ltd. into Campari Group accounts (refer to Campari Group half year report at 30 June 2021).

	at 30 June 2022 € million	at 31 December 2021 € million
Deferred tax assets	45.2	55.3
Deferred tax liabilities	(363.8)	(366.0)
Net deferred tax	**(318.6)**	**(310.7)**

The breakdown of income tax receivables and payables is as follows.

	at 30 June 2022 € million	at 31 December 2021 € million
Income taxes	28.2	16.2
Receivables from controlling shareholders for tax consolidation(1)	0.3	1.4
Income tax receivables	**28.5**	**17.7**
Taxes payable	26.6	21.8
Payable due to controlling shareholder for tax consolidation(1)	35.4	32.6
Income tax payables	**62.0**	**54.4**

(1) Please refer to paragraph 10 iv-'Related parties' for more information.

Income tax receivables and payables are all due within 12 months. The corporate income tax payable is shown net of advance payments and taxes deducted at source. The increase in tax payable and receivables during the first half of 2022 mainly reflected the increase in the business performances that occurred during the period in all geographies.

6. Operating assets and liabilities

This section describes the assets used to generate the Group's performance and the liabilities.

i. Property, plant and equipment

Changes in this item are shown in the tables below.

	land and buildings € million	plant and machinery € million	other € million	total € million
Carrying amount at the beginning of the period	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**
Additions	25.1	13.9	17.8	56.8
Disposals	-	(0.1)	(4.3)	(4.4)
Depreciation	(6.2)	(10.1)	(8.8)	(25.1)
Impairment	(0.3)	-	-	(0.3)
Exchange rate differences and other changes	12.5	7.8	10.5	30.8
at 30 June 2022	**329.4**	**161.4**	**127.3**	**618.2**
Carrying amount at the end of the period	476.2	431.3	242.4	1,149.9
Accumulated depreciation at the end of the period	(146.8)	(269.9)	(115.1)	(531.7)

Capital expenditure for the period, totalling €56.8 million, was mainly related to improvements aiming to strengthen the Group's production capacity and efficiency, particularly in Mexico for €20.4 million and the purchase of barrels for maturing bourbon, rum and whisky. Disposals, amounting to €4.4 million, mainly related to the sale of barrels no longer suitable for use in the maturing process.

ii. Right of use assets

The changes in assets underlying the right of use are indicated in the tables below.

	land and buildings € million	plant and machinery € million	other € million	total € million
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	1.9	0.2	0.9	2.9
Depreciation	(4.3)	(0.5)	(2.2)	(7.0)
Exchange rate differences and other changes	2.4	0.3	0.4	3.1
at 30 June 2022	**58.4**	**5.0**	**7.3**	**70.8**
Carrying amount at the end of the period	93.7	9.7	27.2	130.5
Accumulated depreciation at the end of the period	(35.3)	(4.6)	(19.9)	(59.7)

iii. Biological assets

Changes in this item are shown in the tables below.

	fixed assets valued at cost € million
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**
Additions	4.5
Disposal	(0.2)
Depreciation	(1.3)
Exchange rate differences and other changes	0.7
at 30 June 2022	**17.0**
Carrying amount at the end of the period	26.8
Accumulated depreciation at the end of the period	(9.8)

The addition of €4.5 million was mainly related to grape plantations in France (€3.1 million) and agave plantations in Mexico (€1.5 million). All biological assets at 30 June 2022 were recognised on a cost basis, net of depreciation and impairment. No guarantees were given to third parties in relation to these fixed assets.

At 30 June 2022, the Mexican agave plantations comprised 906 hectares. There was no non-productive biological asset for agave plantations and the average growing cycle covers a period of 6 years. During the first half of 2022 the Group harvested approximately 500 tons of agave in Mexico, which have been measured at fair value less costs to sell and transferred to inventories.

At 30 June 2022 the French grape plantations located in the Champagne region comprised 11.9 hectares, out of which overall 50% of these hectares were rented with medium and long-term agreements, and the remaining 50% was owned. There were no non-productive biological assets for grape plantations. Agricultural output covers a one-year period and the harvest occurs 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 30 June 2022 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% owned and 55% rented with long-term agreements. Among them, 501 hectares are cultivated. During the first half of 2022, the Group harvested approximately 2,800 tons of sugar cane. Agricultural output covers a one-year period, and the harvest is expected from February to June. Given that process, sugar cane has been considered as current biological asset classified within inventory and measured based on the costs sustained during the production process at 30 June: 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.

iv. Intangible assets

– Goodwill and brands

Changes during the period are shown in the table below.

	goodwill € million	brands with an indefinite life € million	brands with a finite life[1] € million	total € million
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	-	123.6	-	123.6
Amortisation	-	-	(1.1)	(1.1)
Exchange rate differences[2]	78.6	36.2	0.7	115.5
at 30 June 2022	**1,494.9**	**1,126.1**	**8.1**	**2,629.1**
Carrying amount at the end of the period	1,497.9	1,168.4	33.7	2,700.0
Cumulative impairment at the end of the period	(3.0)	(42.3)	(25.6)	(70.9)

[1] Brands with a finite life included the value of the X-Rated brand.
[2] Including hyperinflation effects.

The additions referred to the acquisition of the Picon brand for an overall consideration of €123.6 million, including ancillary costs and taxes.

Intangible assets with an indefinite life are represented by goodwill and brands, both associated with business acquisitions. The Group expects to obtain positive cash flow from these assets for an indefinite period of time. In the current context of cost inflation, logistics constraints as well as risk free rates increases that might lead to higher cost of capital, the Group performed an impairment assessment. This assessment confirmed that these external events did not trigger any substantial change on the recoverability of its goodwill and trademarks values. As a consequence, the Group annual impairment test performed at least once a year (namely in December) will be conducted in connection with the 2022 year-end closing.

The positive exchange rate differences on goodwill and brands denominated local currencies, totalled €115.5 million, mainly related to US and Jamaican dollars.

