DAVIDE CAMPARI-MILANO N.V.
HALF YEAR REPORT
AT 30 JUNE 2021

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 2021 have been prepared in accordance with the International Accounting Standards ('IAS') 34-'Interim Financial Reporting'. The interim 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 at 31 December 2020. A 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 2020.

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 fact set forth in this half year report regarding Campari Group business strategy, for example future operations and businesses, future financial position, expected effective tax rate and anticipated tax liabilities, future payment of dividends, manner and timing of share repurchases, plans and objective of the management, 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 judgment. 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 actual impact of Covid-19 and its associated operating environment may be materially different from management's expectations.

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

Information on the figures presented

All references in this half year report to 'Euro' and '€' refer to the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union.

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

For information on the definition of the alternative performance measures used, see paragraph 'Definitions and reconciliation of the Alternative Performance Measures (APMs or non-GAAP measures) to GAAP measures' in the dedicated paragraph of this 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 in order that the correct technical meaning may be ascribed to them under applicable law.

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Key highlights

	for the six months ending 30 June 2021	2020	change total	organic change
	€ million	€ million	%	%
Net sales [1]	**1,000.8**	**768.7**	**30.2%**	**37.1%**
Contribution margin	441.7	331.1	33.4%	41.0%
EBITDA	255.7	142.4	79.6%	
EBITDA-adjusted	**261.7**	**169.7**	**54.2%**	**68.3%**
EBIT	217.1	103.0	110.8%	
EBIT-adjusted	**223.2**	**130.4**	**71.2%**	**88.7%**
Profit before taxation	214.4	101.0	112.4%	
Net profit for the period	159.5	72.7	119.3%	
Group net profit	159.6	73.0	118.7%	
Group net profit-adjusted	**156.8**	**77.6**	**101.9%**	
ROS % (EBIT/net sales)	21.7%	13.4%		
ROS (EBIT-adjusted/net sales)	**22.3%**	**17.0%**		
ROI % (EBIT/fixed assets)	7.1%	3.4%		
ROI % (EBIT-adjusted/fixed assets)	**7.3%**	**4.2%**		
Basic earnings per share (€)	0.14	0.06		
Diluted earnings per share (€)	0.14	0.06		
Basic earnings per share (€) adjusted	**0.14**	**0.07**		
Diluted earnings per share (€) adjusted	**0.14**	**0.07**		
Average number of employees	3,795	4,059		
(Acquisition) sale of companies or business division	0.4	122.3		
Free cash flow	82.9	(4.5)		
Free cash flow adjusted	**141.6**	**65.0**		
	at 30 June 2021	at 31 December 2020		
	€ million	€ million		
Net financial debt	1,064.8	1,103.8		
Shareholders' equity-Group and non-controlling interests	2,191.3	1,998.4		
Invested capital	3,256.1	3,102.2		

[1] Sales after deduction of excise duties.

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Corporate bodies

Board of Directors[1]

Luca Garavoglia[2]	Chairman
Robert Kunze-Concewitz[3]	Chief Executive Officer
Paolo Marchesini[3]	Chief Financial Officer
Fabio Di Fede[3]	Group General Counsel and Business Development Officer
Eugenio Barcellona[2]	Director and Member of the Control and Risks Committee and the Remuneration and Appointment Committee
Fabio Facchini[2][4]	Director and Member of the Control and Risks Committee
Alessandra Garavoglia[2]	Director
Michel Klersy[2]	Director
Catherine Gérardin-Vautrin[2]	Director and Member of the Control and Risks Committee and the Remuneration and Appointment Committee
Annalisa Elia Loustau[2]	Director and Member of the Control and Risks Committee and the Remuneration and Appointment Committee

External auditor[5]

Ernst&Young Accountants LLP

[1] The Board of Directors of Davide Campari-Milano N.V. (also the ‘Company’ or ‘Davide Campari’ or ‘Campari’) was appointed by the Company’s Shareholders’ meeting of 16 April 2019 for a three-year term 2019-2021.

[2] Non-executive director.

[3] Executive managing director.

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

[5] The Company’s Shareholders’ meeting held on 8 April 2021 resolved the appointment of Ernst&Young Accountants LLP for the statutory audit of the Company’s accounts for the financial year 2021, pursuant to applicable Dutch law.

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Management report for the half year ending 30 June 2021

Updates on the coronavirus, Covid-19 outbreak

The Covid-19 (‘Coronavirus’) pandemic, that began in 2020 with an incredible impact on the world, still persists.
The timing and intensity of the world recovery remain uncertain, even though the ongoing mass vaccination campaigns, launched since the beginning of 2021, have accelerated in many developed countries albeit at a different rate. Despite the vaccine roll-out, some countries continue to be heavily affected by the pandemic, such as India, Brazil and several Asian countries, whilst others are cautiously observing a new spike of contagions due to the Delta variant, such as the United Kingdom. However, overall the situation seems to be improving in many parts of the world, also thanks to the effective interventions by governments in terms of either the imposition of new temporary lockdowns or the gradual lifting of the restrictions, depending on the pandemic developments across the different countries.
During the second quarter of 2021, some countries gradually lifted the restrictive measures and the on-premise channel started to gradually reopen benefitting from newly-added outdoor spaces, whilst still facing limitations in terms of access to indoor spaces. Overall, consumers started to return to restaurants and bars enjoying the conviviality in a safe get-together environment. Meanwhile, as international travel remains subdued due to various limitations still in place, the Global Travel Retail channel continued to be severely hit by the pandemic effects also in the first half of 2021, even if it is slowly improving from the second quarter 2021, following the partial lifting of restraining measures, particularly between European countries.

In this volatile context, all Campari Group plants and distilleries continue to be fully operational, while complying with rigorous health and safety measures in force to protect the health of Camparistas.
Whilst smart-working is still the recommended policy for office-based employees, Campari Group started to set the guidelines for the introduction of new globally consistent ways of working for a safe return to the workplace, respecting the specific regulations that each country will enforce. The togetherness of Camparistas, in a space that will be increasingly designed to support collaboration and relationship building, is fundamental to the Group culture and success.

Looking at the market trends, new opportunities are emerging in an ever-changing scenario with the Group constantly monitoring new consumption patterns and consumer habits. From the start of the pandemic, Campari Group demonstrated remarkable agility and learning ability to engage with consumers with new online and digital initiatives. Human desire to socialise remains strong and the strict protocol for physical distancing spawned the development of new occasions for consumption as consumers attempt to make bar-quality drinks at home, with new source of entertainment and remote social gatherings. With at-home mixology movement accelerating and home consumption increasing, more consumers have shown interest to purchase sprits products online and this trend has led to unprecedented levels of e-commerce development that pushed legacy spirits brands to shift to digital marketing strategies to reach consumers. In addition, ready-to-drinks (‘RTD’s’), which in terms of channel pivoted to home consumption, showed strong resilience and development driven by the trend towards flavour, lower-ABV, refreshment and convenience.

Campari Group is continuing to monitor and analyse the evolution of the pandemic and its effects on the macroeconomic scenario and on the markets in which it operates, the behavioural patterns of its consumer base, the Group’s financial position and the results of its operations, despite the objective difficulty in making predictions in a context constrained by numerous and new variables that are beyond the Group’s control. Within this radically changed global context, Campari Group aims at maintaining and consolidating the leadership in the aperitifs on one hand, whilst recruiting new consumers and gaining market shares in the premium spirits offerings on the other hand, by expanding its presence as well in Asia-Pacific.
During 2021, Campari Group continued to strengthen its brands actively and consistently, leveraging social and digital media, while in recent months, after the easing of restrictions in some countries and the on-premise slow reopening, activations and events were carried out through various channels to generate brand experiences in compliance with current regulations.

The first half of 2021 performance was overall significantly influenced by a favourable comparison base with the first half of 2020. However, the Group demonstrated a strong business strength, with a positive brand momentum across key markets thanks to resilient off-premise dynamics, combined with gradual on-premise re-opening.
Whilst the Group continues to deliver on its commitments, it also remains focused on its long-term growth strategic objectives in terms of brand building and strengthening of its distribution capabilities in its strategic geographies, including Asian markets.

The Group is also continuing to stand by the local communities. In Italy, for example, a collaboration with one of the largest Italian healthcare providers, Gruppo MultiMedica, was developed, to create a vaccination hub that is now administering vaccines not only to the Camparistas who haven't participated to the national vaccination campaign, but also to other companies' employees and to local citizens.

Main brand-building activities

The brand portfolio represents a strategic asset for the Campari Group. One of the main pillars of the Group's mission is to build and develop its brands. The Group has an ongoing commitment to investment in marketing designed to strengthen the recognition and reputation of iconic and distinctive brands in the key markets, as well as launching and developing them in new high-potential geographical regions. The Group is developing its strategies with an increasing focus on new communications tools, especially the digital media channel, which is seen as strategic thanks to its interactive, customisable and measurable properties.

The main marketing initiatives focused on global and regional priority brands, undertaken in the first half of 2021, are set out below. The brand-activations are managed in a flexible manner in order to be remodelled, if necessary, to take into account restrictions changes and new lockdowns aimed at the continuous containment of the pandemic imposed in the various markets. The brand-building initiatives are mainly focused on digital activations. However, upon the opening of on-premise venues in some countries, the initiatives targeted the on-premise distribution channel as well, by complying with the regulations in place.

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

New developments

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

Campari Group has launched RARE, a new dedicated division with the ambition to become a top purveyor of luxury offerings in the United States and key global markets. Through this strategic initiative, Campari Group aims at unlocking and accelerating the growth of its existing and future super premium and above portfolio, seeking a new dedicated approach to brand building and route-to-market.
In the United States, RARE will focus on three product tiers:
- opulent, top tier luxury offerings that allow Campari to engage with high net-worth individuals;
- boutique, niche products that allow Campari to engage with 'in the know' consumers, spirits connoisseurs and bartenders;
- signature, foundational super premium offerings, with award winning propositions within the largest and fastest growing categories in the United States.

Beyond the United States, where the project will be targeted in its initial phase at three States with the objective to gradually expand into more in the following years, a deployment of the RARE initiative, via the increased focus of existing sales organisations, is planned into selected European markets and Australia as well as on e-commerce, enriched with the finest expressions from the Group's portfolio of leading brands.

Global priority brands

<u>Aperol</u>

Throughout the first half of 2021 multiple initiatives were launched to educate consumers on the perfect serve, strengthening the link with food and generating digital engagement aiming at reinforcing home consumption of Aperol Spritz. Upon the easing of restrictions in some countries, with the on-premise slowly reopening, activations and events were undertaken across different channels to generate brand experiences as well while complying with the regulations in place.

In June 2021 the **Aperol Bar Walking Tour** was launched in selected cities in Germany allowing consumers to experience with a walking map different locations where enjoying an Aperol Spritz to-go. The **Aperol Pool Concert Tour** was launched as well in Germany in the same period where consumer had the chance to enjoy music from private little pools with dedicated picnic spots and beach areas.
Starting from May 2021 the **Aperol 360° Summer Program** was launched in the United States to drive awareness, consideration and trial for Aperol and Aperol Spritz. The campaign consists of digital and social media promotion across highly relevant channels, a media partnership with Billboard, e-commerce partnerships and commercial visibility activity in the off-premise and in the on-premise channel, upon its reopening.
During June 2021 a **partnership with Pique**, the premium luxury hamper business has been established in United Kingdom to support the launch of new small format of Aperol (35 cl), featuring the new Aperol bi-pack (with

Cinzano 37.5 cl). The **Aperol Spritz, Together Again** campaign was launched in the United Kingdom in April 2021, aimed at celebrating the joy of reconnection as hospitality venues re-opened on 12 April 2021. For the first time in nearly 100 days, friends and family had the possibility to share two Aperol Spritz face-to-face, with Aperol refunding the price of one of them to the consumer. Alternatively, consumers could also choose to support the venues by donating the equivalent of their Aperol Spritz to Campari Group UK's hospitality industry relief fund, **Shaken Not Broken**, which supports current and former bar workers affected by lockdown.
The second edition of **Apéro Duo** was launched in France at end of June. During the activation Adrien Cachot, Top Chef France 2020 candidate, and the mixologist Giovanni Allario were invited to the challenge to prepare the Aperol Spritz with one hand and the food pairing with the other hand. In May, a 360º activation plan called Ruta Neocastiza has been implemented in Spain to increase visibility and relevance with local consumers. The on-trade plan activated Aperol Spritz brand in core districts of Madrid to drive trial, boost visibility and penetration, while a partnership with a **local music duo Fuel Fandango** has been built to host concert and music events.

From January to March 2021 in Italy the key initiatives were **Aperitivo a Casa**, promoting home consumption and **Together We Can Create**, encouraging users to express themselves by showing how they can make a perfect aperitif with Aperol Spritz and having the chance to win 1,000 magnum bottles of Aperol. In the United States, the **#AperolLovesPizza** campaign, which was started in late 2020, was activated between the Pizza Day in February and Pi Day (day celebrating the Greek letter) in March, with selected press, brand fans, influencers and key trade contacts receiving kits including Aperol Loves Pizza branded items. In March 2021, **Aperol's Birthday** was launched in the United Kingdom with consumers celebrating their birthdays in March and April, having the chance to win a virtual Aperitivo masterclass hosted by Aperol's brand ambassador.
At the beginning of 2021 a series of summer sunsets acoustic concerts **Aperol Spritz Live,** both physically and digitally, were launched in Argentina, while in Brazil the **Entre no modo Aperol** initiative was developed, aimed at increasing brand visibility in all channels, on and off-trade, enhancing trials, brand loyalty and awareness. All initiatives were managed by complying with the regulations in place.

In line with 2020, in the context of the Covid-19 outbreak, several charity organizations were supported by Aperol, including Another Round Another Rally namely in the United States.

With respect to the activities developed after 30 June 2021, starting from July 2021 the **Aperol** brand sponsored the Tomavistas Extra Music Festival in Madrid, Spain, while in the United Kingdom a social led campaign was launched for the brand, with a call to action for consumers to finish working at 5pm to catch up and socialise with friends at least for one day by complying with Covid regulations in place. In addition, in Argentina off and on-trade activations were developed upon the Friends Day in July to generate trial and awareness by positioning Aperol Spritz as the ideal aperitif for gathering with friends.

Campari
In May 2021, the **Campari Red Passion digital campaign** was launched globally establishing the brands' ethos of Red Passion through the voice of the bartender. The activation features video contents and visuals of outstanding cocktail creations and consumption occasions, of the bartender and of various archetypes, who further embody Red Passion. In selected markets such as United States, Belgium, Italy, Australia and New Zealand the campaign was also launched on traditional media such as TV.
The global digital initiative follows the selective activation of the **Campari Red Passion campaign** in key markets at the beginning of 2021, including United States, Spain and Argentina. In the United States, a media partnership with Vox Media was implemented, including the release of articles on The Cut&New York Magazine, featuring the Red Passion campaign talents and highlighting the passion behind the craft of mixology and film-making. In Argentina locally well-known people from the artistic environment, such as actors and bartenders, were selected to convey the Red Passion concept communicating their own passion for an artistic form, while in Spain local celebrities in the cinema, fashion and art areas showed how they unlock their Red Passion and challenged the audience to get out of their comfort zone, while bringing them closer to the local hero easy-mix, Campari&Tonic.
Following the key countries mentioned above, the campaign was also developed in Germany with an outdoor **art walk SecRED gallery** in Berlin where 14 artists had the chance to show their works, which represented their interpretation of Red Passion; in Belgium with an online art gallery, the **Red Passion gallery**, totally digital and immersive, encouraging Belgians to reconnect with Art and culture, encouraging them to express their passion and creative instinct.
Among the other key initiatives in April 2021, Campari sponsored the first virtual hosting of the **Costume Design Guild Awards (CDGA)**, to build both the brand relevance as a lifestyle brand and its credibility in the world of film and creative storytellers. In the United Kingdom in June 2021 Campari partnered with Affordable Art Fair, to launch **Art Without Walls**, the UK's largest outdoor art gallery, covering the streets of East London for two weeks.
Starting from June 2021 in Spain a partnership with Fever was launched to sponsor **Candlelight Concerts**, a worldwide success case based on live music under candle lights.

Wild Turkey

In May 2021 the new iconic packaging design of Wild Turkey 101 was launched, as well as the new limited-edition Russell's Reserve 13 year old, one of the boldest, yet smooth bourbons ever that honours the Russel family ties, exemplifying their mastery of bourbon-making.

At the beginning of 2021, Wild Turkey received two awards from the 2021 Drinks International Annual Brand Report: it was named the **7th Best Selling American Whiskey Brand** and ranked 7th as well in the **Top Trending American Whiskey category**.

In January 2021 the first-ever guided tasting from home with Amazon Alexa and Google Home, the **Wild Turkey Tasting**, was launched, bringing the consumer to the perspectives and authenticity of the Russell family of master distillers from Lawrenceburg, Kentucky. A surprise appearance from Matthew McConaughey, the Wild Turkey's Creative Director and the co-creator of Longbranch, enhanced the experience by sharing tales to capture the personal and vibrant experience that is Wild Turkey.

The **Now you Now** social media initiative launched in late 2020, continued at the beginning of 2021 in the United States leveraging experts in the industry and the brand's biggest advocates, bartenders, to increase quality perception and generate trial.

SKYY

In June 2021 the **SKYY brand** was **relaunched** with a global campaign that launched first in the United States. The campaign was executed digitally targeting Hulu, Spotify, YouTube, TrueX as well as the streaming networks Fox, FX, Comedy Central, Lifetime, ESPN and Disney. Moreover, out-of-home media in selected cities including Austin, Dallas, San Francisco and Houston were developed. The brand also continued its support of the LGBTQIA+ community by becoming an official sponsor of New York City Pride, and launching **a sponsorship campaign** in the United States. The campaign titled **Coming Out (Again)**, features LGBTQIA+ talent Symone, the winner of RuPaul's Drag Race 2021.

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

With respect to the activities developed after 30 June 2021, following the brand relaunch campaign in June 2021 in the United States, the relaunch was activated in Canada as well, supported through all online social platforms and the brand website.

Grand Marnier

In June 2021 the **Grand Takeover** was launched in Paris, France, with the objective of increasing the brand credibility in the cocktail universe. Specifically, two boats were redesigned in Grand for a 100% cocktail evening on the Seine river.

Jamaican rums

With regard to the Jamaican rums portfolio, the **relaunch of Appleton Estate Core Range** (Signature, 8 Year Old Reserve and 12 Year Old Rare Casks) continued across the world in 2021, with most of Europe and Asia launching in April and May 2021, following the selected key markets for the brand in 2020.

In addition, the new **Appleton Estate 15 Year Old Black River Casks** and the relaunch of **Appleton Estate 21 Year Old Nassau Valley Casks** were activated in key international markets between end of June and beginning of July 2021. They are both ultra-premium expressions, each minimum aged 15 and 21 years, respectively, having an elevated new packaging, with unique gift boxes that bring to life Appleton Estate's new brand visual identity.

Both expressions were awarded medals from the prestigious **2021 Beverage Tasting Institute Competition**, with the former receiving a Gold Medal and the latter the Platinum Medal, the highest distinction that any spirit can receive in this competition. In addition, the **Appleton Estate 12 Year Old Rare Casks** received a **Gold Medal**, a testament to the superior quality for minimum aged rums

Among the other awards received by the Jamaican rums portfolio, at the beginning of 2021 Appleton Estates received two medals from the prestigious Spirits Business Rum Masters Competition 2021: **Gold Medal** for the Appleton Estate 8 Year Old Reserve and **Masters Medal**, the highest distinction that any spirit can receive in this competition, for the Appleton Estate 21 Year Old Nassau Valley Casks. Moreover, Appleton Estate was named as the 5th **Top 10 Best Selling** and 4th **Top Trending Rums in the world** by the 2021 Drinks International Annual Brand Report.

After the launch in selected markets in 2020, **Kingston 62** was also launched in Canada in February 2021, supported by point-of-sale trade activations aimed at communicating the new brand name, new packaging and outstanding quality of rum.

Regional and local priority brands

Concerning the regional priority brands, in key markets for **Bisquit&Dubouché cognac**, virtual educational training sessions for external partners were organized and held by the global brand ambassador Vincent Chappe. The objective was the preparation of the launch of the new packaging of Bisquit&Dubouché cognac XO and VSOP during the year.

With respect to **Espolòn**, in June 2021 the new expression Espolòn Cristalino was launched in Mexico under a phased approach, including the distribution in on and off-premise venues, a public relations and sampling program of the premium product kit reaching the key off-trade clients and influencers to conclude with a media and consumer event, in-store displays as well as an e-commerce activation. The expression, made of 100% Blue Weber Agave, is a unique blend of Añejo with a touch of extra Añejo artfully filtered through charcoal for the shortest amount of time possible to obtain the translucent colour while retaining its signature flavour. Among the other brand's activations, Espolòn was live across social and digital media, also aimed at driving e-commerce sales on Drizly e-commerce platform. The initiative was active from April to 5 May 2021 'Cinco de Mayo', the date Mexican-American culture is celebrated. In terms of awards, the brand received the Impact Hot Brand 2020 award for the fifth year in a row and was named one of the Impact's Blue Chip brands, the drinks industry's best long-term performers. In terms of **The GlenGrant**, in April 2021 Dennis Malcolm, The GlenGrant's Master Distiller, celebrated 60 years in the industry and his tenure as Scotland's longest serving Master Distiller. In terms of awards, The GlenGrant 15 Year Old was awarded 92 points at the Editors' Choice in the 2021 spring issue of Whiskey Advocate; followed by The GlenGrant 18 Year Old and The GlenGrant 12 Year Old both receiving 90 points.