– Intangible assets with a finite life
Changes in this item are shown in the tables below.

	software € million	other € million	total € million
Carrying amount at the beginning of the period	131.5	20.8	152.3
Accumulated amortisation at the beginning of the period	(88.5)	(9.9)	(98.4)
at 31 December 2021	**43.0**	**10.9**	**54.0**
Additions	6.1	0.2	6.3
Amortisation	(7.0)	(0.6)	(7.6)
Exchange rate differences and other changes	0.8	0.1	0.9
at 30 June 2022	**42.9**	**10.7**	**53.6**
Carrying amount at the end of the period	141.3	21.2	162.5
Accumulated amortisation at the end of the period	(98.4)	(10.5)	(108.9)

Additions in the period totalling €6.3 million mainly related to projects to continuously upgrade the information technology environment. During the period no triggering events were identified leading to the performance of an impairment test on the Group's intangible assets subject to amortisation.

v. Other non-current assets

A breakdown of other non-current assets is shown in the table below.

	at 30 June 2022 € million	at 31 December 2021 € million
Equity investment in other companies	0.9	0.8
Security deposits	2.2	2.0
Other non-current receivables from main shareholders	1.4	1.4
Other non-current receivables	2.6	1.1
Other non-current assets	**7.0**	**5.3**

vi. Other current assets

A breakdown of other current assets is shown in the table below.

	at 30 June 2022 € million	at 31 December 2021 € million
Other receivables from tax authorities	35.3	24.6
Prepaid expenses	26.6	11.9
Advances and other receivables from suppliers	6.8	3.7
Receivables from personnel	3.1	3.2
Receivables from Parent Company for tax consolidation	0.1	-
Advances to suppliers	0.3	0.2
Other	4.9	5.7
Other current assets	**77.1**	**49.2**

Other receivables from tax authorities, totalling €35.3 million, primarily comprised VAT (€28.9 million) and excise taxes. The increase of €14.7 million in prepaid expenses is mainly attributable to phasing effects related to third-party services in connection with the outsourcing of IT and back-office activities.

vii. Other non-current liabilities

A breakdown of other non-current liabilities is shown in the table below.

	at 30 June 2022 € million	at 31 December 2021 € million
Other employee benefits (including retention incentive)(1)	18.6	13.3
Profit sharing	2.9	3.8
Medium-long term incentive plans	0.5	3.4
Other non-current liabilities	1.1	1.0
Other non-current liabilities	**23.2**	**21.5**

(1) Including non-recurring last mile long-term incentive schemes. For more information, please refer to section 'Governance ' in the Campari Group annual report for the year ended 31 December 2021.

viii. Other current liabilities

A breakdown of other current liabilities is shown in the table below.

	at 30 June 2022 € million	at 31 December 2021 € million
Payables to staff	64.9	97.5
Payables to agents	3.5	3.7
Deferred income	4.5	2.9
Amounts due to controlling shareholder for Group VAT	14.2	2.1
Value added tax	40.3	16.1
Tax on alcohol production	41.9	30.4
Withholding and miscellaneous taxes	8.6	10.2
Other	6.2	10.8
Other current liabilities	**184.0**	**173.7**

The increase of €10.3 million in other current liabilities is attributable to phasing in VAT and excise payables in line with the positive business momentum, especially in the second quarter of the period, partially offset by the decrease of payables to employees connected with the payments of short- and mid-term bonuses and incentives paid during the first half of 2022.

7. Operating working capital

This section explains the Group's operating working capital composition broken down into the various items that are managed to generate the Group performances.

i. Trade receivables

A breakdown of trade receivables is shown in the table below.

	at 30 June 2022 € million	at 31 December 2021 € million
Trade receivables from external costumers	350.4	286.1
Trade receivables from associate	2.0	1.9
Receivables in respect of contributions to promotional costs	0.5	2.4
Trade receivables	**352.9**	**290.4**

The increase of €62.5 million reflects the positive sale performance and business momentum recorded in the first half of 2022.

The following tables show the impairment changes for expected future losses and bad debt as of 30 June 2022 and 2021.

€ million	provision for expected future losses and bad debt
at 31 December 2021	**6.9**
Accruals	9.7
Utilizations	(0.3)
Releases	(0.2)
Exchange rate differences and other changes	2.3
at 30 June 2022	**18.4**

€ million	provision for expected future losses and bad debt
at 31 December 2020	**8.1**
Accruals	0.8
Utilizations	(0.6)
Releases	(1.4)
at 30 June 2021	**6.9**

The accrual of €9.7 million recorded in the first half of 2022 is mainly related to the updated and specific valuation on trade receivables of Russia and Ukraine, in light of the significant increase in the probability of default recorded in both countries following the ongoing conflict which was reflected in the relative assessment of expected losses.

ii. Trade payables

A breakdown of trade payables is shown in the table below.

	at 30 June 2022 € million	at 31 December 2021 € million
Trade payables to external suppliers	455.7	394.6
Trade payables	**455.7**	**394.6**

The increase in trade payables compared to the same period of last year was mainly driven by the increased business realised during the six months of 2022 across all geographies. During 2022, the Group continued to join the reverse factoring program launched in previous years in cooperation with an external banking provider and selected key suppliers. The program increased payables by approximately €23.9 million at 30 June 2022 (€20.3 million at 31 December 2021).

iii. Inventories and current biological assets

The breakdown of this item is as follows.

	at 30 June 2022 € million	at 31 December 2021 € million
Finished products and goods for resale	233.6	172.8
Maturing inventory	445.8	409.7
Work in progress	127.4	103.7
Raw materials, supplies and consumables	76.8	55.9
Inventories	**883.7**	**742.0**
Current biological assets	**5.4**	**3.7**
Total	**889.1**	**745.7**

Stocks totalled €889.1 million at 30 June 2022, up by €143.4 million on 31 December 2021. This change was mainly attributable to organic increases connected with the growing business as well as to the rising in stocks of maturing inventories in line with the Group's strategic premiumisation guidelines. The exchange rate effect was also significant (€39.0 million) as a result of the localisation of significant inventories out of the Eurozone and, in particular, in the Americas. The stock connected to the Picon brand acquisition was €0.5 million.
Current biological assets at 30 June 2022 totalled €5.4 million, corresponding to the fair value of the sugar cane, grapes, agave harvests and agave that had not yet ripened. All these biological products are classified as current inventory in consideration of their 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 information about the biological inventory movements over the half year 2022, refer to note 10 ii-'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 were negligible on 30 June 2022.

Inventories are reported minus the relevant impairment provisions. The changes in the first half of 2022 and 2021 are shown in the tables below.

	€ million
at 31 December 2021	**(13.6)**
Accruals/(release)	(7.4)
Utilisation	1.6
Exchange rate differences and other changes	(2.6)
at 30 June 2022	**(21.9)**

	€ million
at 31 December 2020	**(16.0)**
Accruals/(release)	1.0
Utilisation	1.5
Exchange rate differences and other changes	(1.0)
at 30 June 2021	**(14.4)**

8. Net financial debt

This section provides details of the Group's net financial debt composition broken down into various items. Financial assets and liabilities arising from rent and lease agreements are also provided in this section.

i. Cash and cash equivalents

The breakdown of the Group's cash and cash equivalents is as follows.

	at 30 June 2022 € million	at 31 December 2021 € million
Bank current accounts and cash	311.4	527.8
Term deposit maturing within 3 months	221.8	263.5
Cash and cash equivalents	**533.1**	**791.3**

The first half of 2022 showed a cash absorption of €258.2 million largely driven by the fulfilment of commitments connected with dividends payment for €67.6 million, repayment of the 5-year unrated bond issued in 2017 with maturity in April 2022 for €50.0 million and by the net cash outflow to purchase own shares for €69.6[17] million

[17] The amount included €0.1 million liability to be paid in connection with the share buyback programs.