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

In terms of the **Sparkling wine portfolio**, a sponsorship with Vivino, the world's largest online wine lovers community, was developed to effectively communicate to the right target the product positioning with dedicated pages including product information and brand storytelling. In addition, **Riccadonna** was amongst the first brands to release a Prosecco Rosé variant with the official recognition of the controlled designation of origin (D.O.C.). The Riccadonna Prosecco Rosé D.O.C. Millesimato was launched in France, celebrating the 100 years milestone of Italian excellence, style and sophistication for the brand.

With regards to **Cinanzo vermouth** from June 2021, Giorgio Bargiani, the Head of Mixology at The Connaught Bar in London which was ranked #1 among 50 World's Best Bars in 2020, became the Global Brand Advocate for the expression **1757 Vermouth di Torino**.

Concerning the local priority brands, with the reopening of the on-trade and the lifting of the restriction measures, **Crodino** has entered in the core phase of its roll-out program in multiple markets including Switzerland, Austria, Benelux, Germany, Switzerland, United Kingdom, as well as Greece, Romania and Bulgaria, strengthening the brand positioning as 'the' non-alcoholic Aperitivo.

With regards to **Aperol Spritz RTE** (ready-to-enjoy), in January 2021 the brand was launched in Australia with an engaging teaser through a multi-channel activation (TV, billboards, digital and email advertising), as well as off and on-premise trade media activations to drive mass awareness and expand moment of consumptions. In February and March 2021 consumers were invited to engage in the ultimate Aperol Spritz RTE picnic experience on Domain in Sydney.

Corporate activities

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

Significant events of the year

Acquisitions and commercial agreements

Campari Group commitment to underwrite up to 100% of Tannico's proposed capital increase
On 10 May 2021 Campari Group, which holds 49% of Tannico, has confirmed its commitment to underwrite a portion of the proposed increase in Tannico's share capital aimed at funding the acquisition by Tannico of 68.5% of Ventealapropriete.com ('VAP') (agreement signed on 10 May 2021). Founded in 2008, VAP is a major e-commerce platform for the sale of premium domestic and international wines, as well as high-end spirits in France. In 2020, VAP achieved net sales of €34.5 million (under local GAAP). With this funding, Campari Group confirms its commitment to the strategic e-commerce channel, set to continue to grow strongly thanks to the positive trend in the home consumption of spirits cocktails. In 2020 Tannico delivered a record full year growth with net sales up by +82% to €37.5 million[1].
In July 2021, the transaction underwent important developments. For additional information please refer to the note 11-'Subsequent events' of the Campari Group half year condensed consolidated financial statements at 30 June 2021.

Route-to-market development in New Zealand
On 1 April 2021, the Group signed an agreement to acquire an interest in a New Zealand company, Thirsty Camel Ltd., a local player that is specialised in marketing and distribution of alcoholic and non-alcoholic products in the territory. The aim of the agreement is to promote and develop the Group's aperitif, amari, liqueur, tequila, single malt and vodka products in New Zealand. The Group acquired a 10% stake for an overall consideration of €0.3 million (AUD 0.5 million), which is represented as other investment in 2021 Campari Group consolidated accounts.

Route-to-market development in South Korea
On 4 January 2021 Campari Group increased its interests in the South Korean joint venture Trans Beverages Company Ltd., with its 40% stake growing to 51% and confirming the call option on the remaining share capital, which can be exercised from 2024. This transaction is in line with the Group's strategy and further develops its presence in the Asian-Pacific markets. The company, previously represented as a joint venture investment, has been consolidated starting from January 2021. The effects of the first consolidation are presented in the note 6 i.-'Acquisition and sale of businesses and purchase of non-controlling interests' of the Campari Group half year condensed consolidated financial statements at 30 June 2021.

Termination of the distribution agreement for the portfolio of William Grants&Sons brands in Germany
The agreement for distributing the William Grants&Sons products in Germany was terminated at the beginning of 2021. The portfolio's sales represented around 2% of the Group overall sales in 2020.

Corporate actions

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

Employee Share Ownership Plan
The AGM approved the resolution to implement an Employee Share Ownership Plan ('ESOP') aimed at encouraging employees' to share the Company's values, strengthening the sense of belonging and encouraging active participation in the Group's long-term growth. The ESOP is intended for all employees of the Group, with the exception of members of the Board of Directors.
These employees will be offered the opportunity to allocate certain amounts to the plan. The amounts will be deducted from their salaries on a monthly basis (by means of a chosen contribution rate corresponding either to 1% or 3% or 5% of the yearly gross salary). These contributions will be used to purchase shares of Davide Campari-Milano N.V. (the 'Purchased Shares') by the plan administrator; after a three-year vesting period, the above-mentioned employees will be entitled to receive a free award of matching shares as per a predefined matching ratio.

[1] Tannico's accounts are not fully consolidated by Campari Group. Tannico is represented as an associate company in consolidated Campari Group accounts.

Moreover, in the context of the ESOP, the AGM approved the resolution to introduce an Extra-Mile Bonus Plan ('EMB') to reward employees for their participation in the Group's performance. The EMB is intended for all permanent employees of the Group who worked at the Group for at least 6 months during 2020, with the exception of the Group Leadership Team. Eligible employees will be awarded with a right to receive a number of Campari shares for free, subject to their continued employment during a vesting period of three years. The awarded number of shares will be calculated based on the annual base gross salary as at 31 December 2020, divided by twelve.
The ESOP and EMB Information Documents, drafted in accordance with applicable legislation, are available on the Company's website: www.camparigroup.com/en/page/group/governance. The initiatives will have an impact on the Group's accounts starting from the second half of 2021.

Group significant events

Share buyback plan and purchase and sale of own shares
The AGM authorised the Board of Directors for the purchase of own shares, mainly aimed at the replenishment of the portfolio of own shares to serve the current and future stock option plans for the Group's management and other incentive plans currently in force or to be adopted. The authorisation is granted until 8 October 2022. The repurchase can take place for a minimum price, excluding expenses, of the nominal value of the shares concerned and a maximum price of an amount equal to 5% above the average closing price over a period of 5 days preceding the day of the agreement of acquisition of the shares.
On May 31 Davide Campari-Milano N.V. announced the launch of a programme covering the period 8 April 2021 to 8 October 2022 coordinated by EXANE BNP Paribas. Moreover, the programme includes a contractually-agreed reward mechanism. An amount deriving from the outperformance[2] in the purchase cost of the shares during the programme will be allocated by Campari to an energy efficiency project, namely the installation of photovoltaic panels in Campari's main plant located in Italy (Novi Ligure), allowing the Company to insource the production of renewable electricity and reduce emissions, in line with Campari Group's energy efficiency and decarbonation agenda. By introducing this additional initiative, Campari further confirms its strong commitment to the responsible use of resources and reduction of the environmental impact of its production activities, one of the four pillars of Campari Group's sustainability roadmap.

As a result of the exercise of stock option plans, between 1 January and 30 June 2021, the Company sold 8,453,911 own shares, for a total cash-in of €32.4 million, corresponding to the average exercise price multiplied by the number of own shares sold to the stock option beneficiaries. In the same period, the Company purchased 1,076,400 shares at an average price of €10.9, for a total amount of €11.8 million. At 30 June 2021, the Company held 34,816,296 own shares, equivalent to 3.0% of the share capital.

Vaccination Hub collaboration in Italy
In Italy (Milan), in collaboration with one of the largest Italian healthcare providers, 'Gruppo MultiMedica', a vaccination hub was created and inaugurated in May 2021. This vaccination hub is administering vaccines not only to the Camparistas who have not taken part in the Italian national vaccination campaign yet, but also to other companies' employees and to the local citizens.
Since the beginning of the pandemic, Campari Group has been at the forefront of the fight against Covid-19 through donations, the production of sanitising gel when it was not available and activities in support of institutions, hospitals and local communities in the various countries where the Group operates.

Global guidelines on 'New ways of working'
Campari Group started to set the guidelines for the introduction of new consistent ways of working respecting the specific regulations that each country will enforce for a while more, such as the number of people allowed in the office, social distancing rules or the use of face masks.
The new ways of working are based on two key principles. Firstly, that the togetherness connection in a Campari Group space that will be increasingly designed to support collaboration and relationship building, is essential to the Group culture and success. Secondly, the flexibility to perform personal and work activities in the most suitable place at the appropriate time, will allow greater individual effectiveness for each Camparista. The right office environment will be a place where Camparistas can achieve great things working, creating and collaborating together. The Group will continue to invest more over time on designing the right environments for Camparistas to flourish and do their best work together. The office space will acquire a new meaning and will remain a core component of the working philosophy, while at the same time Camparistas will embrace virtual working and exploit technology where it creates a competitive advantage.

[2] 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 2021, to which reference is made.

In particular, among acquisitions and commercial agreements two important events took place during July 2021: the termination of the distribution agreement for Jägermeister brand in Italy was signed while Moët Hennessy and Campari Group announced the formation of a 50/50 joint venture with the purpose of investing in Wines&Spirits e-commerce companies and build a European ecommerce pure player in this growing category. For additional information see the dedicated section mentioned above.

Group Financial Review

Information relevant to the Directors' report on the significant events that took place during and after the end of the period, may be found in the paragraph 'Significant events of the period' of Management report for the period ending 30 June 2021 and in the paragraph 'Subsequent events' of Campari Group's half year condensed consolidated financial statements at 30 June 2021, respectively.

During the first half ending 30 June 2021 certain adjustments on the purchase price allocation related to the acquisitions completed in 2020 were recorded. Those changes required some of the balances stated at 31 December 2020 to be shown differently, as detailed in the note 3 vi-'Reclassification of comparative figures at 31 December 2020' of the Campari Group consolidated financial statements at 30 June 2021 to which reference is made. These adjustments did not have a significant impact on the profit or loss or cash flow for the period ending 31 December 2020.

Sales performance

1. Overall performance

In the first half of 2021, the Group's net sales totalled €1,000.8 million, with an overall increase of +30.2% as compared to the same period of 2020. The organic growth component showed a positive change of +37.1%. The exchange rate component and the perimeter effect were negative at -5.6% and -1.3% respectively.

	for the six months ending 30 June			six months change %, of which				organic change % by quarter	
	2021	2020	total change						
	€ million	€ million	€ million	total	organic	perimeter	exchange rate[1]	first	second
Total	**1,000.8**	768.7	**232.2**	**30.2%**	**37.1%**	-1.3%	-5.6%	17.9%	**54.0%**

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

Organic change

The organic performance in the first half was overall significantly influenced by a favourable comparison base with the same period of the previous year (-11.3%), which was highly impacted by the lockdown measures implemented across the various countries to fight the Covid-19 pandemic.
The very positive and double-digit organic growth of the first half of 2021 (+37.1%) was the result of positive brand momentum across key markets thanks to resilient off-premise dynamics, combined with gradual on-premise re-opening leading to a second quarter acceleration (+54.0%).
If compared to the results of the first half of 2019, unaffected with respect to Covid-19 and hence considered a reference benchmark, the performances of the first half of 2021 were highly satisfactory showing an overall organic increase of +22.3% confirming the Group's dynamism. The organic percentage change of the first half of 2021 compared with the first half of 2019 is calculated as the sum of the overall values of organic performances of the first half of 2021 and the first half of 2020 (with respect to the first half of 2020 and the first half of 2019 respectively), divided by the overall net sales of the comparison period, i.e. the first half of 2019.

All the regions recorded double-digit growth rates in the first half of 2021. In particular the Americas region and the North, Central and Eastern Europe region registered an acceleration in the second quarter thanks to the evolution of the off-premise skewed markets which continued to show sustained at-home consumption combined with the progressive on-premise reopening. The Southern Europe, Middle East and Africa region was highly favoured by the acceleration in the second quarter driven by a return to growth for the core on-premise skewed Italian market and supported by physiological stock replenishment phasing effects aimed at making the current stock in the on-premise channel adequate to satisfy expected consumptions needs during the summer season. Asia-Pacific region showed a positive momentum as well, also benefitting from route-to-market changes. All the regions recorded double-digit growth rates when compared to the first half of 2019 too, driven by solid home consumption and on-premise bounce back.

With regard to brand performances, all clusters benefitted from their respective favourable comparison base with the same period of the previous year and registered double-digit organic growth rates. The global priority (+35.7%) were favoured by the strong acceleration in aperitifs in the second quarter driven by the on-premise reopening effect. Regional priority brands registered a solid performance (+44.3%) with Espolòn continuing to grow at double-digit rates. The local priority brands grew at +39.0%, with Crodino returning to positive figures in the second quarter following the on-premise trend. All the brand clusters recorded double-digit growth rates when compared to the first half of 2019 thanks to healthy brand momentum.

	for the six months ending 30 June									
	2021		2020		total change		6 months change %, of which			change % second quarter
	€ million	%	€ million	%	€ million	total	organic	perimeter	exchange rate[1]	organic
Americas	438.9	43.9%	358.1	46.6%	80.8	22.6%	34.2%	0.1%	-11.7%	48.4%
Southern Europe, Middle East and Africa	293.2	29.3%	182.6	23.8%	110.7	60.6%	57.4%	3.2%	-	101.6%
North, Central and Eastern Europe	191.9	19.2%	172.0	22.4%	19.9	11.6%	23.5%	-9.5%	-2.4%	28.2%
Asia-Pacific	76.7	7.7%	55.9	7.3%	20.8	37.2%	30.8%	0.8%	5.5%	21.1%
Total	**1,000.8**	**100.0%**	**768.7**	**100.0%**	**232.2**	**30.2%**	**37.1%**	**-1.3%**	**-5.6%**	**54.0%**

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

for the six months ending 30 June 2021	percentage of Group sales	six months change %, of which				change % second quarter
		total	organic	perimeter	exchange rate	organic
global priority brands	58.3%	29.0%	35.7%	-	-6.7%	52.4%
regional priority brands	17.3%	38.7%	44.3%	1.3%	-7.0%	61.1%
local priority brands	13.2%	37.8%	39.0%	-	-1.2%	49.7%
rest of the portfolio	11.2%	17.3%	32.2%	-11.9%	-3.0%	57.6%
total	**100.0%**	**30.2%**	**37.1%**	**-1.3%**	**-5.6%**	**54.0%**

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

❖ Geographical regions

- The **Americas** region recorded a growth of +34.2% (+48.4% in the second quarter 2021), driven by the positive performance of all markets against an easy comparison base (-7.6% reported in the first half of 2020), particularly the United States (+29.0%), Jamaica (+33.9%), Canada (+20.7%), Mexico and the South American markets.
- The **Southern Europe, Middle East and Africa** region reported an organic increase in sales of +57.4% (+101.6% in the second quarter 2021), against an easy comparison base (-32.8% reported in the first half of 2020) and driven by the very strong performances of Italy (+55.8%), France (+61.8%), Spain (+58.3%) and South Africa, as well as Global Travel Retail channel (+24.3%).
- The **Northern, Central and Eastern Europe** region showed positive organic growth of +23.5% (+28.2% in the second quarter 2021) despite a challenging comparison base (+5.9% reported in the first half of 2020), driven by the growth across all countries, particularly the German market (+11.9%), as well as the United Kingdom (+37.1%) and Russia (+44.1%).
- The **Asia-Pacific** region recorded a positive performance of +30.8% (+21.1% in the second quarter 2021) despite a challenging comparison base (+7.1% reported in the first half of 2020) and benefitting also from route-to-market changes. Australia, the region's largest market, increased by +11.5%, and China, Japan, New Zealand and South Korea also showed strong growth.

❖ Brands

- The Group's **global priority brands** registered an organic sales increase of +35.7% (+52.4% in the second quarter 2021), driven by strong acceleration in high-margin aperitifs in the second quarter 2021 driven by on-premise reopening. Strong performance was recorded by Aperol (+42.1%), Campari (+39.5%), Grand Marnier (+52.4%), Wild Turkey (+26.8%) and the Jamaican rums (+29.7%). SKYY also showed an overall positive performance in the period.
- The **regional priority brands** recorded an organic increase of +44.3% (+61.1% in the second quarter 2021) driven by the positive performance across all brands with strong results particularly for Espolòn, the Sparkling wines (Mondoro and Riccadonna), Cinzano, the Italian bitter and liqueurs, as well as The GlenGrant and Bulldog.
- The **local priority brands** increased by +39.0% (+49.7% in the second quarter 2021) as a result of the very positive performances of the RTD portfolio, including Campari Soda, Aperol Spritz ready-to-enjoy, Crodino and Wild Turkey ready-to-drink, as well as other brands, led by X-Rated Fusion Liqueur.

Perimeter variation

The perimeter variation of -1.3% in the first half of 2021, as compared with sales in the same period of 2020, is analysed in the table below.

breakdown of the perimeter effect	€ million	% on first half 2020
acquisitions (Rhumantilles, Ancho Reyes and Montelobos, Baron Philippe de Rothschild France Distribution S.A.S.[1] and Champagne Lallier)	6.1	0.8%
total acquisitions	**6.1**	**0.8%**
new agency brands	0.5	0.1%
discontinued agency brands	(16.4)	-2.1%
total agency brands	**(15.9)**	**-2.1%**
total perimeter effect	**(9.8)**	**-1.3%**

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

- **Business acquisitions**

In the first half of 2021, the perimeter variation due to business acquisitions was positive at +0.8%. It was driven by the acquisitions of CFD from 28 February 2020 and of Champagne Lallier from 30 June 2020. With regard to the CFD acquisition, sales of Campari Group's products contributed to the organic sales change, given that they were previously distributed by CFD, hence shown as Group sales, by virtue of the distribution agreement that had existed prior to the acquisition, whereas sales of agency brands are classified as perimeter variations. With respect to the inclusion in the Group's perimeter of Trans Beverage Ltd., starting from January 2021, the sales trend for Campari Group's own brands of the first half of 2021 was reported as an organic component in light of the previous distribution agreement for the Group's own brands in place for the South Korean market, whereby sales in that market were already represented as Group sales; the mainly controlled legal entity's agency brands included in the Group figures following this acquisition were recorded as perimeter effect.

- **Agency brands distributed**

The perimeter variation due to the distribution of agency brands in the first half of 2021 represented a net decrease of -2.1% and was mainly related to the termination of the agreement to distribute the portfolio of William Grants&Sons brands in Germany from January 2021, which more than offset the new agency brands distributed related to the inclusion in the Group's perimeter of Trans Beverage Ltd. starting from January 2021.

Exchange rate effects

The exchange rate effect in the first half of 2021 was negative at -5.6%, mainly due to the devaluation of many of the Group's currencies against the Euro such as the US Dollar, the Jamaican Dollar, the Brazilian Real, the Russian Ruble. The exchange rate effect includes the impact of applying the IFRS guidance on managing hyperinflation in Argentina.
The table below shows, for the Group's most important currencies, the average exchange rates for the first half of 2021 with percentage change against the Euro as compared with the same period in 2020, as well as the spot rates at 30 June 2021 with the percentage change against the Euro as compared with 31 December 2020.

	average exchange rates			spot exchange rates		
	for the six months ending 30 June 2021	for the six months ending 30 June 2020	revaluation/(devaluation) vs. first half 2020	at 30 June 2021	at 31 December 2020	revaluation/(devaluation) vs. 31 December 2020
	1 Euro	: 1 Euro	%	1 Euro	: 1 Euro	%
US Dollar	1.206	1.101	-8.6%	1.188	1.227	3.3%
Canadian Dollar	1.504	1.503	-0.1%	1.472	1.563	6.2%
Jamaican Dollar	179.260	153.453	-14.4%	178.001	174.805	-1.8%
Mexican Peso	24.321	23.860	-1.9%	23.578	24.416	3.6%
Brazilian Real	6.492	5.416	-16.6%	5.905	6.374	7.9%
Argentine Peso(1)	113.644	78.786	-30.7%	113.644	103.249	-9.1%
Russia Ruble	89.605	76.687	-14.4%	86.773	91.467	5.4%
Great Britain Pound	0.868	0.874	0.7%	0.858	0.899	4.8%
Swiss Franc	1.094	1.064	-2.8%	1.098	1.080	-1.6%
Australian Dollar	1.563	1.678	7.3%	1.585	1.590	0.3%
Yuan Renminbi	7.798	7.747	-0.7%	7.674	8.023	4.5%

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

2. Sales by region

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

- **Americas**

The region, broken down into its core markets below, recorded an overall organic increase of +34.2%. The region is predominantly off-premise skewed, particularly North America.