supporting the share buyback programs launched in March and in May 2022 in connection with newly introduced share-based incentive schemes. The acquisition of the Picon brand implied a cash outflow of €124.1[18] million. For a better understanding of the liquidity management, reference is made to cash flow information and the net financial debt (note 8 vii-'Reconciliation with net financial debt and cash flow statement').

ii. Other current financial assets

A breakdown of other current financial assets is shown in the table below.

	at 30 June 2022 € million	at 31 December 2021 € million
Valuation at fair value of forward contracts	4.2	0.7
Other financial assets	17.4	15.0
of which:		
Marketable securities maturing more than 3 months	*14.4*	*13.2*
Financial receivables from Terra Moretti (i.e. business disposal) (1)	*1.5*	*1.5*
Other financial assets	*1.5*	*0.4*
Other current financial assets	**21.6**	**15.8**

(1) The financial receivable was associated with the past sale of Sella&Mosca S.p.A. and Teruzzi&Puthod S.r.l..

iii. Other non-current financial assets

A breakdown is shown in the table below.

	at 30 June 2022 € million	at 31 December 2021 € million
Non-current financial assets for hedging derivatives	12.9	-
Term deposit	4.7	4.2
Financial receivables from Terra Moretti (i.e. business disposal) (1)	1.5	1.5
Other non-current financial assets	0.3	-
Non-current financial assets	**19.5**	**5.7**

(1) The non-current portion of financial receivables was associated with the past sale of Sella&Mosca S.p.A. and Teruzzi&Puthod S.r.l..

At 30 June 2022, the main changes that occurred were related to the subscription of pre-hedging contracts as well as the existing derivatives on term loans.

iv. Lease components

Changes in the lease payables are provided in the tables below.

	at 31 December 2021 € million	addition € million	payment € million	interest expense € million	reclassification € million	exchange rate differences and other changes € million	at 30 June 2022 € million
Within 12 months	(13.5)	-	8.9	-	(8.9)	(0.4)	(13.9)
Over 12 months	(70.4)	(2.9)	-	(1.4)	8.9	(4.1)	(70.0)
Total lease payables	**(83.9)**	**(2.9)**	**8.9**	**(1.4)**	**-**	**(4.5)**	**(83.9)**

v. Non-current financial debt

The breakdown of bonds and other non-current liabilities is as follows:

	At 30 June 2022 € million	at 31 December 2021 € million
Bond issued in 2017	150.0	150.0
Bond issued in 2019	149.7	149.7
Bond issued in 2020	546.2	545.9
Non-current bonds	**845.9**	**845.5**
Liabilities and loans due to banks	**347.0**	**355.2**
Lease payables	70.0	70.4
Liabilities for put option and earn-out payments	54.4	50.4
Other non-current financial liabilities	-	0.1
Other non-current financial liabilities	**124.5**	**120.9**
Total non-current financial debt	**1,317.4**	**1,321.6**

The movement reported in liabilities for put option and earn-out payments in the first half of 2022 referred to the exchange rate revaluation of the Ancho Reyes and Montelobos put option and earn-out payable.

vi. Current financial debt

The table below provides a breakdown of the Group's bond, loans due to banks and other current financial payables.

[18] The total cash out of €124.1 million comprised the Picon brand for €118.0 million, ancillary costs for €5.6 million and other minor assets namely related to stock products for €0.5 million.

	at 30 June 2022 € million	at 31 December 2021 € million
Bond issued in 2017	-	50.0
Loans due to banks	188.1	198.1
Other current financial liabilities	73.8	73.9
of which		
Liabilities for put option and earn-out payments	*48.0*	*48.2*
Accrued interest on bonds	*6.2*	*6.3*
Lease payables	*13.9*	*13.5*
Liabilities on hedging contracts	*3.0*	*0.8*
Current liabilities for hedge derivatives, not reported using hedge accounting procedures	*1.4*	*0.2*
Other financial liabilities	*1.3*	*5.0*
Total current financial debt	**261.9**	**322.1**

The main changes that occurred in the composition of financial liabilities during the first half of 2022 were related to the repayment that occurred in April 2022, upon reaching maturity, of the bond issued in 2017 with a nominal value of €50.0 million, a fixed annual coupon of 1.768%.

vii. Reconciliation with net financial debt and cash flow statement

The reconciliation with the Group's net financial debt is set out below.

	at 30 June 2022 € million	at 31 December 2021 € million
Cash and cash equivalents	533.1	791.3
Cash (A)	**533.1**	**791.3**
Securities	14.4	13.2
Other current financial assets	7.2	2.6
Current financial receivables (B)	**21.6**	**15.8**
Loans due to banks current	(188.1)	(198.1)
Current portion of lease payables	(13.9)	(13.5)
Current portion of bonds	-	(50.0)
Other current financial payables	(11.9)	(12.3)
Current portion of payables for put option and earn-out	(48.0)	(48.2)
Current financial payables (C)	**(261.9)**	**(322.1)**
Net current financial debt (A+B+C)	**292.9**	**485.0**
Loans due to banks non-current(1)	(347.0)	(355.2)
Non-current portion of lease payables	(70.0)	(70.4)
Non-current portion of bonds	(845.9)	(845.5)
Non-current portion of payables for put option and earn-out	(54.4)	(50.4)
Other non-current financial liabilities	-	(0.1)
Non-current financial debt (D)	**(1,317.4)**	**(1,321.6)**
Net debt (A+B+C+D)(2)	**(1,024.5)**	**(836.6)**
Reconciliation with the Group's net financial debt as shown in the Management report:		
Non-current financial assets for hedging derivatives	12.9	
Term deposits	4.7	4.2
Non-current financial receivables	1.8	1.5
Group net financial debt	**(1,005.1)**	**(830.9)**

(1) In accordance with ESMA guidelines.

A reconciliation of the net financial debt with the statement of financial position is provided below.

	notes	at 30 June 2022 € million	at 31 December 2021 € million
Cash and cash equivalents	8 i.	533.1	791.3
Bonds current	8 vi	-	(50.0)
Loans due to banks current	8 vi	(188.1)	(198.1)
Other current financial assets	8 ii.	21.6	15.8
Other current financial liabilities	8 vi	(73.8)	(73.9)
short-term net financial debt including liabilities for put option and earn-out payments		**292.9**	**485.0**
Bonds non-current	8 v.	(845.9)	(845.5)
Loans due to banks non-current	8 v.	(347.0)	(355.2)
Other non-current financial assets	8 iii.	19.5	5.7
Other non-current financial liabilities	8 v.	(124.5)	(120.9)
medium-/long-term net financial debt including liabilities for put option and earn-out payments		**(1,297.9)**	**(1,315.9)**
net financial debt		**(1,005.1)**	**(830.9)**

A reconciliation of the changes in financial liabilities used in financing activities indicated in the cash flow statement and the balances shown on the financial statements is provided below.