	% of Group total	for the six months ending 30 June 2021 € million	%	2020 € million	%	total change € million	6 months change %, of which: total	organic	perimeter	exchange rate[(1)]	change % second quarter organic	organic change compared with first half of 2019
US	29.1%	290.9	66.3%	246.9	68.9%	44.0	17.8%	29.0%	-	-11.1%	42.6%	24.6%
Jamaica	4.7%	47.3	10.8%	41.3	11.5%	6.1	14.7%	33.9%	-	-19.3%	34.0%	20.9%
Canada	3.4%	34.0	7.8%	28.0	7.8%	6.0	21.4%	20.7%	0.8%	-0.1%	14.2%	32.3%
Brazil	1.8%	17.8	4.0%	11.9	3.3%	5.8	48.8%	78.3%	-	-29.5%	95.0%	48.9%
Mexico	1.6%	15.6	3.6%	8.6	2.4%	7.0	81.7%	85.6%	-0.4%	-3.5%	387.4%	-7.9%
Other countries of the region	3.3%	33.3	7.6%	21.4	6.0%	11.9	55.8%	67.6%	-	-11.9%	115.6%	25.4%
Americas	43.9%	**438.9**	**100.0%**	**358.1**	**100.0%**	**80.8**	**22.6%**	**34.2%**	**0.1%**	**-11.7%**	**48.4%**	**24.2%**

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

The **United States**, the Group's largest market, accounting for 29.1% of total Group sales, closed the first half of 2021 with a very positive organic performance of +29.0%, with an acceleration in the second quarter (+42.6%), also thanks to a favourable comparison base with the second quarter of the previous year, which was affected by destocking effect at wholesaler level. In the period the performance was driven by the continued strong double-digit growth of Espolòn, Grand Marnier, Wild Turkey and the Jamaican rums, combined with the results from Aperol which turned positive thanks to the recovery in the second quarter registering a triple-digit trend. SKYY was positive mainly driven by shipment recovery, while Campari was slightly negative in the period (double digit positive growth in the second quarter) as it was penalised by an unfavourable comparison base.
The gradual re-opening of the on-premise favoured the overall sales performance in the market, with sustained consumption in the off-premise, despite the tough comparable base from last year's pantry loading. In terms of sell-out, the off-premise channel reflected a tough comparison base with the first half of 2020, whilst it showed a very strong sell-out trend +33.0% for core brands compared with the first half of 2019[3], growing faster than the overall market.

Jamaica recorded an increase in sales of +33.9%, on a favourable comparison base with the same period of the previous year (-8.9%) and driven by resilient performance in the off-premise channel combined with some initial recovery of the tourism sector driving on-premise consumption. Overall in the market, Wray&NephewOverproof, Campari, Appleton Estate and Magnum Tonic showed strong performances.

Canada, an off-premise skewed market, registered a very positive growth of +20.7%. The performance was driven by Forty Creek, Aperol, Grand Marnier and Appleton Estate.

Brazil registered a good growth of +78.3% supported by an easy comparison base (-8.5% in the first half of 2020) in a volatile trading environment still heavily affected by the pandemic uncertainties. The performance was driven by local brand Dreher, as well as Campari and Aperol.

Mexico recorded an organic growth of +85.6%, following a recovery in the second quarter of 2021 boosted by a favourable comparison base (-48.3% in the first half of 2020). SKYY ready-to-drink, Montelobos and Aperol showed very positive performances.

The **other countries** recorded an overall growth in sales of +67.6% in a volatile trading environment, favoured by an easy comparison base. The growth was driven by the positive double-digit results registered in **Peru**, **Chile** and **Argentina**. In the latter market, as a prudent measure to strip-out the effects of the local high inflation rate, the organic change includes the component attributable to volumes sold only.

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

The region, which is broken down by core market in the table below, reported an organic increase of +57.4%. The region is predominantly skewed to the on-premise channel.

[3] Nielsen data Total outlet combined ('XAOC') +Total Liquor+Conv, YTD 24 W/E 26 June 2021.

	% of Group total	for the six months ending 30 June 2021		2020		total change	6 months change %, of which				change % second quarter	organic change compared with first half of 2019
		€ million	%	€ million	%	€ million	total	organic	perimeter	exchange rate	organic	
Italy	19.1%	190.8	65.1%	122.3	67.0%	68.4	55.9%	55.8%	0.1%	-	106.5%	4.3%
France	6.0%	60.5	20.6%	34.5	18.9%	26.0	75.3%	61.8%	13.5%	-	60.4%	108.5%
GTR[1]	0.6%	5.9	2.0%	4.9	2.7%	1.0	20.6%	24.3%	-	-3.7%	1185.4%	-52.1%
Other countries of the region	3.6%	36.2	12.3%	20.9	11.4%	15.3	73.1%	67.5%	4.8%	0.9%	164.3%	11.2%
Southern Europe, Middle East and Africa	**29.3%**	**293.2**	**100.0%**	**182.6**	**100.0%**	**110.7**	**60.6%**	**57.4%**	**3.2%**	**-**	**101.6%**	**10.2%**

(1) Global Travel Retail.

The performance in the on-premise skewed **Italian** market was overall positive (+55.8%) in the first half of 2021, benefitting from a favourable comparison base (-33.1% in the first half of 2020). The strong growth in the second quarter (+106.5%) was driven by the consumption bounce back in the on-premise channel, thanks to the progressive uplift of lock-downs, in connection with the acceleration of the vaccination campaign, also enhanced by stronger than usual stock replenishment ahead of the peak summer season.
In the period, the very positive performance was driven by the strong brands momentum of Campari and Aperol, which returned to positive growth in the second quarter of 2021, as well as the on-premise skewed Crodino which registered a double-digit growth during the second quarter, following the re-opening of the on-premise channel. Campari Soda confirmed the double-digit growth in the first half of 2021 and Aperol Spritz ready-to-enjoy was also positive.
If compared to the results of the first half of 2019, unaffected with respect to Covid-19, the organic performance of the Italian market in the first half of 2021 is also positive by +4.3% confirming the very strong brand momentum and consumption rebound.

France was very positive at +61.8%, driven by continued positive brand momentum. The performance was mainly driven by Aperol, Riccadonna, Grand Marnier, The GlenGrant, Trois Rivieres rums and Campari.

Global Travel Retail recorded a positive growth of +24.3%, driven by a favourable comparison base (-60.7% in the first half of 2020) off a small base in value terms. The performance reflected a partial lifting in global travel restrictions. The performance remains down at -52.1% compared with first half 2019, unaffected by Covid-19.

The **other countries in the region** reported an overall growth of +67.5%, favoured by an easy comparison base (-40.0% in the first half of 2020). In particular, on-premise skewed markets such as **Spain** benefitted from the on-premise reopening. The strong performance in South Africa was mainly supported by the progressive restocking against an easy comparison base impacted by a severe destocking in connection with changes in distribution set-up. **Nigeria**, thanks to Campari, recorded double-digit growth in a volatile scenario with ongoing socio-economic instability.

- **Northern, Central and Eastern Europe**

The region recorded overall positive organic growth (+23.5%) spread across its core central and northern European countries. The region is predominantly off-premise skewed.

	% of Group total	for the six months ending 30 June 2021		2020		total change	6 months change %, of which				change % second quarter	oganic change compared with first half of 2019
		€ million	%	€ million	%	€ million	total	organic	perimeter	exchange rate	organic	
Germany	7.0%	70.3	36.6%	77.3	45.0%	(7.1)	-9.1%	11.9%	-21.0%	-	14.4%	15.4%
United Kingdom	3.2%	31.8	16.6%	23.1	13.4%	8.7	37.9%	37.1%	-0.1%	0.9%	37.5%	86.8%
Russia	1.9%	19.2	10.0%	15.6	9.0%	3.6	23.3%	44.1%	-	-20.8%	69.6%	66.6%
Other countries of the region	7.1%	70.7	36.8%	56.1	32.6%	14.6	26.0%	28.1%	0.1%	-2.1%	35.5%	24.3%
North, Central and Eastern Europe	**19.2%**	**191.9**	**100.0%**	**172.0**	**100.0%**	**19.9**	**11.6%**	**23.5%**	**-9.5%**	**-2.4%**	**28.2%**	**30.3%**

Germany continued to register a double digit growth (+11.9%), despite the prolonged lockdowns and the record of cold weather in April. The performance was largely driven by Aperol and Aperol Spritz ready-to-enjoy. In addition, a positive growth was registered by Campari, SKYY driven by resilient home consumption as well as a gradual on-premise reopening, which more than offset the negative performance of Frangelico, while Crodino showed a satisfactory growth.

Compared with first half 2020, the strong momentum in sell-out data is confirmed, tracking above the overall market and led by Aperol[4].

Sales in the **United Kingdom** increased by +37.1%, driven by the triple-digit growth of Magnum Tonic, combined with the double-digit growth of Aperol, Wray&Nephew Overproof and Campari, thanks to the good brand momentum in the off-premise as well as the positive effect deriving from the on-premise reopening and the continued growth of e-commerce, despite lapping a tough comparable from peaks of 2020[5].

Russia recorded a very positive growth of +44.1% in sales, driven by the strong double-digit growth of Aperol, the sparkling wines Mondoro and Cinzano, as well as Campari and Espolòn.

Performance in the **other countries in the region** was up overall by +28.1%, favoured by an easy comparison base. The positive sales growth in the first half was driven by the double-digit trends of **Switzerland** (driven by the aperitifs Aperol and Campari) and **Austria** (driven by Aperol) as well as the positive performance of **Belgium**.

- **Asia-Pacific**

This region, whose market breakdown is shown in the table below, recorded organic growth of +30.8%. The region is predominantly off-premise skewed.

		for the six months ending 30 June										
	% of Group total	2021		2020		total change	6 months change %, of which				change % second quarter	organic change compared with first half of 2019
		€ million	%	€ million	%	€ million	total	organic	perimeter	exchange rate	organic	
Australia	5.1%	51.0	66.5%	42.6	76.2%	8.4	19.7%	11.5%	-	8.2%	1.7%	31.8%
Other countries of the region	2.6%	25.7	33.5%	13.3	23.8%	12.4	93.1%	92.6%	3.5%	-2.9%	72.6%	54.5%
Asia-Pacific	**7.7%**	**76.7**	**100.0%**	**55.9**	**100.0%**	**20.8**	**37.2%**	**30.8%**	**0.8%**	**5.5%**	**21.1%**	**38.7%**

In **Australia**, the region's largest market, organic growth in the period was positive at +11.5%, with a normalising trend in the second quarter (+1.7%). The performance overall was driven by Wild Turkey ready-to-drink, Aperol, Aperol Spritz ready-to-enjoy and Espolòn.

Sales in the **other countries in the region** grew by +92.6%, with very positive performance in **China**, **New Zealand**, **Japan** and **South Korea**, which also benefitted from shipment recovery following the route-to-market changes. The growth in China was driven by X-Rated Fusion Liqueur, Aperol, SKYY Vodka, Wild Turkey bourbon and Campari. The Japanese performance was driven by Wild Turkey bourbon, helped also by a favourable comparison base.

3. Sales by main brands at consolidated level

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

4 Germany NielsenIQ – Grocery+Drug (LEH+DM) May YTD value growth.
5 Internal data and estimates. Total combined 2021 YTD performance up until 26 June 2021 on top 6 brands vs.PY.

	percentage of Group sales	6 months change %, of which				change % second quarter	organic change compared with first half of 2019
		total	organic	perimeter	exchange rate	organic	
Aperol	20.6%	39.6%	42.1%	-	-2.5%	69.5%	25.7%
Campari	10.4%	33.6%	39.5%	-	-6.0%	72.2%	24.6%
Wild Turkey portfolio(1)(2)	7.7%	18.3%	26.8%	-	-8.4%	23.2%	17.4%
SKYY(1)	6.1%	4.8%	12.6%	-	-7.8%	14.8%	-5.8%
Grand Marnier	8.1%	40.8%	52.4%	-	-11.6%	77.8%	38.7%
Jamaican rums portfolio(3)	5.3%	18.2%	29.7%	-	-11.5%	15.5%	35.6%
global priority brands	**58.3%**	**29.0%**	**35.7%**	**-**	**-6.7%**	**52.4%**	**22.5%**
Espolòn	5.6%	44.0%	56.4%	-	-12.4%	51.9%	62.8%
Bulldog	0.7%	49.0%	50.9%	-	-1.9%	75.2%	15.9%
The GlenGrant	0.8%	42.6%	43.6%	-	-1.0%	54.4%	-2.6%
Forty Creek	1.1%	13.7%	14.7%	-	-1.0%	0.2%	30.6%
Bitter and Italian liquors(4)	2.8%	20.1%	24.2%	-	-4.1%	63.4%	-4.9%
Cinzano	2.4%	27.7%	32.4%	-	-4.8%	64.3%	8.7%
other(5)	3.8%	64.7%	65.2%	7.1%	-7.6%	104.0%	92.8%
regional priority brands	**17.3%**	**38.7%**	**44.3%**	**1.3%**	**-7.0%**	**61.1%**	**31.5%**
Campari Soda	4.0%	78.6%	78.6%	-	-	114.6%	24.1%
Crodino	2.4%	18.2%	18.3%	-	-0.1%	62.5%	-22.7%
Wild Turkey ready-to-drink(6)	2.2%	22.2%	13.9%	-	8.3%	0.9%	39.9%
Dreher and Sagatiba	0.9%	21.2%	44.3%	-	-23.1%	41.3%	66.1%
other(7)	3.7%	33.9%	37.0%	-	-3.2%	33.0%	64.6%
local priority brands	**13.2%**	**37.8%**	**39.0%**	**-**	**-1.2%**	**49.7%**	**24.7%**
rest of the portfolio	**11.2%**	**17.3%**	**32.2%**	-11.9%	**-3.0%**	**57.6%**	**8.7%**
total	**100.0%**	**30.2%**	**37.1%**	**-1.3%**	**-5.6%**	**54.0%**	**22.3%**

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

The Group's **global priority brands** (58.3% of sales) grew by +35.7% at organic level, with an overall increase of +29.0%, an exchange rate effect of -6.7% and a neutral perimeter effect. The comments below relate to the organic performance of individual brands in the first half of 2021. If compared to the results of the first half of 2019, unaffected with respect to Covid-19, the global priorities organic performance in the first half of 2021 would have grown by +22.5%.

Aperol recorded a positive performance at +42.1%, driven by the brand's core markets, benefitting from both sustained home consumption and the partial reopening of the on-premise channels. The performance was also favoured by an easy comparison base (-11.6% in first half of 2020). In the period the growth was driven by Italy and the United States, both recovering with a strong acceleration in the second quarter of 2021, as well as by the continued positive trend in the period of the other core markets such as France, Russia, Germany, United Kingdom, Switzerland, Australia and China, registering a double-digit growth in the period.
Compared with the first half of 2019, Aperol grew by +25.7%, largely driven by double-digit growth in Germany, France, Russia, United States, United Kingdom, Switzerland, Austria and Canada, offsetting the weakness in the Global Travel Retail channel and Spain. The key Italian market was up by +13.5% thanks to strong brand momentum.
Campari was up by +39.5%, driven by all markets, benefitting from positive home mixology consumption trends as well as the on-premise partial reopening in the brand's core markets, further helped by an easy comparison base with the same period of previous year (-10.6%). In particular, Italy recovered thanks to a strong acceleration in the second quarter of 2021, while United States was slightly negative, impacted by an unfavourable comparison base (+16.1% in first half 2020). The emerging markets such as Brazil, Jamaica, Argentina and Nigeria registered a strong performance as well.
Compared with the first half of 2019, Campari grew by +24.6%, mainly driven by the growth in the United States, the United Kingdom, Nigeria, Jamaica, Brazil, Argentina as well as Germany, offsetting the declines in Global Travel Retail, Spain. Compared with first half 2019, the Italian market was up by +16.1%.
The **Wild Turkey** portfolio, which includes American Honey, showed a strong growth of +26.8%, on a favourable comparison base (-7.7% in the first half of 2020). The performance was driven by the core United States market, thanks to solid category momentum, as well as Canada. Negative trends were registered in Japan and Australia, the latter impacted by a tough comparison base (+36.6% in the first half of 2020).
SKYY closed the first half of 2021 with a growth of +12.6%, thanks to the very positive performance of international markets, particularly Argentina, Germany, China and South Africa, with the latter benefitting from the progressive physiological restocking and an easy comparison base. The performance in the core United States market, where the brand started to be relaunched behind a new packaging and concept, was positive.
Grand Marnier recorded a solid growth of +52.4%. The performance was mainly driven by the core United States market (+53.9%) thanks to positive home-made cocktail consumption trends, particularly the success of the Grand

Margarita in both channels, combined with the stock replenishment ahead of on-premise reopening in the second quarter. The trend was further helped by an easy comparison base (-9.7% in first half of 2020). France and Canada also showed good growth, with the former benefitting from an easy comparison base.
The **Jamaican rums portfolio** (Appleton Estate, Wray&Nephew Overproof and Kingston 62) recorded an organic growth of +29.7%. Appleton Estate achieved a double-digit growth of +38.9%, driven by the favourable category trend in the premium rum, particularly in the United States and Canada. Wray&NephewOverproof grew at a double-digit rate as well (+26.8%), thanks to continued positive trends in the core markets of Jamaica, the United States and the United Kingdom. The rest of portfolio (mainly Kingston 62) grew as well in the period.

The **regional priority brands** (17.3% of sales) registered a double-digit organic growth trend of +44.3%, with an overall increase of +38.7%, a perimeter effect of +1.3% and an exchange rate effect of -7.0%. The comments below relate to the organic performance of individual brands. Compared to the results of the first half of 2019, unaffected with respect to Covid-19 and hence considered as reference benchmark, the regional priorities organic performance in the first half of 2021 would have been up by +31.5%.

Espolòn (5.6% of total sales) continued to register a strong double-digit performance (+56.4%), mainly driven by the core United States market thanks to solid premium tequila category momentum and also helped by anticipated sales ahead of a price increase in July, as well as other seeding markets such as Australia, Canada, Italy and Russia.
Bulldog sales registered a double-digit increase (+50.9%), sustained by a favourable comparison base (-22.9% in the first half of 2020) and driven by very positive performances in Spain and Argentina.
The GlenGrant recorded a positive performance of +43.6%, on a favourable comparison base (-32.1% in the first half of 2020) and was mainly driven by France and Italy. The enhanced focus on the long-term repositioning of the brand, gradually shifting from high-volume and unaged variants into premium long-aged and high-margin propositions, remains confirmed.
Forty Creek recorded a double-digit growth of +14.7%, driven by the positive performance achieved in the core Canadian market.
Italian bitters and liqueurs (Cynar, Averna, Braulio and Frangelico) were up by +24.2%, with positive results across the whole brand portfolio in their key United States and Italian markets, also helped by an easy comparison base (-23.5% in the first half of 2020).
Cinzano sales grew by +32.4% organically. Positive double-digit performances were registered by both the vermouth segment, mainly attributable to Argentina and Spain, and the sparkling wines segment, driven by Russia, Italy and the United States. The easy comparison base of -17.5% in the first half of 2020 favoured the overall performance in the period.
In the **other brands**, Bisquit&Dubouché recorded a positive performance on the back of a very favourable comparison base with the same period of previous year. Mondoro and Riccadonna recorded a positive performance. Mondoro was up by +80.2% driven by its core Russian market, while the positive performance of Riccadonna (+69.8%) was driven by the French market and Peru, with the former positively impacted by both the change in route-to-market and the continuous spread of the Aperol Spritz cocktail in this market.
With respect to recent acquisitions, Montelobos and Ancho Reyes recorded positive performance driven by the core United States market. The Rhum Agricole portfolio (Trois Rivières and Maison La Mauny) registered a positive performance in the period, driven by core French market.

The **local priority brands**[6] (13.2% of the Group's portfolio) showed an organic sales increase of +39.0%, with an overall variation of +37.8%, an exchange rate effect of -1.2% and a neutral perimeter effect. The comments below relate to the organic performance of individual brands.

The organic performance of the local priority brands was driven by a very positive performance in sales of the single-serve aperitifs, particularly **Campari Soda**, which was driven by home consumption in the core Italian market favoured by its cocktail-to-go format and the on-premise reopening, and **Aperol Spritz ready-to-enjoy**, driven by the core Italian market as well as the first introduction in selected international markets such as Germany and Australia. **Crodino** recorded an overall positive organic performance in the period, following the return to growth in the core Italian market in the second quarter of 2021 on the back of an easy comparison base with the second quarter of the previous year. The international markets such as Germany and Switzerland, still representing a small portion of sales, continued to grow. **Wild Turkey ready-to-drink** recorded a positive performance, driven by its key Australian market; **Cabo Wabo** registered a good performance thanks to its core United States market. The Brazilian brand (**Dreher** and **Sagatiba**) showed an overall positive performance, driven by its core Brazilian market, still in a volatile trading environment. **X-Rated Fusion Liqueur** showed a very strong

[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 Fusion Liqueur were moved from the rest of the portfolio category and reported as local priority brands.

growth driven by the core South Korean market and China, benefitting from increased focus after changes in local route-to-market.

The **rest of the portfolio** (11.2% of sales) recorded a positive organic performance of +32.2%, mainly driven by the good results of **Magnum tonic** in the core United Kingdom market and Jamaica, and **SKYY ready-to-drink** in Mexico.

Statement of profit or loss

Key highlights

The profit or loss figures for the first half of 2021 showed positive organic performance for all profitability indicators. Specifically, in organic terms, net sales, gross margin, contribution margin and the result from recurring activities (EBIT adjusted) showed a growth of +37.1%, +40.1%, +41.0% and +88.7% respectively. In particular, the result from recurring activities (EBIT adjusted) grew strongly in absolute terms and well ahead of net sales, thus driving overall margin accretion. These results reflect favourable comparison base with respect to the first half of 2020, which was heavily affected by the strong restrictions imposed by governments to fight the Covid-19 outbreak.

The perimeter variations related mainly to the acquisition of Campari France Distribution SAS[7] finalised on 28 February 2020, the acquisition of Champagne Lallier S.a.r.l., which was completed on 10 June 2020 and entered the consolidation perimeter from 30 June 2020, and the termination of some distribution agreements from January 2021.