Cash Flow generated (absorbed) from financial liabilities	bonds		payables for interest	borrowings		leases		other financial assets (liabilities)	
€ million	current	non-current	current	Current[2]	non-current	current	non-current	current	non-current
at 31 December 2021	(50.0)	(845.5)	(6.3)	(198.1)	(355.2)	(13.5)	(70.5)	3.6	5.7
Notional liabilities addition	-	-	-	-	-	-	(2.9)	-	-
Interest accrued	-	-	(9.4)	-	-	-	(1.4)	0.1	0.5
New financing[1]	**-**	**-**	**-**	**(160.9)**	**-**	**-**	**-**	**5.9**	**0.9**
Repayment[1]	**50.0**	**-**	**9.4**	**182.4**	**-**	**8.9**	**-**	**(0.2)**	**-**
- of which long-term debt	-	-	-	*8.2*	-	-	-	-	-
- of which other borrowings	-	-	-	*174.2*	-	-	-	-	-
Exchange rate effects	-	-	-	(4.0)	-	(0.8)	(4.0)	1.3	0.4
Reclassification	-	-	-	(8.3)	8.3	(8.9)	8.9	-	-
Other movements	-	(0.4)	-	0.8	(0.1)	0.4	-	(0.9)	11.8
at 30 June 2022	**-**	**(845.9)**	**(6.2)**	**(188.1)**	**(347.0)**	**(13.9)**	**(70.0)**	**9.7**	**19.4**

[1] Cash flow generated (absorbed) from financial liabilities.
[2] Net change in short-term financial payables and bank loans is equal to €13.3 million (repayments of 174.2 net of proceeds of €160.9).

viii. Financial instruments-disclosures

The value of individual categories of financial assets and liabilities held by the Group at 30 June 2022 and 31 December 2021 is shown below.

at 30 June 2022 € million	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
Cash and cash equivalents	533.1	-	-
Trade receivables	352.9	-	-
Current financial receivables	1.5	15.9	-
Other non-current financial assets	5.1	1.5	-
Other non-current assets	6.1	0.9	-
Loans due to banks [1]	(535.1)	-	-
Lease payables	(83.9)	-	-
Bonds	(845.9)	-	-
Accrued interest on bonds	(6.2)	-	-
Other current financial liabilities	(1.3)	-	-
Liabilities for put option and earn-out payments [2]	(48.0)	(54.4)	-
Trade payables	(455.7)	-	-
Current assets for hedge derivatives, not in hedge accounting	-	2.8	
Current liabilities for hedge derivatives, not in hedge accounting	-	(1.4)	
Current assets for hedging derivatives	-	-	1.4
Non-current asset for hedging derivatives [3]	-	-	12.9
Current liabilities for hedging derivatives	-	-	(3.0)
Total	**(1,077.4)**	**(34.7)**	**11.3**

[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.

at 31 December 2021 € million	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
Cash and cash equivalents	791.3	-	-
Trade receivables	290.4	-	-
Current financial receivables	0.3	14.7	-
Other non-current financial assets	4.2	1.5	-
Other non-current assets		0.8	-
Loans due to banks [1]	(552.6)	-	-
Lease payables	(83.9)	-	-
Bonds	(895.5)	-	-
Accrued interest on bonds	(6.3)	-	-
Other current financial liabilities	(4.9)	-	-
Other non-current financial liabilities	(0.1)	-	-
Liabilities for put option and earn-out payments[2]	(48.2)	(50.4)	-
Trade payables	(394.6)	-	-
Current assets for hedge derivatives, not in hedge accounting	-	0.1	-
Current liabilities for hedge derivatives, not in hedge accounting	-	(0.2)	-
Current assets for hedging derivatives	-	-	0.6
Non-current assets for hedging derivatives[3]		-	(0.7)
Current liabilities for hedging derivatives	-	-	(0.8)
Total	**(900.0)**	**(33.4)**	**(0.8)**

[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.

9. Risk management and capital structure

This section details the Group's capital structure and the related financial risks. For information on the composition of changes in shareholders' equity during the periods under review, refer to the statement of changes in shareholders' equity. For additional details about the Group's capital and financial requirement management refer to the Campari Group-Consolidated financial statements at 31 December 2021.

i. 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 internal net debt/EBITDA-adjusted ratio[19] on an ongoing basis. At 30 June 2022 the ratio was 1.7 times, compared with 1.6 times at 31 December 2021 and 2.2 at 30 June 2021, on a consistent calculation criteria. The decrease of the ratio compared with previous periods under comparison was mainly driven by the improved rolling EBITDA-adjusted, which more than offset the slight increase in net financial debt.

ii. Shareholder's equity

The Group manages its capital structure and changes it based on the prevailing economic conditions and the specific risks of the underlying asset. To maintain or change its capital structure, the Group may adjust the dividends paid to shareholders and/or issue new shares.

- Issued capital and capital structure

At 30 June 2022, the issued capital of Davide Campari-Milano N.V. is represented in the table below. Both ordinary and special voting shares have a nominal value of €0.01 each.

No movements occurred during the first half of 2022 in the composition of the issued capital.

	n. of shares			nominal value (€)		
	ordinary shares	special voting shares(1)	total	ordinary shares	special voting shares(1)	total
Issued capital at 30 June 2022	1,161,600,000	665,718,342	1,827,318,342	11,616,000	6,657,183	18,273,183

(1) Special voting shares A.

The features of the special voting shares (which can be A, B or C depending on the voting rights assigned) are described in the articles of association as well as in the terms and conditions for special voting shares ('SVS Terms'). The special voting shares are not tradable on a regulated market.

- Outstanding shares, own shares rights associated to the shares

During the first half of 2022, the Company announced the launch of two share buyback programs under article 5 of Regulation (EU) n. 596/2014 intended to meet the obligations arising from the long-term share-based incentive plans currently in place and whose beneficiaries are (or will be) employees or other members of the administrative or management bodies of either the Company or other Campari Group companies and managed in accordance with all applicable laws and regulations.
The share buyback program launched on 7 March 2022, coordinated and executed by UBS Europe SE, was implemented in accordance with the resolution approved at the Company's Annual General Meeting held on 8 April 2021 and was completed on 11 April 2022. The Program was managed with a maximum value allocation of €40,000,000 and a reported number of 3,014,744 Campari shares acquired in the period from 7 March to 11 April 2022.
On 11 May 2022, the Company launched a new share buyback program, implemented in accordance with the resolution approved by the Company's Annual General Meeting held on 12 April 2022 and coordinated by Morgan Stanley Europe SE. The program started on 12 May 2022 and will end no sooner than on 28 February 2023 and, in any case, not after 31 May 2023. The maximum value allocated to the program is €110,000,000 with a maximum number of 16,000,000 Campari shares to be purchased at the most appropriate time and price.
Moreover, consistently with similar sustainability initiatives, successfully completed in January 2022, this program includes a contractually-agreed reward mechanism to allocate an amount deriving from its outperformance to energy efficiency projects, namely the installation of photovoltaic panels in the production site in Jamaica.

The table below shows the reconciliation between the number of outstanding shares at 30 June 2022.