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

for the six months ending 30 June	2021		2020		total change		of which organic		of which external		of which due to exchange rates and hyperinflation	
	€ million	%	€ million	%	€ million	%	€ million	%	€ million	%	€ million	%
Net sales[(2)]	**1,000.8**	**100.0**	**768.7**	**100.0**	**232.2**	**30.2%**	**284.9**	**37.1%**	**(9.8)**	**-1.3%**	**(43.0)**	**-5.6%**
Cost of sales	(397.3)	(39.7)	(315.8)	(41.1)	(81.5)	25.8%	(103.4)	32.7%	8.4	-2.7%	13.5	-4.3%
Gross profit	**603.6**	**60.3**	**452.9**	**58.9**	**150.6**	**33.3%**	**181.5**	**40.1%**	**(1.4)**	**-0.3%**	**(29.5)**	**-6.5%**
Advertising and promotional expenses	(161.9)	(16.2)	(121.8)	(15.8)	(40.1)	32.9%	(45.8)	37.6%	(0.1)	0.1%	5.8	-4.8%
Contribution margin	**441.7**	**44.1**	**331.1**	**43.1**	**110.6**	**33.4%**	**135.7**	**41.0%**	**(1.5)**	**-0.5%**	**(23.7)**	**-7.1%**
Selling, general and administrative expenses	(218.5)	(21.8)	(200.7)	(26.1)	(17.8)	8.9%	(20.1)	10.0%	(3.6)	1.8%	5.9	-3.0%
Result from recurring activities (EBIT-adjusted)	**223.2**	**22.3**	**130.4**	**17.0**	**92.8**	**71.2%**	**115.6**	**88.7%**	**(5.1)**	**-3.9%**	**(17.7)**	**-13.6%**
Other operating income (expenses)	(6.1)	(0.6)	(27.4)	(3.6)	21.3	-77.9%						
Operating result	**217.1**	**21.7**	**103.0**	**13.4**	**114.1**	**110.8%**						
Financial income (expenses)	(8.8)	(0.9)	(19.2)	(2.5)	10.4	-54.2%						
Adjustments to financial income (expenses)	4.6	0.5	1.6	0.2	2.9	180.1%						
Put option, earn out income (expenses) and hyperinflation effect	(0.4)	-	15.7	2.0	(16.1)	-102.3%						
Profit (loss) related to associates and joint ventures	1.9	0.2	(0.2)	-	2.1	-961.9%						
Profit before taxation	**214.4**	**21.4**	**101.0**	**13.1**	**113.5**	**112.4%**						
Profit before taxation-adjusted	**213.1**	**21.3**	**110.1**	**14.3**	**103.0**	**93.5%**						
Taxation	(54.9)	(5.5)	(28.2)	(3.7)	(26.7)	94.6%						
Net profit for the period	**159.5**	**15.9**	**72.7**	**9.5**	**86.8**	**119.3%**						
Net profit for the period-adjusted	**156.7**	**15.7**	**77.4**	**10.1**	**79.3**	**102.4%**						
Non-controlling interests	(0.1)	-	(0.2)	-	0.1	-68.3%						
Group net profit for the period	**159.6**	**15.9**	**73.0**	**9.5**	**86.6**	**118.7%**						
Group net profit-adjusted	**156.8**	**15.7**	**77.6**	**10.1**	**79.1**	**101.9%**						
Total depreciation and amortisation	(38.5)	(3.9)	(39.4)	(5.1)	0.8	-2.1%	(0.4)	1.0%	(0.5)	1.3%	1.8	-4.5%
EBITDA-adjusted	**261.7**	**26.1**	**169.7**	**22.1**	**92.0**	**54.2%**	**116.0**	**68.3%**	**(4.5)**	**-2.7%**	**(19.5)**	**-11.5%**
EBITDA	**255.7**	**25.5**	**142.4**	**18.5**	**113.3**	**79.6%**						

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

[7] With effective date 1 January 2021 Campari France Distribution SAS ('CFD') and Marnier-Lapostolle Bisquit SAS were merged. The name of the new company following the merge is Campari France SAS.

The change in profitability in the first half of 2021 shown by the operating profitability indicators, expressed as a percentage (basis points) of total net sales and organic sales, is as follows[(1)].
Moreover, the table shows the key profit or loss figures for the first half of 2021 compared with the results of the first half of 2019, unaffected with respect to Covid-19 and hence considered as reference benchmark.

	first half 2021 compared to first half 2020			first half 2021 compared to first half 2019	
margin accretion (dilution) in basis point[(2)] and organic	Total	Organic bps	% organic	Organic bps	% organic
Net sales	-	**-**	**37.1%**	-	**22.3%**
Cost of sales	140	130	32.7%	(210)	29.0%
Gross margin	**140**	**130**	**40.1%**	**(210)**	**18.2%**
Advertising and promotional costs	(30)	(10)	37.6%	180	10.0%
Contribution margin	**110**	**120**	**41.0%**	**(30)**	**21.5%**
Selling, general and administrative expenses	430	520	10.0%	220	10.6%
Result from recurring activities	**530**	**640**	**88.7%**	**190**	**33.3%**

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

Statement of profit or loss in detail

The key profit or loss items for the first half of 2021 are analysed below.

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

Gross profit for the period was €603.6 million, an increase of +33.3% compared to the same period of 2020. The organic component of +40.1%, favoured by an easy comparison base (-16.3%), was partly offset by exchange rate variations of -6.5% and an almost neutral perimeter effect of -0.3%. As a percentage of sales, profitability stood at 60.3%, higher than in the first half of 2020 (58.9%). In terms of basis points, total profitability increased as a percentage of sales of 140 basis points overall. The organic components contributed to the majority of the accretive effect for 130 basis point while the perimeter impact was positive at 40 basis points and exchange rate components contributed to a dilution effect of 30 basis points. The organic accretion was due to a favourable brand/market mix, supported by the performance of high-margin brands, especially the aperitifs business (starting to benefit from the United States import tariffs suspension), combined with a stronger absorption of fixed production costs driven by higher volume produced, and an easy comparison base with respect to the first half year of 2020. The combination of the above positive effects was able to more than offset the negative effect generated by the outperformance of lower-margin Espolòn (100 basis point dilution), impacted by the elevated agave purchase price.
Compared to the first half of 2019, gross profit grew +18.2% organically, with 210 basis points margin dilution, due to the adverse sales mix with the outperformance of Espolòn (generating 180 basis points dilution) and the underperformance of SKYY and Crodino in the Italian market hit by lockdowns.

Advertising and promotional expenses were €161.9 million, up +32.9% overall with respect to the first half of 2020. The organic increase was +37.6%, which was partly offset by the exchange rate variations of -4.8% while the perimeter was negligible. The organic growth in the first half of 2021 reflected accelerated investments in the second quarter behind key brands, in particular aperitifs, to benefit from their incoming peak season and the gradual reopening of the on-premise channel. Moreover, it reflected a favourable comparison base (-20.2%). As a percentage of sales, advertising and promotional expenses increased slightly, moving from 15.8% in the first half of 2020 to 16.2% in the same period of 2021 and showing an overall dilution effect on sales of 30 basis points. Compared with the first half of 2019, the advertising and promotional expenses grew +10.0% organically, with 180 basis points margin accretion.

The **contribution margin** was €441.7 million, an overall increase of +33.4% compared to the first half of 2020. As a percentage of sales, the contribution margin came-in at 44.1%, showing an overall accretion of 110 basis points compared to the same period of 2020. The organic growth component was +41.0%, also helped by a favourable comparison base (-14.7% in the first half of 2020) and was higher than organic sales growth (+37.1%), thus generating an improvement in profitability of 120 basis points. The perimeter effect was slightly negative at -0.5% with a positive impact on profitability of 30 basis points and was mainly attributable to the discontinuation of agency brands distribution. The exchange rate effect of -7.1% had a dilutive impact on margins of 40 basis points.

Selling, general and administrative expenses amounted to €218.5 million, up by +8.9% in comparison to the same period of the previous year. As a percentage of sales, they were 21.8% compared to 26.1% in the first half of 2020, with an overall accretive effect on margins of 430 basis points. Considering that these expenses have a predominantly fixed nature, the high incidence recorded in the first half of 2020 was essentially attributable to the low level of sales achieved during the peak period of the pandemic. At an organic level, selling, general and

administrative expenses increased by +10.0% compared to the first half of 2020, as cost mitigation actions started to be implemented from second quarter 2020 in connection with the Covid-19 outbreak. Given the significant increase in sales growth (+37.1%), general and administrative expenses generated an organic margin accretion of 520 basis points.
Compared to the first half of 2019, the selling, general and administrative expenses grew +10.6% organically, mainly driven by the strengthening of distribution capabilities, with 220 basis points margin accretion driven by strong sales growth (+22.3%).

The result from recurring activities (EBIT adjusted) was €223.2 million, with an overall increase of +71.2% compared to the same period in 2020. The return on sales adjusted (ROS) was 22.3% (17.0% in the first half of 2020). The organic growth component was +88.7%, which was higher than organic sales growth (+37.1%), generating an improvement in profitability of 640 basis points. The impact of perimeter variations on EBIT adjusted was -3.9%, with a dilution effect of 30 basis points, mainly due to the discontinuation of the distribution of agency brands. Moreover, the exchange rate effect was -13.6% (€-17.7 million), generated by the strong devaluation of many of the Group's key currencies against the Euro, in particular the US Dollar and the Emerging Markets currencies. The exchange rate generated a margin dilution of 80 basis points, due to an unfavourable country mix.
Compared to the first half of 2019, the EBIT adjusted grew +33.3% organically, with a margin accretion of 190 basis points, largely driven by favourable sales mix.

Other operating income (expenses) showed a net expense of €6.1 million. This mainly referred to costs associated with the restructuring projects started in previous years, only partly mitigated by the positive adjustment resulting from to the closure of a tax dispute on indirect taxes in Brazil following the final favourable opinion received from the local authorities, coupled with the insurance reimbursement of damages due to the malware attack suffered in 2020.

The operating result (EBIT) for the first half of 2021 was €217.1 million, reflecting an increase of +110.8% on the same period in 2020. The ROS, which measures the operating result as a percentage of net sales, amounted to 21.7% (13.4% in the first half of 2020).

Depreciation and amortisation totalled €38.5 million, down -2.1% on the first half of 2020, of which +1.0% was at organic level and +1.3% related to perimeter variation, which were more than offset by exchange rate variations of -4.5%.

EBITDA adjusted was €261.7 million, an increase of +54.2%, of which +68.3% was at organic level, partially offset by the exchange rate and the perimeter effect of -11.5% and -2.7% respectively.

EBITDA was €255.7 million, an increase of +79.6% compared to the first half of 2020 (€142.4 million).

Net financial expenses totalled €8.8 million compared to €19.2 million in the first half of 2020. The decrease of €10.4 million is mainly due to a positive variance from exchange gain (loss) of €5.5 million (€4.2 million gain for the first half of 2021 compared with €1.3 million loss for the first half of 2020). Excluding the exchange gain (loss), net financial expenses were €13.0 million for the first half of 2021 (€17.9 million for the first half of 2020), with a decrease of €4.9 million, despite the slightly higher average level of net debt of the first half of 2021 (€1,078.8 million) with respect to the same period of 2020 (€908.7 million), thanks to a lower average cost of net debt. Excluding the component relating to exchange gain (loss), the average cost of net debt in the first half of 2021 was 2.4%, showing an improvement compared to 3.9% reported in the same period of 2020. This decrease is mainly attributable to the lower average coupon on long-term debt, thanks to the liability management transactions carried out in 2020 and 2021 to benefit from the favourable interest rates, as well as a lower negative carry effect. A detailed analysis of net financial expenses is provided in the table below.

for the six months ending 30 June	2021 € million	2020 € million
Total interest expenses bond, loans and leases	(13.9)	(19.1)
Bank and other term deposit interests income	2.9	3.5
Other net expenses	(1.9)	(2.2)
Total financial expenses before exchange gain/(loss)	**(13.0)**	**(17.9)**
Exchange gain/(loss)	4.2	(1.3)
Total financial income (expenses)	**(8.8)**	**(19.2)**

In the first half of 2021 the **adjustments to financial income (expenses)** were positive at €4.6 million, due to the gain resulting from the final favourable opinion received from the local authorities related to the closure of a tax dispute in Brazil on indirect taxes; the €1.6 million adjustments reported in first half of 2020 mainly related to a liability management transaction for a term loan subscribed in July 2019, to which minor amendments were made.

The item **income (expenses) relating to put options, earn out and hyperinflation effects** was negative and totalled €0.4 million. It includes net expenses totalling €0.3 million attributable to the non-cash effects of the remeasurement and discounting to present value of payables for future commitments relating to earn out and minority shareholdings in the acquired businesses. The item also includes expenses arising from the application of the hyperinflation management measures to the Argentina accounts, totalling a net expense of €0.1 million.

The profit (loss) related to associates and joint ventures was a net gain of €1.9 million, mainly generated by the reassessment of the Group's interests in the South Korean joint-venture, Trans Beverages Company Ltd., of which the Group acquired a controlling stake on 4 January 2021 and consequently included the company in its consolidation perimeter. This gain was partially offset by a loss of €0.9 resulting from the recognition of the results achieved by joint venture and associate companies, in the period of competence for the Group.

Profit before taxation (Group and non-controlling interests) was €214.4 million, an increase of +112.4% compared with the same period of 2020. Profit before taxation as a percentage of sales was 21.4% (13.1% in the first half of 2020).

Taxation totalled €54.9 million on a reported basis. The reported tax rate in the first half of 2021 was 25.6%, compared to a reported tax rate of 28.0% in the first half of 2020. The main driver for the reduction was the difference in the tax impact of the operating and financial adjustments (€1.5 million in the first half of 2021 compared to €4.5 million reported in the first half of 2020) and in the geographical mix. The normalised tax rate, excluding adjustments to operating, financial and tax income and expenses for the period, was 26.5% in the first half of 2021, below the normalised tax rate of 29.7% in the first half of 2020, mainly due to a different geographical mix.
Excluding the impact of the non-cash component due to the deferred taxes relating to the amortisation of goodwill and brands for tax purposes (which, as a result the stepped-up value of brand and goodwill to their corresponding book values enabled by Law Decree no. 104/2020 in Italy, increased from €6.7 million to €9.9 million), the half year 2021 cash tax rate was 21.8%, lower than in the first half of 2020 (23.6%). The decrease of the cash tax rate (-1.8%) is mainly attributable to the positive effects of the step up of value of the intangibles values for tax purposes.

Result relating to non-controlling interests for the period was marginal and corresponds to a loss of €0.1 million.

The **Group's net profit** was €159.6 million at half year 2021, an increase of +118.7% compared to the first half of 2020, with a sales margin of 15.9% (9.5% reported in the same period of the previous year). Excluding the adjustments to operating, financials and the related tax effects and tax adjustments, the Group's net profit was €156.8 million (€77.6 million in the first half of 2020 reported on a consistent basis).

Basic and diluted earnings per share[8] were €0.14 and €0.14 as well, once adjusted for the afore-mentioned adjusting components. Adjusted basic earnings per share and adjusted diluted earnings per share were up by 107.3% and 109.8% respectively compared to the first half of 2020 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 ending 30 June	
	2021 € million	2020 € million
adjustments to operating income (expenses), of which:	**(6.1)**	**(27.4)**
impairment on goodwill and trademarks	*-*	*(16.3)*
restructuring and reorganization costs	*(9.2)*	*(2.0)*
other adjustments to operating income (expenses)	*3.1*	*(9.2)*
adjustments to financial income (expenses)	**4.6**	**1.6**
adjustment related to income (expenses) related to put option and earn out	**-**	**16.6**
adjustment related to remeasurement in joint ventures and associates	**2.9**	**-**
total adjustments	**1.4**	**(9.2)**
tax adjustments, of which:	**1.5**	**4.5**
tax adjustments	*3.0*	*(1.1)*
tax effect on operating and financial adjustments	*(1.6)*	*5.6*
total net adjustment	**2.8**	**(4.7)**

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

	for the six months ending 30 June					
	2021			2020		
€ million	reported	adjustments	adjusted	reported	adjustments	adjusted
profit before tax	**214.4**	1.4	**213.1**	**101.0**	(9.2)	**110.1**
total taxation	**(54.9)**	**1.5**	**(56.4)**	**(28.2)**	**4.5**	**(32.7)**
net profit for the period	**159.5**	2.8	**156.7**	**72.7**	(4.7)	**77.4**
tax rate (reported and adjusted)	**-25.6%**		**-26.5%**	**-28.0%**		**-29.7%**
deferred taxes on goodwill and trademarks		(9.9)	(9.9)		(6.7)	(6.7)
cash tax rate			**-21.8%**			**-23.6%**

Profitability by business area

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

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

	for the six months ending 30 June							
	2021				2020			
	net sales	% of total	result from recurring activities	% of total	net sales	% of total	result from recurring activities	% of total
	€ million	%	€ million	%	€ million	%	€ million	%
Americas	438.9	43.9%	101.9	45.6%	358.1	46.6%	69.0	52.9%
Southern Europe, Middle East and Africa	293.2	29.3%	40.2	18.0%	182.6	23.8%	(1.8)	-1.3%
Northern, Central and Eastern Europe	191.9	19.2%	72.7	32.6%	172.0	22.4%	57.4	44.0%
Asia-Pacific	76.7	7.7%	8.4	3.8%	55.9	7.3%	5.7	4.4%
Total	**1,000.8**	**100.0%**	**223.2**	**100.0%**	**768.7**	**100.0%**	**130.4**	**100.0%**

- **Americas**

The Americas region made the largest contribution to the Group in terms of both sales and the result from recurring activities, at 43.9% and 45.6% respectively.
The direct markets of the United States, Jamaica, Canada, Brazil, Mexico, Argentina and Peru together account for nearly all the region's sales. The results for half year 2021 are shown below.

	for the six months ending 30 June								
	2021		2020		total change		organic change		organic accretion/dilution of profitability
	€ million	%	€ million	%	€ million	%	€ million	%	basis points
Net sales	**438.9**	**100.0**	**358.1**	**100.0**	**80.8**	**22.6%**	**122.5**	**34.2%**	**-**
Gross margin	**247.1**	**56.3**	**202.5**	**56.6**	**44.5**	**22.0%**	**74.0**	**36.5%**	**100**
Advertising and promotional expenses	(70.9)	(16.2)	(57.2)	(16.0)	(13.7)	24.0%	(19.5)	34.0%	-
Selling, general and administrative expenses	(74.3)	(16.9)	(76.3)	(21.3)	2.0	-2.7%	(3.7)	4.8%	470
Result from recurring activities	**101.9**	**23.2**	**69.0**	**19.3**	**32.8**	**47.6%**	**50.8**	**73.6%**	**570**

The result from recurring activities increased by +47.6% overall and recorded a margin on sales of 23.2% compared to 19.3% for the same period of the previous year. The organic change was +73.6%, generating an accretive effect of 570 basis points on profitability. The main drivers were as follows:
- **gross margin** increased in value by +36.5%, ahead of net sales growth (+34.2%), thus generating an accretion of profitability of 100 basis points. The increase in gross profitability was mainly due to the favourable sales mix combined with the positive impact from the United States import tariff suspension. The positive sales mix was driven in particular by the high-margin brands Grand Marnier, Wild Turkey, Campari and Aperol, offsetting the lower-margin brand Espolòn still affected by the elevated agave purchase price;
- **advertising and promotional** expenses recorded an increase of +34.0%, in line with the net sales growth and therefore with a neutral effect on profitability. Over the half year period, this result was the effect of accelerated investments in the second quarter of 2021 behind key brands to benefit from the gradual reopening of the on-premise channel in key countries, and in particular behind SKYY Vodka in the US, in connection with its complete relaunch;
- **selling, general and administrative expenses** increased by +4.8% at organic level (excluding any effect arising from the application of the hyperinflation management measures to the Argentina accounts and included in the exchange rate effect), lower than organic sales growth, which resulted in an accretion in profitability of 470 basis points, due to the streamlining of some local structures in the region.

- **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 29.3% and the third-largest in terms of profitability at 18.0%. Besides Italy, the other key markets include France, Spain, South Africa and Nigeria, in addition to the Global Travel Retail channel. The results for half year 2021 are shown below.

	for the six months ending 30 June								
	2021		2020		total change		organic change		organic accretion/dilution of profitability
	€ million	%	€ million	%	€ million	%	€ million	%	basis points
Net sales	**293.2**	**100.0**	**182.6**	**100.0**	**110.7**	**60.6%**	**104.8**	**57.4%**	**-**
Gross margin	**182.1**	**62.1**	**112.7**	**61.8**	**69.3**	**61.5%**	**68.2**	**60.5%**	**120**
Advertising and promotional expenses	(46.0)	(15.7)	(32.8)	(17.9)	(13.2)	40.3%	(13.1)	40.0%	200
Selling, general and administrative expenses	(95.9)	(32.7)	(81.7)	(44.8)	(14.2)	17.3%	(10.5)	12.9%	1,270
Result from recurring activities	**40.2**	**13.7**	**(1.8)**	**(1.0)**	**42.0**	**-**	**44.6**	**-**	**1,590**

The result from recurring operations increased to €40.2 million overall and recorded a sales margin of 13.7% compared to -1.0% reported in the same period of previous year. The main organic drivers were as follows:

- **gross margin** showed an increase of +60.5%, leading to an accretion of 120 basis points, due to a very favourable sales mix driven by the outperformance of the high-margin aperitifs at the beginning of their peak season, which started to benefit from the on-premise reopening. By geography, the accretion was mainly driven by the very positive performance of the on-premise-skewed Italian market in the second quarter of 2021 driven by the consumption bounce back;
- **advertising and promotional expenses** were up by +40.0% in comparison with the same period of the previous year, reflecting accelerated investments in the second quarter behind key brands, particularly Campari and Aperol to benefit from the on-premise reopening. The accretive effect generated was 200 basis points;
- **selling, general and administrative expenses** increased by +12.9% compared to the first half of 2020, also due to the comparable base (-3.9 % decrease in the first half 2020) which reflected the implementation of cost mitigation actions starting from second quarter 2020, in connection with the Covid-19 outbreak. Compared to the significant increase in sales growth at margin level, general and administrative expenses generated an accretive effect on profitability of 1,270 basis points.