[19] 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 the management board report included in Davide Campari-Milano N.V. half year report at 30 June 2022.

	n. 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	(6,886,061)	-	(6,886,061)	(68,861)	-	(68,861)
Ordinary shares assigned under share-based programs	809,979	-	809,979	8,100	-	8,100
Special voting shares allocation	-	(23,510,000)	(23,510,000)	-	(235,100)	(235,100)
Outstanding shares at 30 June 2022	1,126,414,189	594,096,804	1,720,510,993	11,264,142	5,940,968	17,205,110
Total own shares held	35,185,811	71,621,538	106,807,349	351,858	716,215	1,068,073
Own shares as a % total respective shares	3.03%	10.76%	5.85%			

With reference to ordinary shares, between 1 January and 30 June 2022 the Company assigned 809,979 own shares, out of which 790,823 shares were sold for a total cash-inflow of €2.8 million, corresponding to the average exercise price multiplied by the number of own shares sold to stock option beneficiaries, while additionally 19.156 shares were transferred in the context of share matching plans. In the same period and through the shares buyback programs, the Company purchased 6,886,061 shares at an average price of €10.5, for a total amount of €72.3[20] million. At 30 June 2022, the Company held 35,185,811 own shares, equivalent to 3.0% of the share capital.

With reference to special voting shares, between 1 January and 30 June 2022 the Company allocated the nominal value of n. 23,510,000 special voting shares to the treasury shares reserve. This resulted from disposals of outstanding ordinary shares having corresponding 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 of own shares held during the periods considered.

	no. of ordinary shares held		purchase price (€ million)	
	June 2022	2021	June 2022	2021
Balance at 1 January	29,109,729	42,193,807	273.8	342.4
Purchases	6,886,061	5,931,376	72.4	71.1
Disposals	(809,979)	(19,015,454)	(5.9)	(139.8)
Final balance	35,185,811	29,109,729	340.3	273.8
% of share capital	3.03%	2.51%		

Sales of own shares during the year, which are shown in the above table at an amount equal to the original purchase cost of €5.9 million, were carried out at the actual market price totalling €2.8 million. The Parent Company reported a negative difference of €3.1 million, which was recorded in shareholders' equity (embedded within the retained earnings) and partially offset by the use of the stock option reserve of €0.8 million.

- Dividends paid and proposed

The table below shows the dividends approved and paid during the year and previous years.

	2022	2021	2020
	€	€	€
Dividend per share	0.060	0.055	0.055
	€ million	€ million	€ million
total amount	67.6	61.6	62.9
of which, to owners of the Parent	*67.6*	*61.6*	*62.9*
of which, to non-controlling interests	-	-	-

On 12 April 2022, the Annual General Meeting approved the distribution of a dividend per share of €0.06 for 2021. The dividend payment date was April 2022 for a total amount of €67.6 million.

- Other reserves and retained earnings attributable to Group shareholders

[20] The amount did not include €0.1 million liability to be paid in connection with the share buyback programs.

€ million	Equity reserves: cash flow hedge reserve	currency translation differences	hyperinflation effect reserve	remeasurement of defined benefit plans	**total equity reserves**	Retained earnings and other reserves: treasury shares-common shares	treasury shares-special voting shares	Share based payments reserve	other reserves	retained earnings	**total Retained earnings and other reserves**
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**
Cost of share-based payments for the period[1]	-	-	-	-	**-**	-	-	6.8	-	-	**6.8**
Share-based payments assigned	-	-	-		**-**	-	-	(0.8)	-	0.8	**-**
Profits (losses) allocated to shareholders' equity	15.3	-	-	-	**15.3**	-	-	-	-	-	**-**
Tax effect recognised in shareholder's equity	(3.7)	-	-	-	**(3.7)**	-	-	-	-	-	**-**
Translation difference	-	189.9[2]	-	-	**189.9**	-	-	-	-	-	**-**
Effects from hyperinflation accounting standard adoption	-	-	7.7	-	**7.7**	-	-	-	-	-	**-**
Purchase of treasury shares	-	-	-	-	**-**	(0.1)	(0.2)	-	-	(72.1)	**(72.4)**
Sale of treasury shares	-	-	-	-	**-**	-	-	-	-	2.8	**2.8**
Share capital reduction	-	-	-	-	**-**	-	-	-	-	-	**-**
Changes in ownership interests	-	-	-	-	**-**	-	-	-	-	(0.4)	**(0.4)**
Dividends	-	-	-	-	**-**	-	-	-	-	(67.6)	**(67.6)**
Net result of the period	-	-	-	-	**-**	-	-	-	-	199.1	**199.1**
Other variations	-	-	-	-	**-**	-	-	-	-	(0.2)	**(0.2)**
at 30 June 2022 before non-controlling interest	**3.8**	**(12.6)**	**44.6**	**(0.5)**	**35.3**	**(0.4)**	**(0.7)**	**35.9**	**51.4**	**2,509.2**	**2,595.5**
Non-controlling interests											
Changes in ownership interests	-	-	-		**-**	-	-	-	-	0.4	**0.4**
Dividends	-	-	-	-	**-**	-	-	-	-		**-**
Net result of the period	-	-	-	-	**-**	-	-	-	-	0.4	**0.4**
Translation difference	-	0.2	-	-	**0.2**	-	-	-	-		**-**
Other variations	-	-	-	-	**-**	-	-		-	0.2	**0.2**
at 30 June 2022 including non-controlling interests	**3.8**	**(12.4)**	**44.6**	**(0.5)**	**35.6**	**(0.4)**	**(0.7)**	**35.9**	**51.4**	**2,510.2**	**2,596.3**

(1) The item includes also the shares cancelled and expired.
(2) The non-monetary foreign currency effect was mainly guided by the US Dollar and the Jamaican Dollar.

- <u>Share-based payments</u>

Davide Campari-Milano N.V. has several own shares that can be used to support share-based payments requirements.

a. Compensation plans in the form of stock options

Please refer to paragraph 'Compensation plans in the form of stock options' of note 11 i-'Share-based payments' of the Campari Group consolidated financial statements at 31 December 2021 for full details of the Group's stock option plans. On 12 April 2022, the Annual General Meeting approved a new stock option plan which foresees the granting of stock options to directors of the Board and the Company's management, granting the relevant bodies the authorization to implement the plan by 30 June 2023. Options were granted on 12 April 2022 to individual beneficiaries, giving the right to exercise the plan within two years of the end of the fifth year from the grant date. The total number of options granted in the first half of 2022 for the purchase of further shares was 8,725,347 (645,795 in the first half of 2021), with an average grant price of €10.29 (€9.91 in the first half of 2021), 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 30 June 2022		at 31 December 2021	
	n. of shares	average allocation/exercise price (€)	n. of shares	average allocation/exercise price (€)
options outstanding at the beginning of the period	33,491,265	5.59	52,541,307	4.83
options granted during the period	8,725,347	10.29	645,795	9.91
(options cancelled during the period)	(501,511)	6.45	(671,291)	6.34
(options exercised during the period)(*)	(790,823)	3.55	(19,009,546)	3.60
(options expired during the period)	(65,680)	-	(15,000)	-
options outstanding at the end of the period	40,858,598	5.59	33,491,265	4.83
of which exercisable at the end of the period	9,294,822	3.61	10,092,564	3.59

(1) The average market price on the exercise date was €10.3.

The following assumptions were used for the fair value measurement of options issued in the first half of 2022 and 2021.

Black-Scholes model parameters	2022	2021
Expected dividends (€)	0.060	0.055
Expected volatility (%)	25.92%	20.89%
Historic volatility (%)	23.90%	20.89%
Market interest rate	1.354%	-0.124%
Expected option life (years)	7.00	7.00
Exercise price (€)	10.29	9.91

The average fair value of options granted in the first half of 2022 was €3.06 (€1.99 in the first half of 2021).

b. Employees Share Ownership plan ('ESOP'), Extra-Mile Bonus Plan ('EMB') and Mid-Term Incentive plan ('MTI')

Please refer to paragraph 'Share-based payments in the form of ESOP' of note 11 i-'Share-based payments' of the Campari Group consolidated financial statements at 31 December 2021 for full details of the Group's ESOP and EMB

On 12 April 2022, the Annual General Meeting approved an MTI plan 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 ESOP, EMB and MTI information documents, drafted in accordance with applicable legislation, are available on the Company's website: http://www.camparigroup.com/en/page/group/governance.

ESOP and MTI initiatives started having an impact on the Group's accounts from the first half of 2022.

The table below shows the changes in share-based rights during the first half of 2022, compared with 2021.

n. of rights	at 30 June 2022	at 31 December 2021
outstanding rights at the beginning of the year	1,129,949	-
assigned during the period	2,594,772	1,182,408
cancelled during the period	(46,157)	(46,551)
exercised during the period	(19,156)	(5,908)
outstanding rights at the end of the period	3,659,408	1,129,949

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 negligible at 30 June 2022.

- Other comprehensive income

The changes during the period and the related tax effect on other comprehensive income items for the half year periods ended 30 June 2022 and 2021 were as follows.

	for the six months ended	
	30 June 2022 € million	30 June 2021 € million
Cash flow hedge:		
Profit (loss) for the period	2.2	2.0
Profit (losses) classified to other comprehensive income	13.1	0.5
Related Income tax effect	(3.7)	(0.6)
Total cash flow hedge	**11.7**	**1.9**
Foreign currency translation:		
Hyperinflation effects	7.7	4.1
Exchange differences on translation of foreign operations	190.1	61.9
Total foreign currency translation	**197.9**	**66.0**

In the half year 2022. the impact of the non-monetary foreign currency effect was mainly guided by the US Dollar and the Jamaican Dollar.

- Shareholders' equity attributable to non-controlling interests

The changes during the period are reflected below.

€ million	BBS group	Ancho Reyes and Montelobos	Champagne Lallier group	Trans Beverages	Total
at 31 December 2021	**1.6**	**-**	**-**	**1.4**	**3.0**
net result	(0.1)	(0.6)	(0.3)	1.3	0.4
translation difference	-	0.2	-	-	0.2
other movements	-	-	0.2	-	0.2
reclassification to group net equity	-	0.4	0.1	-	0.4
at 30 June 2022	**1.5**	**-**	**-**	**2.7**	**4.2**

- Transactions with non-controlling interests

There were no significant transactions with non-controlling interests for the half year periods ended 30 June 2022 and 2021.

10. Other disclosures

This section includes additional financial information required by the relevant accounting standards or that management considers to be material for shareholders.

i. Provisions for risks, future charges and contingent assets

The tables below show the changes in this item during the first half of 2022.

	tax provision € million	restructuring provisions € million	agent severance fund € million	other € million	total € million
at 31 December 2021	**5.5**	**8.0**	**1.3**	**19.6**	**34.4**
Accruals	1.4	0.1	0.1	0.2	1.7
Utilizations	-	(0.1)	(0.2)	(0.6)	(0.9)
Releases	-	(0.2)	-	(0.8)	(1.0)
Reclassification	-	-	-	(0.1)	(0.1)
Exchange rate differences and other changes	0.7	0.5	-	1.5	2.6
at 30 June 2022	**7.5**	**8.4**	**1.2**	**19.7**	**36.7**

In reference to the contingent liabilities, no changes occurred during the first half of 2022 and there were no unrecognised contingent assets.

ii. Fair value information on assets and liabilities

A summary of the financial assets and liabilities is shown below, irrespective of the proposed classification based on the applicable business model and their carrying amount and corresponding fair value.

	carrying amount		fair value	
	at 30 June 2022 € million	at 31 December 2021 € million	at 30 June 2022 € million	at 31 December 2021 € million
Cash and cash equivalents	533.1	791.3	533.1	791.3
Current financial receivables	17.4	15.0	17.4	15.0
Current assets for hedging derivatives	1.4	0.6	1.4	0.6
Current assets for hedge derivatives, not in hedge accounting	2.8	0.1	2.8	0.1
Other non-current financial assets	19.5	5.7	19.5	5.7
Financial assets	**574.2**	**812.8**	**574.2**	**812.8**
Loans due to banks(1)	535.1	552.6	534.0	567.4
Lease payables	83.9	83.9	83.9	83.9
Bonds issued in 2017	150.0	200.0	149.1	204.6
Bonds issued in 2019	149.7	149.7	149.0	151.7
Bonds issued in 2020	546.2	545.9	502.7	554.2
Accrued interest on bonds	6.2	6.3	6.2	6.3
Other current and non-current financial liabilities	1.3	5.0	1.3	5.0
Current liabilities for hedging derivatives	3.0	0.8	3.0	0.8
Non-current liabilities for hedging derivatives(2)	-	0.7	-	-
Current liabilities for hedge derivatives, not in hedge accounting	1.4	0.2	1.4	0.2
Liabilities for put option and earn-out payments	102.4	98.7	102.4	98.7
Financial liabilities	**1,579.3**	**1,643.7**	**1,533.0**	**1,672.8**

(1) Excluding related derivate.
(2) Derivative on loans due to banks and new pre-hedging contract subscribed.