- **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 19.2% and 32.6% 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 half year 2021 are shown below.

	for the six months ending 30 June								
	2021		2020		total change		organic change		organic accretion/dilution of profitability
	€ million	%	€ million	%	€ million	%	€ million	%	basis points
Net sales	**191.9**	**100.0**	**172.0**	**100.0**	**19.9**	**11.6%**	**40.4**	**23.5%**	**-**
Gross margin	**137.9**	**71.8**	**111.6**	**64.9**	**26.2**	**23.5%**	**31.4**	**28.1%**	**250**
Advertising and promotional expenses	(33.7)	(17.5)	(25.7)	(14.9)	(8.0)	31.2%	(8.6)	33.3%	(120)
Selling, general and administrative expenses	(31.5)	(16.4)	(28.6)	(16.6)	(3.0)	10.3%	(3.9)	13.7%	130
Result from recurring activities	**72.7**	**37.9**	**57.4**	**33.4**	**15.3**	**26.6%**	**19.0**	**33.0%**	**260**

The result from recurring activities was up by +26.6% overall and recorded a sales margin of 37.9%, compared with 33.4% reported in the same period of previous year. Organic growth was +33.0% with an accretive effect of 260 basis points. The main drivers were as follows:

- **gross margin** showed solid growth of +28.1%, higher than sales growth: this led to an accretive effect of profitability of 250 basis points due to the favourable geographic/product mix;
- **advertising and promotional expenses** increased by +33.3% highlighting a phasing effect in the second quarter of 2021, driven by initiatives focused on the main brands, with a dilution effect on profitability of 120 basis points;
- **selling, general and administrative expenses** showed an increase of +13.7%, at a lower rate than the sales growth, against a low comparison base (-3.7% in first half 2020) and therefore generating an accretive effect of 130 basis points on profitability.

- **Asia-Pacific**

The Asia-Pacific region includes the Group's own Australian sales platform, as well as markets served by third-party distributors and by the Japanese joint venture. The region's contribution to the Group's net sales and result from recurring activities in the first half of 2021 were 7.7% and 3.8% respectively. The results for first half of 2021 are shown below.

	for the six months ending 30 June									
	2021		2020		total change		organic change		organic accretion/dilution of profitability
	€ million	%	€ million	%	€ million	%	€ million	%	basis points
Net sales	**76.7**	**100.0**	**55.9**	**100.0**	**20.8**	**37.2%**	**17.2**	**30.8%**	**-**
Gross margin	**36.6**	**47.6**	**26.0**	**46.5**	**10.5**	**40.5%**	**7.9**	**30.3%**	**(20)**
Advertising and promotional expenses	(11.3)	(14.7)	(6.2)	(11.1)	(5.1)	82.6%	(4.7)	75.3%	(380)
Selling, general and administrative expenses	(16.8)	(21.9)	(14.1)	(25.3)	(2.7)	19.0%	(2.0)	14.3%	320
Result from recurring activities	**8.4**	**11.0**	**5.7**	**10.2**	**2.7**	**48.1%**	**1.2**	**21.3%**	**(70)**

The result from recurring activities increased by +48.1% overall and recorded a sales margin of +11.0% compared with 10.2% reported in the same period of previous year. The organic variation was positive at +21.3%, with a corresponding dilution in profitability of 70 basis points, due to the following effects:
- **gross margin** grew by +30.3% lower than sales growth thus resulting in a dilution in profitability of 20 basis points;
- **advertising and promotional expenses** were up by +75.3%, higher than the organic sales growth (+30.8%), with a dilutive accretive effect of profitability of 380 basis points;
- **selling, general and administrative expenses** increased by +14.3%, lower than sales growth and having therefore an accretive effect of profitability of 320 basis points. The increase was mainly due to route-to-market investments in the region.

Operating working capital

The breakdown of the total change in operating working capital compared with the restated figure at 30 June 2021 is as follows.

				of which		
	at 30 June 2021	at 31 December 2020[1]	total change	*organic*	*perimeter*	*exchange rates and hyperinflation*
	€ million	€ million	€ million	*€ million*	*€ million*	*€ million*
Trade receivables	331.4	281.8	49.6	*44.0*	*2.7*	*2.9*
Total inventories, of which:	716.2	658.3	57.9	*45.1*	*1.7*	*11.1*
- maturing inventory	*391.2*	*368.1*	*23.1*	*15.5*	*-*	*7.6*
- biological assets	*2.7*	*1.6*	*1.1*	*1.0*	*-*	*0.1*
- other inventory	*322.3*	*288.6*	*33.8*	*28.7*	*1.7*	*3.4*
Trade payables	(316.4)	(321.2)	4.8	*9.7*	*(1.9)*	*(3.1)*
Operating working capital	**731.2**	**618.9**	**112.3**	***98.8***	***2.5***	***11.0***
Sales in the previous 12 months rolling	2,004.2	1,772.0				
Working capital as % of net sales rolling	36.5	34.9				

(1) Values as of 31 December 2020 have been reclassified for purchase price allocations. For information on the reclassifications of comparative figures, refer to note 3 vi-'Reclassification of comparative figures at 31 December 2020' of Campari Group condensed consolidated financial statements at 30 June 2021.

Operating working capital at 30 June 2021 was €731.2 million, an increase of €112.3 million compared with the balance at 31 December 2020. This change was the combined effect of the following drivers: an organic increase of €98.8 million, driven by an increase in inventories, totalling €45.1 million, an increase in receivables from customers of €44.0 million and a decrease in trade payables of €9.7 million; a perimeter effect for an amount of €2.5 million, as well as an exchange rate variation leading to an increase of €11.0 million.

Focusing on the organic performance, the increase in trade receivables of €44.0 million is mainly driven by the positive business performance, especially during the second quarter of 2021, characterised by the gradual reopening of the on-premise channel in many geographies. The positive change in payables of €9.7 million is the combined effect of a reduction in payables compared with the high level recorded at 31 December 2020 due to phasing, only in part offset by the physiological increase in payables during the first half of the year.
Inventory registered an increase of €45.1 million, of which €15.5 million related to the organic step up in ageing liquid supporting the maturation process, mostly linked to The GlenGrant, Bisquit&Dubouché cognac and Grand Marnier maturing inventory. It should be noted that, due to its nature, working capital represented by ageing liquid is similar to invested capital as its growth profile is planned over a long-term horizon. The other inventory rise is mostly driven by the seasonality of the business demand in preparation for the reopening particularly of the on-premise channel in the peak summer period.

The increase attributable to the exchange rate component, totalling €11.0 million, was related to receivables from customers for €2.9 million, almost fully offset by a decrease in payables to suppliers for €3.1 million. The exchange-rate effect on inventories was positive for €11.1 million, of which €7.6 million was due to maturing inventory, which is concentrated in the Americas region (particularly in the United States and Canada) and in the United Kingdom and €3.4 million due to other inventory.

Lastly, the perimeter effect totalling €2.5 million is attributable to the incorporation of the subsidiary Trans Beverages Company Ltd. in South Korea in Campari Group accounts. The company was previously represented as a joint venture investment, while, during the first half of the year, in line with the Group's strategy to enhance its presence in the Asian region, the Group increased its interests moving from a stake of 40% to 51%. For more information about this transaction, please refer to paragraph 'Acquisition and sale of businesses and purchase of non-controlling interests' of the Campari Group half year condensed consolidated financial statements at 30 June 2021.

At 30 June 2021, operating working capital as a percentage of net sales (rebased on a full year basis) was 36.5%, up +1.6% from 34.9% at year-end 2020, which was largely impacted by phasing. The operating working capital at 30 June 2021 was down by -1.1% as percentage on sales comparing to year end 2019 ratio of 37.6%[9].

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 current and non-current net financial debt, and in investments in marketable securities are not shown.

	for the six months ending 30 June			
	2021 € million	*of which recurring* *€ million*	2020 € million	*of which recurring* *€ million*
EBITDA	**255.7**		**142.4**	**-**
EBITDA-adjusted		***261.7***		***169.7***
Effects from hyperinflation accounting standard adoption	1.8	*1.8*	0.7	*0.7*
Accruals and other changes from operating activities	33.5	*33.5*	4.5	*4.5*
Goodwill, brand and sold business impairment	1.6	-	16.3	-
Income taxes paid	(28.4)	*(23.3)*	(80.0)	*(22.8)*
Cash flow from operating activities before changes in working capital	**264.2**	***273.8***	**83.8**	***152.2***
Changes in net operating working capital	(98.7)	*(98.7)*	(55.4)	*(55.4)*
Cash flow from operating activities	**165.5**	***175.1***	**28.4**	***96.8***
Net interests paid	(8.3)	*(8.3)*	(7.7)	*(7.7)*
Adjustments to financial income (expenses)	-	-	1.6	-
Capital expenditure	(74.4)	*(25.3)*	(26.9)	*(24.1)*
Free cash flow	**82.9**	***141.6***	**(4.5)**	***65.0***
(Acquisition) disposal of business	(0.4)		(122.3)	
Dividend paid out by the Company	(61.6)		(62.9)	
Other items net of purchase of own shares	18.7		(95.7)	
Cash flow invested in other activities	**(43.3)**		**(280.8)**	
Other changes	0.9		1.6	
Total change in net financial debt due to operating activities	**40.4**		**(283.8)**	
Put option and earn out liability changes[1]	(2.1)		12.1	
Increase in investments for lease right of use[2]	(11.4)		(3.7)	
Net cash flow of the period = change in net financial debt	**26.9**		**(275.4)**	
Effect of exchange rate changes	**12.1**		**(8.8)**	
Net financial debt at the beginning of the period	**(1,103.8)**		**(777.4)**	
Net financial debt at the end of the period	**(1,064.8)**		**(1,061.5)**	

(1) This item, which is a non-cash item, was included purely to reconcile the change in financial debt relating to activities in the period with the overall change in net financial debt.
(2) For information on the value shown, please see note 6 iii-'Right of use assets' of Campari Group-half year condensed consolidated financial statements at 30 June 2021.

Key highlights

At 30 June 2021, the liquidity generated during the first half of 2021, which is reflected in an equivalent decrease in the net financial debt from 31 December 2020, was €39.0 million overall, of which €26.9 million attributable to the cash flow generation and €12.1 million attributable to exchange rate effects on net financial debt items. This result was driven by the positive business performance, which accelerated during the second quarter of 2021, thanks to the gradual reopening of the on-premise channel and the easing of restrictions in many geographies.
Cash generation in terms of free cash flow on a reported basis was positive in the first half of 2021 and equal to €82.9 million, compared to an absorption of cash of €4.5 million generated in the corresponding period of 2020, heavily affected by the Covid-19 outbreak on business performances. Recurring free cash flows, amounted to €141.6 million in the first half of 2021, showing an increase of €76.5 million compared with the first half of 2020. Comparing to the first half of 2019, recurring free cash flow increased by €55.4 million from €86.2 million[10]. In

[9] Operating working capital of €692.3 million and net sales of €1,842.5 reported in Campari Group annual Report at 31 December 2020 with reference to restated figures at 31 December 2019.
[10] Recurring free cash flow reported in the Half year Report as of 30 June 2019.

terms of percentage on EBITDA adjusted the recurring free cash flow reached 54.1% in the first half of 2021 and it compares to 38.3% in the first half of 2020 and 40.1% in the first half of 2019.[11]
With regard to cash flow invested in other activities, all payment commitments were confirmed, and the Group continued to pursue its development objectives in line with its long-term strategy. The overall effect in terms of cash flow absorption was €43.3 million, mainly related to the dividend payment of €61.6 million, which more than offset the cash flow generation of €18.3 mostly referring to the sale transactions completed on own shares to service stock option plans, net of the purchase of own shares during the period.

Analysis of the consolidated statement of cash flows
The following drivers contributed to the positive generation of free cash flow in the first half of 2021:
- EBITDA amounted to €255.7 million. It increased by €113.3 million compared to the same period in the previous year and included a negative effect of €6.1 million related to operating adjustments mainly for restructuring projects, non-recurring personnel incentives net of non-recurring gains resulting from the closure of a tax dispute in Brazil on indirect taxes. Excluding these components, EBITDA adjusted amounted to €261.7 million (€169.7 million in the first half of 2020);
- non-cash liabilities arising from the application of the accounting standard used to manage hyperinflationary effects in Argentina totalling €1.8 million in the first half of 2021;
- accruals for provision net of utilisations and other non-cash changes, other miscellaneous operating changes, such as indirect taxation and excise duties, showed a positive effect of €33.5 million, excluding the non-cash movement of €11.9 million related to the receivable resulting from the favourable decision received from the local authorities regarding a tax dispute in Brazil on indirect taxes and related interests. The difference compared to the same period last year is attributable to certain benefits accrued by employee's incentive plans, as well as provisions for restructuring projects launched in previous years and still in progress;
- impairment losses of €1.6 million attributable to devaluations of right-of-use assets were considered as non-cash adjusting components and consequently not included in the recurring free cash flow;
- the cash financial impact deriving from the tax payments made in the first half of 2021 was €28.4 million. The amount paid included a non-recurring payment of €5.1 million related to the first instalment of the substitute tax due to obtain access to the tax benefit envisaged by Legislative Decree no. 104/2020 in Italy. This stepped-up the value of the brand assets and goodwill back to the corresponding book values, thus benefiting from a higher depreciation rate for tax purposes. Excluding this component, taxes paid amounted to €23.3 million, in line with the recurring tax expense in 2020 of €22.8 million;
- working capital recorded a cash absorption of €98.7 million (refer to paragraph 'Operating working capital' for details);
- net interest paid was €8.3 million in the first half of 2021. Excluding the interest lease component totalling €1.4 million, interest paid net of interest received on the net financial debt, was €6.9 million;
- net investment in capital expenditure amounted to €74.4 million, of which the recurring component was €25.3 million, confirming the Group's commitment to continue enhancing the long-term efficiency of plants, offices and infrastructure despite the difficult macroeconomic context.

Cash flow used in other activities was negative at €43.3 million, compared to a negative value of €280.8 million in the first half of 2020 which had been affected by the business combination realised in the interim period 2020.
The cash flow invested during the first half of 2021 in other activities was mainly referred to:
- dividend payments of €61.6 million,
- other items totalling €18.3 million arising mainly from the cash generation effect related to the sale and purchase of own shares to serve stock option plans.

Other changes reported a negative effect of €0.9 million in the first half of 2021 and reflected the recognition of some non-cash components, which were included for the purposes of reconciling the changes in cash flow with the change in net financial debt. New **leases** and changes in **liabilities for put options and earn out** are shown purely for the purposes of reconciling the net cash flow of the year with the total net financial debt.

The impact on the change in the net financial debt reflected by **exchange rate differences on net financial debt** items amounted to €12.1 million.

[11] EBITDA adjusted reported in the Half year Report as of 30 June 2019 was €215.1 million.

Net financial debt

At 30 June 2021, consolidated net financial debt was €1,064.8 million with a decrease of €39.0 million compared with €1,103.8 million reported at 31 December 2020.

The first half of 2021 showed a positive cash flow generation thanks to a very satisfactory business performance driven by the gradual lifting of the restrictions due to the pandemic in most developed countries, particularly in the second quarter, in a persistent macroeconomic environment.
The consolidated net financial debt at 30 June 2021 factors moreover the cash-out effect of dividend payment of €61.6 million, partially offset by a cash inflow of €20.7 million, resulting from the sale of own shares to service stock option plans net of the purchase of own shares during the period.
The credit lines intended for general corporate purposes in line with the Group's strategy totalling €641.1 million were only partially drawn down for €89.0 million.

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

	at 30 June 2021	at 31 December 2020	total change	*organic*	*perimeter[2]*	*due to exchange rates*
	€ million	€ million	€ million	*€ million*	*€ million*	*€ million*
cash and cash equivalents	668.3	548.1	120.3	*107.1*	*(0.7)*	*13.8*
bonds	(50.0)	-	(50.0)	*(50.0)*	-	-
loans due to banks	(241.6)	(244.3)	2.7	*3.2*	-	*(0.5)*
lease payables	(13.9)	(13.9)	-	*0.2*	-	*(0.2)*
other financial assets and liabilities	(11.6)	(13.3)	1.7	*1.7*	-	-
short-term net financial debt	**351.2**	**276.6**	**74.6**	***62.2***	***(0.7)***	***13.1***
bonds	(845.1)	(894.7)	49.6	*49.6*	-	-
loans due to banks[1]	(399.1)	(320.0)	(79.1)	*(79.1)*	-	-
lease payables	(75.2)	(69.5)	(5.7)	*(4.7)*	-	*(1.1)*
other financial assets and liabilities	8.1	7.1	1.1	*1.1*	-	-
medium-/long-term net financial debt	**(1,311.2)**	**(1,277.1)**	**(34.2)**	***(33.1)***	**-**	***(1.1)***
net financial debt before put option and earn-out payments	**(960.0)**	**(1,000.5)**	**40.5**	***29.1***	***(0.7)***	***12.1***
liabilities for put option and earn-out payments	(104.8)	(103.3)	(1.5)	*(1.6)*	-	*0.1*
net financial debt	**(1,064.8)**	**(1,103.8)**	**39.0**	***27.6***	***(0.7)***	***12.1***

(1) Including the relevant derivatives.
(2) The perimeter variation included the impact of the incorporation of the subsidiary in South Korea (Trans Beverages Company Ltd.) in Campari Group accounts and the 10% stake in Thirsty Camel Ltd., classified as other investment, resulting in an overall consideration paid of €1.5 million. Trans Beverages Company Ltd. was previously represented as a joint venture investment, while, during the first half of the year, in line with the Group's strategy to empower its presence in the Asian Pacific region, the Group increased its interests moving from a stake of 40% to 51%. For more information about this transaction, please refer to paragraph 'Acquisition and sale of businesses and purchase of non-controlling interests' of the Campari Group half year condensed consolidated financial statements at 30 June 2021.

At 30 June 2021, the Group's commitment to pursue its long-term growth strategy continued to be sustained by a net financial debt with predominant medium/long-term exposure balanced by a positive short-term net financial position.

The short-term net financial position, mainly composed of cash and cash equivalents (€668.3 million), net of loans due to banks (€241.6 million), was positive at €351.2 improving with the previous year. The positive variation in cash and cash equivalents of €120.3 million completely offset the reclassification to the short term area, of the 5-year unrated Bond issued in 2017 with maturity in April 2022 and which will therefore be settled in the next twelve months, for a total consideration of €50 million.
The short-term lease payables were related to lease components and comprised €13.9 million payables. Other financial assets and liabilities mainly related to payables for interest accrued on existing bonds for an amount of €6.4 million (€6.3 million at 31 December 2020).

The medium/long-term financial debt comprised bonds for an amount of €845.1 million while loans due to banks totalled €399.1 million, showing an increase of €79.1 million compared with 31 December 2020. The change in bank loans was mainly driven by an efficient liability management which involved the signing of new loans for a total amount of €130.0 million, the repayment of existing and maturing loans for a total amount of €95.0 million and dynamic management of available short-term credit lines, aimed at benefiting from favourable market conditions (which at 30 June 2021 reported an increase of €44.1 million).
Payables relating to long-term leases amounted to €75.2 million, showing an increase of €5.7 million mainly connected to organic growth and related to the increased right-of-use of third-party buildings in France.
Other financial assets and liabilities, for a net positive amount of €8.1 million, were mainly related to receivables connected with the sale of non-core business completed in previous years (€3.0 million unchanged compared to 31 December 2020) and restricted deposits supporting future payments associated with past business acquisitions for €4.2 million (€4.0 million at 31 December 2020).

Separately, the Group's net financial debt included a liability of €104.8 million, consisting of future commitments to purchase outstanding minority shareholdings in controlled companies and in particular in Société des Produits Marnier Lapostolle S.A. (for a cash outflow of €50.6 million), Montelobos, Ancho Reyes, J. Wray&Nephew Ltd. and Champagne Lallier S.a.r.l. (for an estimated combined cash outflow of €52.2 million) and other committed liabilities connected to recent business acquisitions.

The Group's debt management objectives are based on the achievement of an optimal and sustainable level of financial solidity, while maintaining an appropriate level of flexibility with regard to acquisition opportunities and funding options, through available cash. The Group monitors the evolution of the net debt/adjusted EBITDA ratio on an ongoing basis. For the purposes of the ratio calculation, the net debt is the value of the Group's net financial debt at 30 June 2021, whereas the adjusted EBITDA refers to the rolling EBITDA over the last twelve months. At 30 June 2021, this multiple was 2.2 times, compared with 2.8 times at 31 December 2020 and 2.4 times at 30 June 2020, based on consistent calculation criteria. The decrease of the ratio compared to 31 December 2020 is mainly driven by the positive cash generation from business performance, and the improved twelve-month rolling EBITDA adjusted, which incorporated the results of the first half of 2021, largely improved compared with the results of the first half of 2020.

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 2021	at 31 December 2020[1]	total change	*organic change*	*of which perimeter*	*exchange rates and hyperinflation*
	€ million	€ million	€ million	*€ million*	*€ million*	*€ million*
fixed assets	3,042.3	2,944.2	98.1	*47.5*	*3.6*	*47.0*
other non-current assets (liabilities)	(379.4)	(370.3)	(9.2)	*(2.8)*	-	*(6.4)*
operating working capital	731.2	618.9	112.3	*98.8*	*2.5*	*11.0*
other current assets (liabilities)	(138.0)	(90.6)	(47.4)	*(46.5)*	-	*(0.9)*
total invested capital	**3,256.1**	**3,102.2**	**153.9**	***97.1***	***6.2***	***50.6***
Group shareholders' equity	2,188.1	1,996.6	191.5	*123.6*	*5.3*	*62.6*
non-controlling interests	3.1	1.8	1.4	*(0.4)*	*1.6*	*0.1*
net financial debt	1,064.8	1,103.8	(39.0)	*(26.2)*	*(0.7)*	*(12.1)*
total financing sources	**3,256.1**	**3,102.2**	**153.9**	***97.1***	***6.2***	***50.6***

[1] For information on reclassifications of comparative figures, refer to note 3 vi-'Reclassification of comparative figures at 31 December 2020' of Campari Group consolidated financial statements at 31 December 2020.

Invested capital at 30 June 2021 was €3,256.1 million, €153.9 million higher than the restated figures at 31 December 2020.

Focusing on the organic change, the most significant changes attributable to the invested capital were referred to:
- the increase of €47.5 million in fixed assets, mainly related to the acquisition of office buildings, the purchase of barrels dedicated to the ageing process as well as improvements to strengthen the Group's production capacity and efficiency;
- the increase of €98.8 million in operating working capital, mainly due to the rise of inventories and receivables, driven by the positive business performance, especially during the second quarter of 2021, characterised by the gradual reopening of the on-premise channel and easing of restrictions in many geographies (see paragraph 'Operating working capital' for more information);

The perimeter effect is related to the incorporation of Trans Beverages Company Ltd., previously represented as joint venture investment, since January 2021 (for additional information in relation to the acquisition transactions, refer to the paragraph 'Significant events of the year'). The change attributable to external growth led to an increase across fixed assets for €3.6 million attributable to goodwill identified during the purchase price allocation process; operating working capital of €2.5 million namely related to inventories; non-controlling interest and net financial debt for an amount of €1.6 million and (€0.7) million respectively.

The invested capital at 30 June 2021 was finally significantly impacted by non-monetary foreign currency translation effects, resulting in an increase of €50.6 million.

Regarding financing sources, the main changes relate to an increase of €191.5 million in shareholders' equity, mostly due to the combined effect of results of the period for €160.8 million, sale and purchases of the own shares supporting stock option plans for €20.7 million, payment dividend for €61.6 million and exchange conversion effects. For additional information on the change in the net financial debt, totalling €39.0 million, refer to the paragraph 'Net financial debt' of this management report.

As a result of the changes mentioned above, the Group's financial structure showed a net debt to shareholders' funds ratio of 48.7% at the end of the period, showing an increase compared with the 55.3% recorded at 31 December 2020 (on a restated basis).

Half year 2021 conclusion and outlook

Despite the unstable environment that continues to affect all countries, the first half of 2021 was characterised by the progressive re-openings and lifting of the restrictive measures leading to a gradual and safe return to a normal life. The mass vaccination campaigns, launched at the beginning of 2021, and considered the only protection against the resumption of the pandemic, have continued unabated in phases that vary from country to country. In this context, whilst the global economy continues to be under great pressure, local governments do not exclude the reintroduction of restrictive measures to preserve safety against the new variants that are generating, and could generate, renewed waves of the Covid-19 pandemic.

In terms of Campari Group's business performance, the results of the first half of 2021 were extremely positive both against the same period of the previous year, also boosted by a favourable basis of comparison, and 2019 considered as the unaffected comparison base. This performance confirmed the strong brand momentum, fuelled by resilient off-premise dynamics, driven by buoyant home consumption, combined with the gradual reopening of the on-premise, which leads to an acceleration in the second quarter. As life goes back to a 'new normal', this trend corroborates that the social experience and conviviality outside home remains an essential habit in consumers' lifestyles.

Looking at the remainder of 2021, the Group remains confident about the underlying performance connected with the positive brand momentum, which is expected to continue, fuelled by sustained marketing investments, accelerating in the aperitifs peak season, thanks to the progressive full reopening of the on-premise channel and the continued positive home consumption across the different markets.

At the same time, volatility and general uncertainty persist, impacted by the speed of Covid-19 vaccinations to combat the new variants spread and in general the evolution of the global economic environment. Particularly, as the new variants (namely the Delta variant) are starting to affect several countries internationally, local governments may consider re-introducing new restrictive measures with possible consequences on the pace of recovery of consumption across the different regions.

The perimeter effect on Campari Group's EBIT adjusted in the full year is expected to be unchanged versus previous guidance provided upon the first quarter results (approximately €-9 million). The exchange rates outlook in the second half year is not expected to materially worsen.

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

This half year report presents and comments on certain financial performance measures that are not defined in the IFRS (non-GAAP measures).
These measures, which are described below, are used to analyse the Group's business performance in the 'Key Highlights' and 'Management 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 position. They are applied to Group planning and reporting, and some are used for incentive purposes.
Alternative performance measures can serve to facilitate comparison with groups operating in the same sector, although, in some cases, the calculation method may differ from those used by other companies. They should be viewed as complementary to, and not replacements for, the comparable GAAP measures and movements they reflect.
With respect to Covid-19 outbreak impact on the Group's alternative performance measures, no material changes or additions were made to the APMs reported here below in order to ensure the consistency of the information provided over time.

FINANCIAL MEASURES USED TO MEASURE GROUP PERFORMANCE

Organic change: Campari Group shows organic changes to comment on its underlying business performance. By using this measure, it is possible to focus on the business performance common to both periods under comparison and which management can influence. Organic change is calculated by excluding both the impact of currency movement against the Euro (expressed at average exchange rates for the same period in the previous year) and the effects of business acquisitions and disposals, as well as the signing or termination of distribution agreements. In order to mitigate the effect of hyperinflationary economies, organic change for countries having to adopt the hyperinflationary methodology laid down in IFRS only includes the component attributable to volumes sold in relation to net sales, while the effects associated with hyperinflation, including price index variation and price increases, are treated as exchange rate effects.
Specifically:
- the exchange rate effects are calculated by converting the figures for the current period at the exchange rates applicable in the comparative period of the previous year. The exchange rate includes the effects associated with hyperinflation economies;
- the results attributable to businesses acquired or the conclusion of distribution agreements during the current year are excluded from organic change for 12 months from the date on which the transaction is closed;
- the results attributable to businesses acquired or the conclusion of distribution agreements during the previous year are included in full in the figures for the previous year as from the closing date of the transaction, and are only included in the current period's organic change 12 months after their conclusion;
- the results from business disposals or the termination of distribution agreements during the same period of the previous year are wholly excluded from the figures for that period and, therefore, from organic change;
- the results from business disposals or the termination of distribution agreements during the current period are excluded from the figures for the same period of the previous year from their corresponding date of disposal or termination.

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

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

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

Other operating income (expenses): relate to certain transactions or events identified by the Group as adjustment components for the operating result, such as:
- capital gains (losses) on the disposal of tangible and intangible assets;
- capital gains (losses) on the disposal of businesses;
- penalties arising from the settlement of tax disputes;
- impairment losses on fixed assets;
- 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, EBITDA, profit before taxation and 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 period, see the appendix given at the end of this section.

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

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

Result from recurring activities (EBIT adjusted): the operating result for the period before the other operating income (expenses) mentioned above.

EBITDA: the operating result before depreciation and amortisation of intangible and tangible fixed assets and leased assets.

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

Adjustments to financial income (expenses): certain transactions or events identified by the Group as components adjusting the profit or loss before taxation related to events covering a single period or financial year, such as:
- expenses related to the early settlement of financial liabilities or liability management operations;
- financial expenses arising from acquisitions/disposals of businesses or companies;
- other non-recurring financial income (expenses).

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

Profit (loss) related to associates and joint ventures: relates to the income (expenses) resulting from the application of the equity method in the valuation of associates and joint ventures. The item also includes the fair value measurement of previously held joint venture before its consolidation.

Profit before taxation-adjusted: the profit or loss for the period before taxation, before other operating income (expenses) and adjustments to financial income (expenses), before the put option earn out income (expenses) referred to above and including the non-controlling interests result before taxation.

Tax adjustments: include the tax effects of transactions or events identified by the Group as components adjusting the taxation of the period related to events covering a single period or financial year, such as:
- positive (negative) taxation effects associated with the operating and financial adjustments, as well as the put option earn out income (expenses) and the profit (loss) related to re-assessments of previously held associate and joint venture before their consolidation;
- non-recurring positive (negative) taxation effects.

Cash tax rate

The cash tax rate is calculated by deducting form the taxation the tax adjustments mentioned above and the deferred taxes on brands and goodwill which are relevant for tax purposes. The new value of cash taxation is then related on the pre-tax result 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 associate and joint venture 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 associate and joint venture before their consolidation referred to above 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 to net sales for the period.

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

ROI (return on investment): the ratio of the operating result for the period to fixed assets at the end of the period (see the definition of fixed assets below).

ROI-adjusted: the ratio of the result from recurring activities for the period (EBIT adjusted) to fixed assets at the end of the period (see the definition of fixed assets below).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Appendix of alternative performance indicators

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

for the six months ending 30 June 2021	EBITDA		EBIT		profit before taxation		Group net profit		basic earnings per share	diluted earnings 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, trademarks 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
retention incentives	(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 ending 30 June € million	reported	2021 adjustments	adjusted
profit before tax	**214.4**	1.4	**213.1**
total taxation	**(54.9)**	**1.5**	**(56.4)**
tax adjustments		*3.0*	
tax effect on operating and financial adjustments		*(1.6)*	
net profit for the period	**159.5**	2.8	**156.7**
tax rate (reported and adjusted)	**-25.6%**	-	**-26.5%**
deferred taxes on goodwill and trademarks		(9.9)	(9.9)
cash tax rate			**-21.8%**

at 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 ending 30 June 2020	EBITDA		EBIT		profit before taxes		Group net profit		basic earnings per share	diluted earnings per share
	€ million	% on sales	€ million	% on sales	€ million	% on sales	€ million	% on sales	€	€
alternative performance measure reported	**142.4**	**18.5%**	**103.0**	**13.4%**	**101.0**	**13.1%**	**73.0**	**9.5%**	**0.06**	**0.06**
gains (losses) from disposals of tangible and intangible fixed assets	0.1	-	0.1	-	0.1	-	0.1	-	-	-
devaluation of tangible assets, goodwill, trademarks and business disposed	(16.3)	-2.1%	(16.3)	-2.1%	(16.3)	-2.1%	(16.3)	-2.1%	(0.01)	(0.01)
fees from acquisition/disposals of business or companies	(1.9)	-0.2%	(1.9)	-0.2%	(1.9)	-0.2%	(1.9)	-0.2%	-	-
restructuring and reorganisation costs	(2.0)	-0.3%	(2.0)	-0.3%	(2.0)	-0.3%	(2.0)	-0.3%	-	-
other adjustments of operating income (expenses)	(7.4)	-1.0%	(7.4)	-1.0%	(7.4)	-1.0%	(7.4)	-1.0%	(0.01)	(0.01)
income (expenses) related to put option and earn out	-	-	-	-	16.6	2.2%	16.6	2.2%	0.01	0.01
adjustments to financial income (expenses)	-	-	-	-	1.6	0.2%	1.6	0.2%	-	-
tax adjustments	-	-	-	-	-	-	4.5	0.6%	-	-
total adjustments	**(27.4)**	**-3.6%**	**(27.4)**	**-3.6%**	**(9.2)**	**-1.2%**	**(4.7)**	**-0.6%**	**(0.01)**	**(0.01)**
alternative performance measure adjusted	**169.7**	**22.1%**	**130.4**	**17.0%**	**110.1**	**14.3%**	**77.6**	**10.1%**	**0.07**	**0.07**

for the six months ending 30 June		2020	
€ million	reported	adjustments	adjusted
profit before tax before minorities	**101.0**	(9.2)	**110.1**
total taxation	**(28.2)**	**4.5**	**(32.7)**
tax adjustments		*(1.1)*	
tax effect on operating and financial adjustments		*5.6*	
net profit for the period	**72.7**	(4.7)	**77.4**
tax rate (reported and adjusted)	**-28.0%**	-	**-29.7%**
deferred taxes on goodwill and trademarks		(6.7)	(6.7)
cash tax rate			**-23.6%**

at 30 June 2020	Free cash flow
	€ million
alternative performance measure reported	**(4.5)**
goodwill, brand and sold business impairment	16.3
other changes from operating activities	(27.4)
non-recurring taxes paid	(57.3)
adjustments to financial income (expenses)	1.6
net cash flow from non-recurring investments	(2.8)
total adjustments	**(69.6)**
alternative performance measure adjusted (recurring free cash flow)	**65.0**

Investor information

The global economy
Global prospects remain fragile and highly uncertain over one year into the pandemic. Despite growing vaccine coverage across many continents lifting sentiment, new virus mutations and the accumulating human toll raise concerns over the second half of the year. Economic recoveries are diverging across countries and sectors, as many emerging markets are in fear of being left behind, reflecting acute variation in pandemic-induced disruptions and lacklustre vaccine rollout[12].

The impact of Covid-19 on world growth is expected to be very significant, yet thanks to unprecedented policy response, the Covid-19 recession is likely to leave smaller scars than the 2008 global financial crisis. However, emerging market economies and low-income developing countries have been hit harder and are expected to suffer more significant medium-term losses. The latest estimates released in April by the International Monetary Fund (IMF) point to growth in world GDP of +6.0% in 2021 after an estimated contraction of -3.3% in 2020[13].

Regarding the Group's largest market, the United States, vaccine rollout has been successful while large parts of the country have remained open despite the pandemic. The USA's GDP is expected to grow by 6.4%, essentially surpassing its pre- Covid-19 GDP level, while many other markets will return to their pre- Covid -19 levels only in 2022.

With reference to Italy, the Group's second largest market, the pandemic has continued to significantly impact the country's economic activity and consumer mobility in 2021 after renewed lockdowns over the winter. However, Italy has boasted a very successful vaccine rollout which has eased pressure on the approach to the summer season. Italian economic growth is projected to strengthen markedly in the second half of this year, to 4.2% in 2021 overall, and to continue to grow at a high rate in the next two years. Pre-pandemic levels of economic activity will likely be regained by the end of next year after a decline of -8.9% in 2020[14].
Regarding the Group's other key markets, in Europe the GDP in Germany is expected to grow by 3.5% in 2021, a downward revision from initial estimates of 4.5% in January 2021, largely due to the lingering effects of the pandemic and renewed lockdowns earlier in the year. France and the UK are expected to grow in 2021 by 5.8% and 5.3% respectively, recovering only partially their pre- Covid-19 GDP. Australia, the main market for the Group in the Asia-Pacific area and a market which has endured the pandemic remarkably well, is expected to register growth of 4.5% in 2021, surpassing its pre- Covid-19 GDP. The main emerging markets for the Group, such as Russia and Brazil, are expected to see an upturn in their economic activity estimated at 3.8% and 3.7% respectively in 2021, while China, the first country impacted by the pandemic, is expected to register strong growth at 8.4% in 2021[15].

In this context, trade wars among the major global economies softened in part with the temporary four-month suspension of US import tariffs since March 2021 on all the Group's brands.

Spirits sector
The Covid-19 pandemic continues to impact sectors such as dining, catering, entertainment, and hospitality services as restrictive measures remain. In this context, the spirits sector remains affected given its natural exposure to consumption in the on-premise channel. While restrictive measures have slowly begun to ease, and the on-premise channel has started to gradually re-open, particularly in Europe, there are still some limitations within the hospitality sector, in particular the use of indoor space and density of customers. In addition, international traffic remains subdued due to persisting travel bans and restrictions negatively affecting the Global Travel Retail channel.

While the on-premise channel has suffered significantly, the off-premise channel has showed incredible resilience thanks to home consumption. This trend has continued into the beginning of the year despite the re-opening of the on-premise channel, particularly for countries like the United States, Germany, the United Kingdom and Australia which are over-indexed to the off-premise channel. Increasing sophistication of the at-home experience, from a technological standpoint (cinema's streaming movies directly) especially in developed markets has further accelerated this trend. Off-premise consumption has also aided premiumisation within the industry, as the disposable income of the consumer has generally increased for a number of reasons, especially given the lack of travel and holidaying and events. Tequila, whiskey, scotch whisky and rum are the biggest winners of the recent premiumisation trends given their ageing possibilities and versatile liquids.

[12] International Monetary Fund.
[13] International Monetary Fund.
[14] Bank of Italy.
[15] International Monetary Fund.

One phenomenon to emerge from the pandemic is the consumer's desire for flavour, refreshment and convenience when purchasing spirits. This has led to the growth of the ready-to-drink cocktail over the last year, particularly in the United States while Canada, China and Australia have also seen growth in this category. This year so far has seen the launch of many RTD brands from spirits companies all at a premium price point.

The other phenomenon seen during initial lockdowns and further confirmed so far this year is the boom of the e-commerce channel and in general online sales. This channel has gained additional traction among consumers, especially when compared with more traditional channels, and has now become relevant also for the spirit sector, particularly in the United State and the UK as well as China. Several spirits players have collaborated directly with existing e-commerce operators or have developed their own e-commerce platforms to maximise its potential.

Financial markets

The financial markets have continued to withstand volatility during the year so far. Equities rose as vaccination campaigns continued to accelerate in most developed economies, especially in Europe, which is now catching up with the UK and the US. Emerging economies continued to lag on the vaccination front, but cases remain very low in China and seem to have peaked in India. However, the reopening of economies and the quick rebound in activity that has followed has fuelled inflation in some countries. Inflation fears in Europe and the Americas have put downward pressure on stock prices during the second quarter of 2021 and whether inflation is transitory is one of the biggest questions for investors in the second half of the year.

Regarding the exchange-rate fluctuation in the first semester of 2021, many Group currencies devalued vs the Euro, such as the US Dollar (-8.6%), the Brazilian Real (-16.6%), the Argentine Peso (-30.7%), the Russian Ruble (-14.4%) and the Swiss Franc (-2.8%). The Australian Dollar (+7.3%) and the Great British Pound (+0.7%) appreciated vs the Euro.

Performance of the Campari stock

The Campari stock price performance has been the strongest performer amongst the spirits peer group, reflecting the resilience of core markets and premium brands during the Covid-19 pandemic as well as the positive momentum carried into 2021.

During the first half of 2021, the Campari stock price grew overall by +20.9% in absolute terms, with a total shareholder return (TSR) of +21.5%. The Campari stock price outperformed the FTSE MIB by +8.0% and the STOXX Europe 600 Food&Beverage index by +8.7% in the period from 1 January to 30 June 2021.

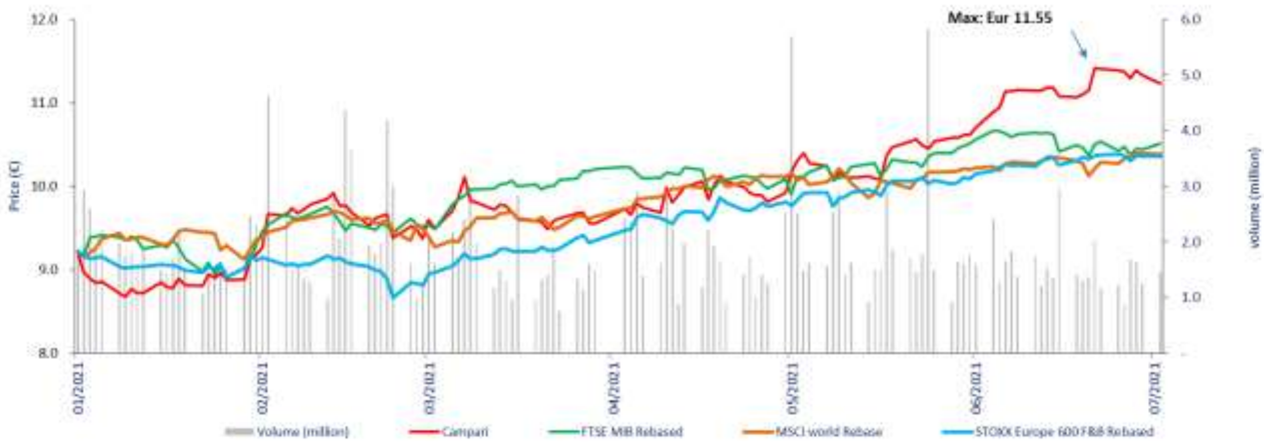
Celebrating 20 years on the stock exchange

Since the initial public offering on the Italian Stock Exchange on 6 July 2001, Campari Group has evolved into a top global spirits player through nearly €3.4 billion in acquisitions, driving its market capitalisation from €0.9 billion in July 2001 to €13.0 billion today, 14.5x the market capitalisation at IPO[16]. Having grown from net sales of €494.3 million in 2001 to €1,772.0 in 2020, Campari Group is a true Italian success story. Over the last two decades, Campari Group has successfully built upon its proud history to become one of the leading players in the global branded beverage industry with a portfolio of over 50 premium and super premium brands sold in 190 countries. Headquartered in Milan, Italy, Campari Group operates in 22 production sites worldwide and has its own distribution network in 22 countries, employing approximately 4,000 people. In 2020 the Company transferred its registered office to the Netherlands with no impact on its operations nor its tax residence, which has been maintained in Italy. Davide Campari-Milano N.V.'s ordinary shares continue to be listed solely on the Italian Stock Exchange.