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 30 June 2022.

a) Financial instruments

There were no changes in the fair value measurement criteria reported in Campari Group consolidated financial statements at 31 December 2021 to which reference is made.
An analysis of financial instruments measured at fair value based on three different valuation levels is provided in the table below. There were no transfers between level 1 and level 2 fair value measurements during the first half year of 2022.

at 30 June 2022	level 1 € million	level 2 € million	level 3 € million
Assets valued at fair value			
Current financial receivables	15.9	-	-
Other non-current financial assets	1.5	-	-
Other non-current assets	-	-	0.9
Current assets for hedging derivatives(1)	-	1.4	-
Non-current asset for hedging derivatives(1)	-	12.9	-
Current assets for hedge derivatives, not in hedge accounting(1)	-	2.8	-
Liabilities valued at fair value			
Liabilities for put option and earn-out payments	-	-	54.4
Non-current liabilities for hedging derivatives(1)	-	-	-
Current liabilities for hedge derivatives, not in hedge accounting(1)	-	1.4	-
Current liabilities for hedging derivatives(1)	-	3.0	-

(1) Items for which fair value are disclosed in the related note.

at 31 December 2021	level 1 € million	level 2 € million	level 3 € million
Assets valued at fair value			
Current financial receivables	14.7	-	-
Other non-current financial assets	1.5	-	-
Other non-current assets	-	-	0.8
Current assets for hedging derivatives[1]	-	0.6	-
Current assets for hedge derivatives, not in hedge accounting[1]	-	0.1	-
Liabilities valued at fair value			
Liabilities for put option and earn-out payments	-		50.4
Non-current liabilities for hedging derivatives[1]	-	0.7	-
Current liabilities for hedge derivatives, not in hedge accounting[1]	-	0.2	-
Current liabilities for hedging derivatives[1]	-	0.8	-

(1) Items for which fair value are disclosed in the related note.

The following tables show the valuation techniques used in measuring level 2 and level 3 fair values at 30 June 2022 for financial instruments measured at fair value in the statement of financial position, and the significant unobservable inputs used.

type	valuation technique	significant unobservable inputs	inter-relationship between significant unobservable inputs and fair value measurement
Forward and option exchange contracts	For Campari Group, net exposure to foreign exchange effects is limited to transactions concluded among Group companies relating to certain sales and purchases regulated in currencies other than the functional currencies of the companies. Although these transactions represent only a portion of the overall business, the Group policy regularly determines the net exposure to the primary currencies (USD, GBP, AUD) based on its predicted intercompany sales and purchases up to 18 months. The Group then enters into foreign currency forward and option contracts to hedge those exposures. The fair value is determined using quoted forward exchange rates at the reporting date based on high credit quality yield curves in the respective currencies. The models incorporate various inputs, including the counterparty's credit rating, market volatility, spot and forward exchange rates and current and forward interest rates.	Not applicable.	Not applicable.
Derivative agreements not in hedge accounting	Sometime the Group decided not to designate foreign currency derivative contracts as hedge accounting relationships for operational reasons. The derivative agreements used by the Group are forward and option exchange contracts covering foreign exchange exposure on receivables and payables, for which the natural hedge effect is obtained.	Not applicable.	Not applicable.
Interest rate swaps	Interest rate swaps agreements are namely connected with financing. The fair value of interest rate swaps agreements is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources reflecting the applicable benchmark interbank rate used by market participants when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Group and the counterparty; this is calculated based on credit spreads derived from current credit default swap or bond prices.	Not applicable.	Not applicable.
Contingent consideration and put/call agreements connected with business combination	The valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate.	Ancho Reyes and Montelobos put option – expected contractually target business performances measured over a period of 5 years from the acquisition date; – risk-adjusted discount rate (30 June 2022: 2.43%, not materially changed compared to 31 December 2021). Lallier group put option – expected contractually target business performances measured over a period of 3 years from the acquisition date; – risk-adjusted discount rate (30 June 2022: 2.43%, not materially changed compared to 31 December 2021).	The estimated fair value would increase (decrease) if: – the expected contractually target business performances, were higher (lower); or – the risk-adjusted discount rate was lower (higher) with related impact in financial liabilities affecting the expected cash out value and Campari Group Net Equity.

The following table shows a reconciliation from the opening balance to the closing balance at 30 June 2022 for level 3 fair values.

€ million	other non-current assets	contingent consideration and put/call agreements connected with business combination
level 3 fair values at 31 December 2021	**0.8**	**50.4**
- exchange rate effect and other movements	-	4.0
level 3 fair values at 30 June 2022	**0.8**	**54.4**

With regard to the level 3 fair value items and reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, there are no significant variations to be reported compared to 31 December 2021.

IBOR reform

With respect to the amendments to IFRS connected to the 'Interest Rate Benchmark Reform' phase 2, the impact on the Group is negligible at 30 June 2022.

b) Non-financial instruments

There were no changes in the fair value measurement criteria reported in Campari Group consolidated financial statements at 31 December 2021 to which reference is made.

The table below details the hierarchy of non-financial instruments measured at fair value, based on the valuation methods used. There were no transfers between level 1 and level 2 fair value measurements during the first half of 2022.

at 30 June 2022	level 1 € million	level 2 € million	level 3 € million
Assets valued at fair value			
Biological assets in inventory	-	-	5.4

at 31 December 2021	level 1 € million	level 2 € million	level 3 € million
Assets valued at fair value			
Biological assets in inventory	-	-	3.7

The following tables show the valuation techniques used in measuring level 3 fair values at 30 June 2022 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 were higher (lower); or - the estimated yield per hectare was higher (lower).

Biological products (agave, sugar cane and grapes) are classified as fixed assets or current inventory depending on their annual vegetative growing process. Sugar cane and grapes products are classified as inventory after the annual harvest while during the year the biological inventory for grapes is represented by the costs incurred in anticipation of the future harvest. Agave product is classified as inventory even during the 6-year growing period in consideration of the vegetative characteristics of the product. The amount disclosed as biological inventory in the consolidated accounts at 31 December 2021 for sugar cane and grapes only, was used in the production process during the year 2022 and the value reported in the Group statement of the financial position at 30 June 2022 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 as of 30 June 2022 for level 3 fair values. The change in fair value indicated below referred to the harvests of agave and sugar cane carried out in the first half of 2022.

€ million	biological assets in inventory(1)
at 31 December 2021	**3.7**
transfer of harvested products to inventories (raw materials)	(1.2)
change in fair value included in profit or loss (cost of sales)	0.5
accretion	2.0
exchange rate differences	0.4
at 30 June 2022	**5.4**

(1) Please refer to note 7 iii-'Inventories and biological assets.

In light of the negligible amount of biological assets in inventory classified as level 3 fair value items, no material sensitivity effect was detected as any reasonably possible changes at the balance sheet date of one of the significant unobservable inputs, keeping the other variables constant, would not have generated significant effects either on the statement of profit or loss or on the inventory item.

iii. Commitments and risks

For information regarding the other Group's commitments and risks, please see note 11 iv-'Commitments and risks' to the Campari Group consolidated financial statements at 31 December 2021. No significant updates have been detected during the first half of 2022.
The following table shows the amounts owed by the Group in future periods, broken down by maturity, relating to the main contractual commitments for the use of third-party assets out of scope for lease accounting.

	for the six months ended 30 June	
	2022	2021
	€ million	€ million
Within 1 year	4.4	9.9
1-5 years	9.3	6.9
After 5 years	11.5	15.5
Total	**25.2**	**32.4**

iv. Related parties

At 30 June 2022 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 30 June 2022, 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 its Italian subsidiaries, have joined the Group-wide VAT scheme. All tax receivables and payables are non-interest-bearing. Transactions with related parties form part of ordinary operations and they are carried out under market conditions (i.e. conditions that would apply between two independent parties) or using criteria that allow for the recovery of costs incurred and a return on invested capital. All transactions with related parties were carried out in the Group's interest.