The strength of Campari Group's business and financial performance since its IPO has been reflected in its share price, which has been the best performer among key global spirits peers, and among the top performers in the FTSE/MIB index since 2001. A shareholder buying a Campari share in 2001 (€0.775 per share) would today have an absolute increase of +1347% or 14.3 times to €11.24 per share. In terms of total return with dividends reinvested, the increase would be +1816% or x15.9 times. Since the IPO Campari has yielded a +15% annual return per year on average (dividends included). Moreover, it has outperformed the FTSE/MIB index (the blue chips index of Borsa Italiana of which Campari, the only beverage stock listed on the exchange, became part in 2009, being today its 10th largest company by market capitalisation) by +1380%.
In addition to FTSE/MIB, since the IPO Campari Group has grown to be included in over 40 indexes, among which are FTSE Italia Brands, MSCI ACWI-MSCI World Index, SX3P-STOXX Europe 600 Food&Beverage price index, FTSE Italia All-Share and SXXP-STOXX Europe 600 price index.

[16] All stock data references from 6 July 2001 to 6 July 2021. IPO date 6 July 2001.

Performance of the Campari stock and the main benchmark indices from 1 January 2021 to 6 July 2021



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

Davide Campari-Milano N.V. stock

Shares[17]

At 30 June 2021, the total share capital of Davide Campari-Milano N.V. (including Special Voting Shares) was equal to €18,273,183.
The total share capital consisted of 1,161,600,000 ordinary shares with a nominal value of €0.01 each, for a total of €11,616,000, and 665,718,342 Special Voting Shares A with a nominal value of €0.01 each, for a total of €6,657,183.

Dividend

On 8 April 2021, the Shareholders' meeting approved the distribution of a dividend of €0.055 per ordinary share for 2020 (in line with the previous year).
The dividend was paid on 21 April 2021 (with an ex-coupon date for coupon no. 1 of 19 April 2021), in line with the Italian Stock Exchange calendar, and a record date of 20 April 2021, for a total amount of €61.6 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.

The Company communicates and interacts regularly with the financial markets through analyst calls, investor meetings, roadshows and investor conferences, which are also attended by representatives of top management. Regarding activities aimed at equity analysts and institutional investors, in 2021 the Company continued to interact with the financial community through numerous meetings. Since the outbreak of the Covid-19 pandemic in Italy, the investor relations activity continued without any disruptions and very actively leveraging digital platforms to meet with investors based in all the main global financial centres. In particular, the Company participated in numerous investor conferences with a focus on Consumer goods, Made in Italy and ESG.

Sustainability

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

[17] Refer to 'Governance' section in the 2020 Annual Report for additional information regarding the composition of the share capital and details on major shareholders

Other information

Transactions with related parties

It should be noted that transactions with related parties, including intra-group transactions, are not classified as material related party transaction, 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. The half year period ended 30 June 2021 was subject to the procedures for transactions with related parties approved by the Parent Company's Board of Directors on 27 October 2020.

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Campari Group-Half year condensed consolidated financial statements at 30 June 2021

Index- Half year condensed consolidated financial statements

Consolidated primary statements

Consolidated statement of profit or loss[1]

	Notes	for the six months ending 30 June	
		2021 € million	2020 € million
Sales		**1,240.2**	**976.2**
Excise duties		(239.4)	(207.5)
Net sales	5 ii.	**1,000.8**	**768.7**
Cost of sales	5 iii.	(397.3)	(315.8)
Gross profit		**603.6**	**452.9**
Advertising and promotional costs		(161.9)	(121.8)
Contribution margin		**441.7**	**331.1**
Selling, general and administrative expenses	5 iv.	(218.5)	(200.7)
Other operating expenses	5 iv.	(18.6)	(27.6)
Other operating income	5 iv.	12.5	0.2
Operating result		**217.1**	**103.0**
Financial expenses	5 vii.	(16.3)	(6.9)
Financial income	5 vii.	11.7	5.2
Share of profit (loss) of associates and joint ventures	5 ix.	1.9	(0.2)
Profit before taxation		**214.4**	**101.0**
Taxation	5 x.	(54.9)	(28.2)
Profit for the period		**159.5**	**72.7**
Profit attributable to:			
Shareholders of the parent Company		159.6	73.0
Non-controlling interests		(0.1)	(0.2)
Basic earnings per share (€)		0.14	0.06
Diluted earnings per share (€)		0.14	0.06

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

Consolidated statement of other comprehensive income

	Notes	for the six months ending 30 June	
		2021 € million	2020 € million
Profit for the period (A)		**159.5**	**72.7**
B1) Items that may be subsequently reclassified to the statement of profit or loss			
Gains (losses) on cash flow hedge	9 ii.	2.5	2.0
Related Income tax effect	5 x.	(0.6)	(0.6)
Total cash flow hedge		**1.9**	**1.4**
Exchange differences on translation of foreign operations	9 ii.	**66.0**	**(86.9)**
Total: items that may be subsequently reclassified to the statement of profit or loss (B1)		**67.9**	**(85.4)**
B2) Items that may not be subsequently reclassified to the statement of profit or loss			
Gains (losses) on remeasurement of defined benefit plans		-	-
Related income tax effect		-	-
Remeasurements of defined benefit plans		-	-
Total: items that may not be subsequently reclassified to the statement of profit or loss (B2)		-	-
Other comprehensive income (expenses) (B=B1+B2)		**67.9**	**(85.4)**
Total comprehensive income (A+B)		**227.4**	**(12.6)**
Attributable to:			
Shareholders of the parent Company		227.4	(12.4)
Non-controlling interests		-	(0.2)

Consolidated statement of financial position

	Notes	at 30 June 2021 € million	at 31 December 2020[1] € million
ASSETS			
Non-current assets			
Property, plant and equipment	6 ii.	535.6	482.7
Right of use assets	6 iii.	75.4	71.5
Biological assets	6 iii.	8.0	8.9
Goodwill	6 v.	1,384.3	1,354.1
Brands	6 v.	967.2	956.6
Intangible assets with a finite life	6 v.	47.0	44.3
Investments in associates and joint ventures	5 ix.	24.8	26.1
Deferred tax assets	5 x.	54.6	44.5
Other non-current assets	6 vi.	5.1	5.7
Other non-current financial assets	8 iii.	8.2	7.1
Total non-current assets		**3,110.2**	**3,001.5**
Current assets			
Inventories	7 iii.	713.5	656.7
Biological assets	7 iii.	2.7	1.6
Trade receivables	7 i.	331.4	281.8
Other current financial assets	8 ii.	1.3	1.2
Cash and cash equivalents	8 i.	668.3	548.1
Income tax receivables	5 x.	14.2	17.4
Other current assets	6 vii	72.3	45.0
Assets held for sale	6 viii.	2.8	3.3
Total current assets		**1,806.5**	**1,555.2**
Total assets		**4,916.7**	**4,556.7**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Issued capital and reserves attributable to shareholders of the parent Company	9 ii.	2,188.1	1,996.6
Non-controlling interests	9 ii.	3.1	1.8
Total shareholders' equity		**2,191.3**	**1,998.4**
Non-current liabilities			
Bonds	8 v.	845.1	894.7
Loans due to banks	8 v.	399.1	320.0
Other non-current financial liabilities	8 v.	171.5	169.3
Post-employment benefit obligations		32.6	33.4
Provisions for risks and charges	10 ii.	45.1	41.8
Deferred tax liabilities	5 x.	349.4	338.0
Other non-current liabilities	6 ix.	12.2	7.3
Total non-current liabilities		**1,854.8**	**1,804.6**
Current liabilities			
Bonds	8 vi.	50.0	-
Loans due to banks	8 vi.	241.6	244.3
Other current financial liabilities	8 vi.	35.5	31.9
Trade payables	7 ii.	316.4	321.2
Income tax payables	5 x.	45.0	16.1
Other current liabilities	6 x.	182.1	140.3
Total current liabilities		**870.6**	**753.7**
Total liabilities		**2,725.4**	**2,558.3**
Total liabilities and shareholders' equity		**4,916.7**	**4,556.7**

[1] For information on reclassification of comparative figures, refer to note 3 vi-‘Reclassification of comparative figures at 31 December 2020’.

Consolidated statements of cash flows

	Notes	for the six months ending 30 June 2021 € million	2020 € million
Operating result		**217.1**	**103.0**
Depreciation and amortisation	6 vi	38.5	39.4
Gain or loss on sale of fixed assets	6 iv	(0.2)	(0.1)
Impairment loss (or reversal) of tangible fixed assets, goodwill, trademark and sold business	6 iv	1.6	16.3
Change in provisions	11 ii	4.3	(1.8)
Change in payables to employees		6.8	4.4
Change in net operating working capital		(98.7)	(55.4)
Income taxes refund (paid)		(28.4)	(80.0)
Change in other indirect taxes		21.9	18.9
Other non-cash operating items		2.4	(11.1)
Cash flow generated from (used in) operating activities		**165.5**	**33.6**
Purchase of tangible and intangible fixed assets	7 ii- iv- v	(80.1)	(28.3)
Disposal of tangible and intangible assets	7 ii- iv	5.7	1.4
Acquisition of companies or business divisions	7 i	(1.2)	(95.3)
Cash and cash equivalents at acquired companies	7 i	0.7	4.4
Put options and earn out payments		(0.6)	(9.9)
Interests received	9 v-vi	2.9	3.5
Other changes		-	0.6
Cash flow generated from (used in) investing activities		**(72.5)**	**(123.6)**
Proceeds from non-current borrowings	9 vii	130.0	199.0
Repayment of non-current borrowings	9 vii	(4.3)	-
Net change in short-term financial payables and bank loans	9 vii	(48.7)	159.3
Payment of lease liabilities	9 iv	(7.1)	(7.3)
Interests paid on leases	9 iv	(1.4)	(1.7)
Interests paid on other financial items	9 vii	(9.7)	(7.9)
Inflows (outflows) of other financial items	9 vii	(4.5)	4.9
Purchase of own shares	10 iii	(11.8)	(104.4)
Sale of own shares	10 iii	32.5	8.4
Dividend paid to equity holders of the Parent	10 iii	(61.6)	(62.9)
Cash flow generated from (used in) financing activities		**13.4**	**187.4**
Net change in cash and cash equivalents: increase (decrease)		**106.4**	**97.4**
Effect of exchange rate changes on cash and cash equivalents		**13.8**	**(14.7)**
Cash and cash equivalents at the beginning of period		548.1	704.4
Cash and cash equivalents at end of period		668.3	787.1

Consolidated statement of changes in shareholders' equity

	Notes	Issued capital	Retained earnings and other reserves	Cash flow hedge reserve	Currency translation differences	Remeasurement of defined benefit plans	Equity attributable to owners of the parent	Non-controlling interests	Total
		€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
at 31 December 2020		**18.3**	**2,297.2**	**(12.4)**	**(304.7)**	**(1.8)**	**1,996.6**	**1.8**	**1,998.4**
Dividends to shareholders of the parent Company	9 ii.	-	(61.6)	-	-	-	(61.6)	-	(61.6)
Increase (decrease) through treasury share transactions	9 ii.	-	20.7	-	-	-	20.7	-	20.7
Increase (decrease) through share-based payment transactions	9 ii.	-	8.5	-	-	-	8.5	-	8.5
Changes in ownership interests	9 ii.	-	-	-	-	-	-	1.9	1.9
Increase (decrease) through other changes	9 ii.	-	(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**

	Issued capital	Retained earnings and other reserves	Cash flow hedge reserve	Currency translation differences	Remeasurement of defined benefit plans	Equity attributable to owners of the parent	Non-controlling interests	Total
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
at 31 December 2019	**58.1**	**2,421.2**	**(15.2)**	**(72.4)**	**(2.0)**	**2,389.7**	**1.9**	**2,391.6**
Dividends to shareholders of the parent Company	-	(62.9)	-	-	-	(62.9)	-	(62.9)
Increase (decrease) through treasury share transactions	-	(95.5)	-	-	-	(95.5)	-	(95.5)
Increase (decrease) through share-based payment transactions	-	2.5	-	-	-	2.5	-	2.5
Changes in ownership interests	-	(6.0)	-	-	-	(6.0)	(1.0)	(7.0)
Increase (decrease) through other changes	-	(0.5)	-	-	-	(0.5)	-	(0.5)
Profit (loss)	-	73.0	-	-	-	73.0	(0.2)	72.7
Other comprehensive income (expense)	-	-	1.5	(86.9)	-	(85.4)	-	(85.4)
Total comprehensive income	**-**	**73.0**	**1.5**	**(86.9)**	**-**	**(12.4)**	**(0.2)**	**(12.6)**
at 30 June 2020	**58.1**	**2,331.7**	**(13.7)**	**(159.2)**	**(2.0)**	**2,214.9**	**0.6**	**2,215.5**

Notes to the consolidated financial statements

1. General Information

Davide Campari-Milano N.V. is a company listed on the Italian Stock Exchange, with its official seat in Amsterdam, the Netherlands, and its corporate address at Via Franco Sacchetti 20, 20099 Sesto San Giovanni, Milan, Italy.
For purposes of its business operations in Italy, the Company has established a secondary seat with a permanent representative office, within the meaning of article 2508 of the Italian Civil Code.
The Company is entered in both the Dutch Companies' Register under the number 78502934 and the Milan Monza Brianza Lodi Chamber of commerce under the number 06672120158.
At 30 June 2021, 66.7% of the total voting rights (equating to 53.9% of the share capital) of the Company was held by Lagfin S.C.A., Société en Commandite par Actions, headquartered in Luxembourg.
Founded in 1860, Campari is the sixth-largest player in the branded spirits industry, with an extensive and varied product portfolio. Its internationally-recognised brands include Aperol, Appleton Estate, Campari, Grand Marnier, SKYY Vodka and Wild Turkey.
Campari Group operates in around 190 countries and has prime positions in Europe and the Americas. It has 22 production plants and its own distribution network in 22 countries and employees around 4,000 people.

The publication of this half year report at 30 June 2021, which was subject to a limited review, was authorised by the Board of Directors on 27 July 2021.
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 period

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 a dedicated section in the management 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 2021 have been prepared in accordance with 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 based on the cost basis and taking any value adjustments into account where appropriate. This is with the exception of biological assets and statement of financial position items, such as financial instruments, that must be recognised at fair value and except in cases in which the IFRS allow a different valuation criterion to be used. The carrying amount of assets and liabilities linked to fair value hedging transactions, which would otherwise be recorded at cost, has been adjusted to take account of the changes in fair value attributable to the risk being hedged.

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 2020, 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 that have been significant to an understanding of the changes in the financial position and performance since the last annual reporting date have been provided. Information disclosed in relation to those events and transactions updates the relevant information presented in the 31 December 2020 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 2021, the Group did not carry out any atypical and/or unusual transactions that, due to their materiality or size, type of counterparties to the transaction, or method for determining the price and timing of the event (proximity to the close of the period), could give rise to concerns over the accuracy or completeness of the information in the financial statements, conflicts of interest, the safeguarding of company assets or the protection of minority shareholders.
The statement of cash flow was prepared using the indirect method.

ii. Use of estimates

- Outbreak of Covid-19

The Covid-19 pandemic continues to impact countries and economies in different ways. While some governments are starting to ease restrictions, with very positive impact on consumption trends in the on-premise channel which has gradually reopened across all countries, others continue to enforce lockdown measures. The timing and intensity of the world recovery still remain uncertain even though the ongoing mass vaccination campaigns launched since the beginning of 2021 are progressively accelerating in many countries, albeit at different pace. Despite the vaccine roll-out, some countries continue to be heavily affected by the pandemic, such as India, Brazil and several Asian countries, whilst others are cautiously observing a new spike of contagions due to the Delta variant, such as the United Kingdom. Therefore, on one side the situation seems to be improving in many parts of the world, also thanks to the effective interventions by governments in terms of either the imposition of new temporary lockdowns or the gradual lifting of the restrictions, depending on how the pandemic is developing across the different countries. On the other side, with the spread of Covid-19 variants, local governments may envisage the reintroduction of restrictive measures as well as stricter rules for the use of vaccination green passes to limit the outbreak of Delta variant.
Campari Group is continuing to monitor and analyse the evolution of the pandemic and its effects on the macroeconomic scenario, the markets in which it operates, the behavioural patterns of its consumer base, the Group's financial position and the results of its operations, despite the objective difficulty in making predictions in a context constrained by numerous and new variables that are beyond the Group's control.

Either way, Covid-19 continues to potentially affect the recognition and measurement of assets, liabilities, income and expenses. As a result of the above mentioned uncertainty associated with the unprecedented nature of Covid-19, in preparing these half year condensed consolidated financial statements, despite the very strong business performance driven by the bounce back of consumption in connection with the reopening of the on-premise channel, the Group performed a greater assessment analysis than the usual update required for a normal interim period. In addition, going concern have also been carefully reassessed.
A critical review was undertaken, and a focused analysis performed to identify, and consequently managed, the principal risks and uncertainties to which the Group is exposed.
In particular, all significant assumptions and estimates underlying the preparation of the following items were the subject to an analysis in order identify and address new uncertainties linked to the unpredictability of the pandemic compared with the assessment performed in conjunction with the preparation of the 2020 Campari Group annual report: impairment of non-financial assets, fair value measurement of financial instruments, expected credit loss assessment, deferred tax assets and tax reliefs, revenue recognition, reverse factoring agreements, lease agreements, provisions and onerous contracts. The analysis conducted did not highlight any critical situations that cannot be attributable to and addressed in, the ordinary course of the business.

Specific additional supplementary information is provided with respect to Covid-19 impact on the Group disclosure here below.

Going concern

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 2021 thanks to the agility and resilience of its organisation. All actions undertaken by the Group in response to the Covid-19 outbreak and disclosed in note 3 iii-'Use of estimates' in the Campari Group consolidated financial statements at 31 December 2020 are still in place at 30 June 2021.

While the Group priority is, and will continue to be, to guarantee the safety of its employees ('Camparistas') and the continuity of its business, no business continuity issues have been identified since all Campari Group plants and distilleries continue to be fully operational, while complying with rigorous health and safety measures in force to protect the health of Camparistas. Whilst smart-working is still the recommended policy for office-based Camparistas, Campari Group started to set the guidelines for the introduction of new globally consistent ways of working for a safe return to the workplace, respecting the specific regulations that each country will enforce. For the Group the togetherness of Camparistas in a space that will be increasingly designed to support collaboration and relationship building is fundamental to the Group culture and success.
During 2021, Campari Group continued to build on its agility and learning ability, developed particularly during the pandemic peak in 2020, to engage with consumers with new online and digital initiatives thus supporting the positive own brand momentum across key markets thanks to resilient off-premise dynamics, combined with gradual on-premise re-opening.

Goodwill, brands and intangible assets with a finite life
An analysis was developed to verify whether trigger events impacting namely goodwill and brands occurred in the period and to verify if any substantial deterioration of business performance has occurred with respect to each cash generation unit and brands. No triggering events were registered as no deterioration in consumer demand affecting business plans were registered and no interruption in the Group's plants operation or supply from suppliers or any issues with logistics and freight transport activities happened. Compared with 2020 the first semester of 2021 has been characterised by a significantly improved business and consumer sentiment for Campari Group, thanks to the acceleration in the vaccination campaigns and the gradual reopening of the on-premise channel. The spirits industry has demonstrated strong resilience throughout the pandemic thanks to sustained home consumptions with strong home cocktail mixing trends, favoured also by a positive development of the e-commerce channel and ready-to-drink category.

Net Financial Debt
In conducting the assessment to identify whether in the first half of 2021 there were events triggering issues on the Group's financial performances, certain characteristics specific to the Group's situation have been taken into consideration. As far as financial assets are concerned, the fact that the Group's assets are not exposed to concentration being spread across a large number of high-standing financial counterparts, granted that no specific risks were faced. With regard to financial liabilities, the Group's indebtedness ratios measured internally (given the lack of covenants on existing debt) were under control, standing at a level considered entirely manageable by the Group. During the first half of 2021 the Group's financial structure has been confirmed to be boosted by the availability of significant 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 the fixed-interest rates minimised the exposure to market risks.
In terms of fair value measurement hierarchies of financial items, during 2021 there were no changes to be reflected in the half year condensed consolidated Group's financial statements.
With respect to lease and rental agreements, there have been no significant lease agreements, including sub-leases, generating financial receivables for the Group. During the first half of 2021, there were no significant contract amendments directly linked to the outbreak and no significant rental concessions have been agreed with lessors exclusively for Covid-19. The lease amendment referred in particular to buildings linked to planned changes in the route-to-market strategy and were managed in compliance with the normal recurring transactions they represent.
A separate analysis has been performed with reference to put option and earn-out agreements valued at fair value and where the basis of estimate is linked to brand performances. The analysis was conducted in conjunction with the considerations described above in relation to the impairment test on goodwill, brands and intangible assets with a finite life, in order to ensure homogeneity and consistency in the valuation, and from the analyses no particular circumstances emerged such as to require significant revisions of these liabilities.