The tables below indicate the amounts for the various categories of transactions with related parties.

at 30 June 2022	receivables for tax consolidation € million	payables for tax consolidation € million	receivables (payables) for Group VAT € million	other non-current tax receivables € million
Lagfin S.C.A., Société en Commandite par Actions	0.3	(35.4)	(14.2)	1.4
Total	**0.3**	**(35.4)**	**(14.2)**	**1.4**
% on the related financial statements item	**0.9%**	**50.0%**	**13.2%**	**5.2%**

at 31 December 2021	receivables for tax consolidation € million	payables for tax consolidation € million	receivables (payables) for Group VAT € million	other non-current tax receivables € million
Lagfin S.C.A., Société en Commandite par Actions	1.4	(32.6)	(2.0)	1.4
Total	**1.4**	**(32.6)**	**(2.0)**	**1.4**
% on the related financial statements item	**8.1%**	**59.9%**	**1.6%**	**12.5%**

11. Subsequent events

Corporate bodies
In line with the fact that he has been leading the Global IT and Supply Chain organizations in recent years, and as a recognition of his 25 years of service, Paolo Marchesini is promoted to Chief Operating Officer in addition to his role as Chief Financial Officer.

Acquisition of Del Professore brand
On 15 July 2022 Campari Group signed the closing to acquire Del Professore brand, a super-premium craft vermouth for a non-material consideration. Del Professore 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. The Del Professore range comprises a vermouth range and a gin range. In addition to the brand acquisition, the transaction envisages a consultancy contract with the prominent bartender Leonardo Leuci who will continue acting as brand ambassador for Campari Group.
The brand represents a perfect fit to the Group's RARE portfolio with synergies to its signature cocktails. Through this transaction, Campari Group aims to solidify its position in the super-premium craft vermouth and gin categories.

Sesto San Giovanni (Milan) – Italy, Wednesday, 27 July 2022

Chairman of the Board of Directors

Luca Garavoglia

Other information

Responsibilities in respect of the half year condensed consolidated financial statements at 30 June 2022

The Board of Directors is responsible for preparing the half year report, inclusive of the half year condensed consolidated financial statements and the half year management board report at 30 June 2022, in accordance with the Dutch Financial Supervision Act and the applicable International Financial Reporting Standards (IFRS) for interim reporting, IAS 34 - 'Interim Financial Reporting' as endorsed by the European Union.

In accordance with Section 5:25d, paragraph 2, of the Dutch Financial Supervision Act, the Directors state that, to the best of their knowledge:

- the half year condensed consolidated financial statements prepared in accordance with applicable accounting standards provide a true and fair view of the assets, liabilities, financial position and profit or losses of Davide Campari-Milano N.V. and its subsidiaries, and undertakings included in the consolidation as a whole; and

- the half year management board report at 30 June 2022 provides a fair view of the information required pursuant to Section 5:25d, paragraphs 8 and 9, of the Dutch Financial Supervision Act.

Sesto San Giovanni (Milan) – Italy, Wednesday, 27 July 2022

On behalf of the Board of Directors:

Luca Garavoglia – Chairman

Robert Kunze-Concewitz – Chief Executive Officer

Paolo Marchesini – Chief Financial Officer

Fabio Di Fede – General Counsel and Business Development Officer

Independent auditor's review report

To: the shareholders of Davide Campari-Milano N.V.

Our conclusion

We have reviewed the half year condensed consolidated financial statements included in the accompanying half year report of Davide Campari-Milano N.V. based in Amsterdam for the period from January 1, 2022 to June 30, 2022.

Based on our review, nothing has come to our attention that causes us to believe that the half year condensed consolidated financial statements of Davide Campari-Milano N.V. for the period from January 1, 2022 to June 30, 2022, is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

The half year condensed consolidated financial statements comprises:

- The consolidated statement of financial position as at June 30, 2022
- The following consolidated statements for the period from January 1, 2022 to June 30, 2022:
  - profit or loss, other comprehensive income, cash flows, and changes in shareholders' equity for the six-month period then ended
- The notes comprising of a summary of the significant accounting policies and selected explanatory information

Basis for our conclusion

We conducted our review in accordance with Dutch law, including the Dutch Standard 2410, "Het beoordelen van tussentijdse financiële informatie door de accountant van de entiteit" (Review of interim financial information performed by the independent auditor of the entity). A review of interim financial information in accordance with the Dutch Standard 2410 is a limited assurance engagement. Our responsibilities under this standard are further described in the Our responsibilities for the review of the condensed interim financial information section of our report.

We are independent of Davide Campari-Milano N.V. in accordance with 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 assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Responsibilities of management and the control and risk committee for the half year condensed consolidated financial statements

Management is responsible for the preparation and presentation of the half year condensed consolidated financial statements in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

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Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the half year condensed consolidated financial statements that is free from material misstatement, whether due to fraud or error.

The control and risk committee is responsible for overseeing the entity's financial reporting process.

Our responsibilities for the review of the half year condensed consolidated financial statements

Our responsibility is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

The level of assurance obtained in a review engagement is substantially less than the level of assurance obtained in an audit conducted in accordance with the Dutch Standards on Auditing. Accordingly, we do not express an audit opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the review, in accordance with Dutch Standard 2410. Our review included among others:

- Updating our understanding of the entity and its environment, including its internal control, and the applicable financial reporting framework, in order to identify areas in the half year condensed consolidated financial statements where material misstatements are likely to arise due to fraud or error, designing and performing analytical and other review procedures to address those areas, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our conclusion
- Obtaining an understanding of internal control as it relates to the preparation of half year condensed consolidated financial statements
- Making inquiries of management and others within the entity
- Applying analytical procedures with respect to information included in the half year condensed consolidated financial statements
- Obtaining assurance evidence that half year condensed consolidated financial statements agrees with, or reconciles to, the entity's underlying accounting records
- Evaluating the assurance evidence obtained
- Considering whether there have been any changes in accounting principles or in the methods of applying them and whether any new transactions have necessitated the application of a new accounting principle
- Considering whether management has identified all events that may require adjustment to or disclosure in the half year condensed consolidated financial statements
- Considering whether the half year condensed consolidated financial statements has been prepared in accordance with the applicable financial reporting framework and represents the underlying transactions free from material misstatement

Rotterdam, July 27, 2022

Ernst & Young Accountants LLP

signed by P.W.J. (Pieter) Laan

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Davide Campari-Milano N.V.

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Corporate address: Via F. Sacchetti, 20 - 20099 Sesto San Giovanni (Milan), Italy
Share capital: €11,616,000.00 fully paid in
Fiscal Code and Milan Companies' Register n. 06672120158 - VAT n. IT06672120158

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