Operating working capital, revenue recognition and provision and onerous contracts
The coronavirus outbreak during the period in analysis did not trigger any significant change with clients' contracts and any change in the revenue recognition criteria previously identified. Significant judgements were used to review the expected credit losses in the normal course of business and based on the Group business model to manage financial instruments, since no specific issues were identified during the period. No significant anticipated partial payments were experienced, indicating an implicit price concession to be accounted for or an impairment loss.
To facilitate the management of liquidity the Group continued the reverse factoring agreements introduced at the end of 2020, confirming a limited number of trusted suppliers involved during the first half of 2021. A detailed

analysis was reassessed to confirm the proper representation of these agreements within the consolidated figures: the trade payables under reverse factoring agreements continued to be classified as a component of the Group’s operating working capital with no separate disclosure as primary line items of the Group financial statements in consideration of the total exposure.
The coronavirus outbreak has not generated during the period the need to include dedicated and additional adjustments to be reflected in the net realisable value of inventories nor to change the production cost allocation linked to inefficiencies. With respect to biological assets during 2021 there were no changes to the fair value measurement hierarchies to be reflected in the half year condensed consolidated Group’s financial statements.
In terms of the assessment of provision for risks and charges, during the period there were no events or situations generating the need to include additional provisions outside the normal course of business or requiring any significant estimate of onerous contracts to be reflected in the Group’s accounts.

Taxation
During the period all significant assumptions and estimates considered in the preparation of the 2020 annual report were reviewed. In particular, all tax rates were reviewed to check for any changes occurred during the period in the various tax jurisdictions and any amendments substantially enacted were considered in assessing both current and deferred taxes. The review conducted has not identified any new triggering events, which could have effect on the recoverability on deferred tax assets and on the recognition of any additional liability for uncertain tax positions.

Property, plant and equipment
During the first half of 2021 the business development confirmed no issues related to operations. In terms of production facilities, all the Group’s plants and distilleries remained fully operational and during the first half of 2021 the outbreak has not triggered the need to perform a specific impairment test for the production facilities, apart from specific transactions in progress, such as the restructuring of the sugar business in Jamaica started in 2020, and planned changes in route to markets, managed as part of the normal course of business.

iii. Basis of consolidation

The following changes were made to the basis of consolidation, resulting from the creation, acquisition, sale and reorganisation of companies:
- on 4 January 2021 Campari Group increased its interests in the South Korean joint venture Trans Beverages Company Ltd. leading to the consolidation of the company, with its 40% stake growing to 51% and confirming the call option on the remaining share capital, which can be exercised from 2024.
- on February 2021 the liquidation process of Campari Services S.r.l. was completed and the company was therefore excluded from the consolidation perimeter;
- on 1 May 2021 Campari France Distribution S.A.S. and Marnier-Lapostolle Bisquit SAS were merged with the aim of optimising and streamlining the Group’s structure. The name of the new company following the merge is Campari France SAS. For statutory and fiscal purposes, the effective date of the merger was 1 January 2021;
- on 25 May 2021 the company Dioniso S.r.l. (‘Dioniso’) was established with a share capital of €1,000,000 and 100% held by the Group. The company was therefore included in the consolidation perimeter.

The tables below list the companies included in the basis of consolidation at 30 June 2021.

name, activity	registered office	share capital at 30 June 2021 currency	amount	% owned by the Company direct	indirect	direct shareholder
Company						
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		
Dioniso S.r.l., holding and trading company	Via Franco Sacchetti, 20 Sesto San Giovanni; Milan, Italy	€	1,000,000	99.99	0.01	Campari International S.r.l. 0.01%
Europe and Africa						
Campari Austria GmbH, trading company	Naglergasse 1/Top 13,1010 Wien, Austria	€	500,000		100.00	DI.CI.E. Holding B.V.
Campari Benelux S.A., finance and trading company	Avenue de la Méterologie, 10, Bruxelles, Belgium	€	1,000,000	61.00	39.00	Glen Grant Ltd. 39%
Campari Deutschland GmbH, trading company	Adelgundenstr. Munich, 80538 Germany	€	5,200,000		100.00	DI.CI.E. Holding B.V.
Campari España S.L., holding and trading company	Calle de la Marina 16-18, planta 28, Barcellona, Spain	€	3,272,600	100.00		
Campari RUS LLC, trading company	115088, Moscow, 2nd Yuzhnoportovy proezd, 14/22, Russia	RUB	2,010,000,000		100.00	DI.CI.E. Holding B.V.
Campari Schweiz A.G., trading company	Lindenstrasse 8, Baar, Switzerland	CHF	500,000		100.00	DI.CI.E. Holding B.V.
Campari Ukraine LLC, trading company	8, Illinska Street, 5 Floor, block 8 and 9, Kiev, Ukraine	UAH	87,396,209		100.00	DI.CI.E Holding B.V. 99%, Campari RUS LLC 1%
DI.CI.E. Holding B.V., holding company	Luna Arena, Herikerbergweg 114, Zuidoost, Amsterdam, the Netherlands	€	15,015,000	100.00		
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	DI.CI.E. Holding B.V.
Société des Produits Marnier Lapostolle S.A., holding and manufacturing company	32 rue de Monceau, 75008 Paris, France	€	27,157,500	91.64[1]		Davide Campari 91.64[1]% Minority Shareholders 8.36%
Société Civile Immobilière Du VAL, property company	32 rue de Monceau, 75008 Paris, France	€	16,769,392		91.64[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		91.64[1]	Société des Produits Marnier Lapostolle S.A. 100%
Bellonnie&Bourdillon Successeurs S.A.S., manufacturing and trading company	Zone de Génipa, 97224, Ducos, Martinique	€	5,100,000		88.46	Marnier-Lapostolle Bisquit SASU 96.53% minority shareholders 3.47%
Distilleries Agricole de Sainte Luce S.A.S., agricultural production company	Zone de Génipa, 97224, Ducos, Martinique	€	2,000,000		88.46	Bellonnie et Bourdillon S.A.S. 99.99% minority shareholders 0.01%
SCEA Trois Rivières, agricultural service company	Zone de Génipa, 97224, Ducos, Martinique	€	5,920		88.46	Bellonnie et Bourdillon S.A.S. 25% Distilleries de Sainte Luce S.A.S 75%
Champagne Lallier S.a.r.l., manufacturing company	4 Place de la Libération, 51160, AY, France	€	3,575,420		73.31	Campari France SAS 80% minority shareholders 20%
Scev des Gloriettes, property company	4 Place de la Libération, 51160, AY, France	€	34,301		73.31	Campari France SAS 80% minority shareholders 20%
Les Rives Marne S.A.S., trading company	4 Place de la Libération, 51160, AY, France	€	100,000		73.31	Champagne Lallier S.a.r.l. 100%

name, activity	registered office	share capital at 30 June 2021 currency	amount	% owned by the Company direct	indirect	direct shareholder
Sci Athena, property company	4 Place de la Libération, 51160, AY, France	€	1,000		73.31	Champagne Lallier S.a.r.l. 99.9% Les Rives Marne Sas 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	490,247,750		100.00	DI.CI.E. Holding B.V.
Americas						
Campari America, LLC, manufacturing and trading company	1114 Avenue of the Americas, 19th Floor New York, United States	USD	566,321,274	100.00		
Campari Argentina S.A., manufacturing and trading company	Olga Cossettini, 243 Piso 3, Puerto Madero, CABA, Argentina	ARS	1,179,365,930(2)		100.00	DI.CI.E. Holding B.V. 98.81% Campari do Brasil Ltda. 1.19%
Campari do Brasil Ltda., manufacturing and trading company	Alameda Rio Negro 585, Edificio Demini, Conjunto 62, Alphaville-Barueri-SP, Brasil	BRL	239,778,071	99.999	0.001	Davide Campari-Milano N.V. (99,999%) Campari Schweiz AG 0.001%
Campari Mexico S.A. de C.V., trading company	Avenida Americas 1500 Piso G-A Colonia Country Club, Guadalajara, Jalisco, Mexico	MXN	1,670,184,642		100.00	DI.CI.E. Holding B.V. 99% Campari America, LLC 1%
Campari Mexico Corporativo S.A. de C.V., services company	Avenida Americas 1500 Piso G-A Colonia Country Club, Guadalajara, Jalisco, Mexico	MXN	5,050,000		100.00	Campari Mexico, S.A. de C.V. 99% Campari America, LLC 1%
Campari Mexico Destiladora S.A. de C.V., manufacturing company	Camino Real a Atotonilco No. 1081, La Trinidad, San Ignacio Cerro Gordo, Jalisco, Z.C. 47195, Mexico	MXN	5,050,000		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	DI.CI.E. Holding B.V. 51% minority shareholders 49%
Casa Montelobos, S.A.P.I. de C.V., manufacturing and trading company	Paseo de los Tamarindos No. 90 Edificio Arcos Bosques Torre II-Piso 5C Col. Bosques de las Lomas, 05120, Mexico	MXN	144,823,850		51.00	DI.CI.E. Holding B.V. 51% minority shareholders 49%
Campari Peru SAC, trading company	Av. Jorge Basadre No.607, oficina 702, distrito de San Isidro, Lima, Peru	PEN	34,733,589(3)		100.00	Campari Espãna S.L. 99.92%, Campari do Brasil Ltda. 0.08%
Forty Creek Distillery Ltd., manufacturing and trading company	297 South Service Road West, Grimsby, Canada	CAD	105,500,100(3)		100.00	DI.CI.E. Holding B.V.
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	DI.CI.E. Holding B.V.
Campari Australia Pty Ltd., manufacturing and trading company	Level 21, 141 Walker Street North Sydney, Australia	AUD	56,500,000		100.00	DI.CI.E. Holding B.V.
Campari India Private Ltd., services company	Upper Ground & First Floor Shop No. SG-1 & SF-1, DT Greater Kailash-II, New Delhi 110048, India	INR	172,260		100.00	Di.Ci.E. Holding BV 99%; Campari Australia Pty Ltd 1%
Campari New Zealand Ltd., trading company	C/o KPMG 18, Viaduct Harbour Av., Maritime Square, Auckland, New Zealand	NZD	10,000		100.00	Campari Australia Pty Ltd.
Campari Singapore Pte Ltd., trading company	152 Beach Road, #24-06, 1Gateway East, 189721, Singapore	SGD	100,000		100.00	DI.CI.E Holding B.V.
Trans Beverages Company Ltd., trading company	Nr 1702,c-dong (GL Metrocity Munjung SK V1) 642-3 Munjung-dong, Songpa-gu, Seoul, Korea	KWD	2,000,000,000		51.00	Glen Grant Ltd.

Investments accounted for using the equity method					
name, activity	registered office	share capital at 30 June 2021 currency	amount	% owned by the company	direct shareholder
CT Spirits Japan Ltd., trading company	2-26-5 Jingumae Shibuya-ku, Tokyo 150-0001, Japan	JPY	100,000,000	40.00	Di.Ci.E. Holding B.V.
Tannico e Wineplatform S.p.A., trading company	Via Chiossetto, 1, Milan, Italy	€	111,533	49.00	Dioniso S.r.l.

(1) This figure does not include the portion of capital with right of usufruct, equal to 1.65%, whose bare ownership is held by shareholders of Société des Produits Marnier Lapostolle S.A. who hold 8.36% of the capital, which is covered by agreements for repurchases to be made by 2021.
(2) The share capital does not include effects related to the hyperinflation accounting standard.
(3) Includes the capital contribution.

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

The exchange rates used for conversion transactions are shown below.

	for the six months ending 30 June 2021	at 30 June 2021	for the six months ending 30 June 2020	at 31 December 2020
	average rate	end-of-period rate	average rate	end-of-period rate
US Dollar	1.206	1.188	1.101	1.227
Canadian Dollar	1.504	1.472	1.503	1.563
Jamaica Dollar	179.260	178.001	153.453	174.805
Argentine Peso(1)	113.644	113.644	78.786	103.249
Australian Dollar	1.563	1.585	1.678	1.590
Brazilian Real	6.492	5.905	5.416	6.374
Swiss Franc	1.094	1.098	1.064	1.080
Chile Peso	867.989	866.750	895.750	872.520
Yuan Renminbi	7.798	7.674	7.747	8.023
Great Britain Pound	0.868	0.858	0.874	0.899
India Rupee	88.449	88.324	81.675	89.661
Japanese Yen	129.812	131.430	119.212	126.490
South Korea Won	1,347.364	1,341.410	1,329.149	1,336.000
Mexican Peso	24.321	23.578	23.860	24.416
New Zealand	1.681	1.703	1.760	1.698
Peruvian Sol	4.490	4.626	3.763	4.443
Russia Rubles	89.605	86.773	76.687	91.467
Singapore Dollar	1.606	1.598	1.541	1.622
Ukraine Hryvnia	33.479	32.362	28.623	34.769
South African Rand	17.533	17.011	18.332	18.022

(1) The average exchange rate of the Argentine Peso for the six months ending 30 June 2021 and 30 June 2020 was equal to the spot exchange rate at 30 June 2021 and at 30 June 2020 respectively, based on IFRS accounting requirements for hyperinflation.

v. Hyperinflation

The indices used to remeasure the values at 30 June 2021 in accordance with hyperinflationary economies IFRS rules, are shown in the table below.
Specifically, the national Consumer Price Index ('nationwide CPI') of Argentina was used.

	for the six months ending 30 June	
	2021 average rate	2020 average rate
Consumer Price Index	483.26	322.15
	2021 conversion factor	2020 conversion factor
January	1.204	1.112
February	1.162	1.090
March	1.109	1.054
April	1.065	1.039
May	1.031	1.023
June	1.000	1.000

vi. Reclassification of comparative figures at 31 December 2020

Reclassifications for purchase price allocation

On 10 June 2020 Campari Group completed the acquisition of an 80% interest in the share capital of Champagne Lallier S.a.r.l. and other companies in its group.
As allowed by the applicable standard, the acquisition values initially allocated can be modified during the measurement period in which the acquirer shall retrospectively adjust the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date. The measurement period ends as soon as the acquirer receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. However, the measurement period shall not exceed one year from the acquisition date. The final fair value allocation of net assets identified was published in this Group half year condensed consolidated financial statements at 30 June

2021. Changes to the net assets, which were shown provisionally at 31 December 2020, have been identified separately and detailed in the following tables as required amendments to the opening balances. The updated allocation did not have a significant impact on the statement of profit or loss, statement of changes in shareholders' equity and cash flow statement for 2020.

Reclassifications of the consolidated statement of financial position

	at 31 December 2020		
	stated figures	change resulting from provisional allocation of acquisition value	reclassified figures
	€ million	€ million	€ million
ASSETS			
Non-current assets			
Property, plant and equipment	485.7	(3.0)	482.7
Right of use assets	71.5	-	71.5
Biological assets	5.5	3.4	8.9
Goodwill	1,356.6	(2.5)	1,354.1
Brands	954.5	2.1	956.6
Intangible assets with a finite life	44.7	(0.4)	44.3
Investments in associates and joint ventures	26.1	-	26.1
Deferred tax assets	44.5	-	44.5
Other non-current assets	5.7	-	5.7
Other non-current financial assets	7.1	-	7.1
Total non-current assets	**3,001.9**	**(0.4)**	**3,001.5**
Current assets		-	
Inventories	655.1	1.5	656.7
Biological assets	1.6	0.1	1.7
Trade receivables	281.8	-	281.8
Other current financial assets	1.2	-	1.2
Cash and cash equivalents	548.1	-	548.1
Income tax receivables	17.4	-	17.4
Other current assets	45.0	-	45.0
Assets held for sale	3.3	-	3.3
Total current assets	**1,553.6**	**1.6**	**1,555.2**
Total assets	**4,555.5**	**1.1**	**4,556.7**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Issued capital and reserves attributable to shareholders of the parent Company	1,996.6	-	1,996.6
Non-controlling interests	1.8	-	1.8
Total shareholders' equity	**1,998.4**	**-**	**1,998.4**
Non-current liabilities			
Bonds	894.7	-	894.7
Loans due to banks	320.0	-	320.0
Other non-current financial liabilities	169.3	-	169.3
Post-employment benefit obligations	33.4	-	33.4
Provisions for risks and charges	41.6	0.2	41.8
Deferred tax liabilities	337.0	0.9	338.0
Other non-current liabilities	7.3	-	7.3
Total non-current liabilities	**1,803.4**	**1.1**	**1,804.6**
Current liabilities			
Loans due to banks	244.3	-	244.3
Other current financial liabilities	31.9	-	31.9
Trade payables	321.2	-	321.2
Income tax payables	16.1	-	16.1
Other current liabilities	140.3	-	140.3
Total current liabilities	**753.7**	**-**	**753.7**
Total liabilities	**2,557.2**	**1.1**	**2,558.3**
Total liabilities and shareholders' equity	**4,555.5**	**1.1**	**4,556.7**

Reclassifications of the reclassified statement of financial position statement in the management report

	at 31 December 2020		
€ million	stated figures	change resulting from provisional allocation of acquisition value	reclassified figures
fixed assets	2,944.6	(0.4)	2,944.2
other non-current assets and (liabilities)	(369.2)	(1.1)	(370.3)
operating working capital	617.4	1.6	618.9
other current assets and (liabilities)	(90.6)	-	(90.6)
total invested capital	**3,102.2**	**-**	**3,102.2**
Group shareholders' equity	1,996.6	-	1,996.6
non-controlling interests	1.8	-	1.8
net financial debt	1,103.8	-	1,103.8
total financing sources	**3,102.2**	**-**	**3,102.2**

Reclassifications of the operating working capital statement in the management report

€ million	at 31 December 2020		
	stated figures	change resulting from provisional allocation of acquisition value	reclassified figures
trade receivables	281.8	-	281.8
total inventories, of which:	656.8	1.6	658.3
- maturing inventory	*368.1*	-	*368.1*
- biological assets	*1.6*	*0.1*	*1.7*
- other inventory	*287.0*	*1.5*	*288.6*
trade payables	(321.2)	-	(321.2)
operating working capital	**617.4**	**1.6**	**618.9**
sales in the previous 12 months rolling	1,772.0	-	1,772.0
working capital as % of sales in the previous 12 months	34.8	-	34.9

vii. 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 ending 31 December 2020, to which reference is made, except for the accounting standards specified in note 4 i-'Summary of the new accounting standards adopted by the Group from 1 January 2021'.

4. Change in accounting standards

i. Summary of the new accounting standards adopted by the Group from 1 January 2021

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 on 'Interest Rate Benchmark Reform' phase 2 (issued on 27 August 2020). The amendments support companies in applying IFRS standards when i) changes are made to contractual cash flows or hedging relationships because of the reform; and ii) assist companies in providing useful information to users of financial statements. The amendment was considered in the preparation of this Group's half year condensed consolidated financial statements with no significant impact to be reported.

Amendments to IFRS 4-'Insurance Contracts' on the deferral of IFRS-9 (issued on 25 June 2020). The amendment further extended the temporary exemption from IFRS 9, according to IFRS 4, until to 1 January 2023, in order to align with the effective date of IFRS 17-'Insurance Contracts'. The amendment had no direct impact on Group's consolidated financial statements.

Amendments to IFRS 16-'Leases' Covid-19-Related Rent Concessions beyond 30 June 2021 (issued on 31 March 2021). The IFRS 16 was amended to extend the availability of the practical expedient, allowed in 2020, by one year. Specifically, the practical expedient in the 2021 amendment applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment, applicable to annual reporting periods beginning on or after 1 January 2021, was considered in the preparation of this Group's half year condensed consolidated financial statements with no impact to be reported.

ii. Accounting standards, amendments and interpretations that have been endorsed but are not yet applicable/have not been adopted in advance by the Company

The Group is still assessing the impact of these amendments on its financial position or operating results, in so far as they are applicable.

Amendments to IFRS 3-'Business Combinations' (issued on 14 May 2020).
The amendments are intended to replace a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version without significantly changing its requirements. In particular, an exception to the recognition principle of IFRS 3 is added to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37-'Provisions, Contingent Liabilities and Contingent Assets' or IFRIC 21-'Levies', if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The first application scheduled for 1 January 2022.

Amendments to IAS 16-'Property, Plant and Equipment' on Proceeds before Intended Use (issued on 14 May 2020).

The amendments prohibit a company from deducting, from the cost of an item of property, plant and equipment, amounts received from selling items produced while bringing that asset to the location and into the condition necessary for it to be capable of operating in the manner intended by management. Instead, the company must recognize the proceeds from selling such items, and the cost of producing them, in profit or loss. The first application is scheduled for 1 January 2022.

Amendments to IAS 37-‘Provisions, Contingent Liabilities and Contingent Assets’ on Onerous Contracts-Cost of Fulfilling a Contract (issued on 14 May 2020).
The amendment specifies that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. They can either be the incremental costs of fulfilling that contract (examples would be direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The first application is scheduled for 1 January 2022.

iii. Accounting standards, amendments and interpretations not yet endorsed

The Group is still assessing the impact of these amendments on its financial position or operating results, in so far as they are applicable.

Amendments to Annual improvements 2018-2020 (issued on 14 May 2020) include the following amendments to IFRS:
- IFRS 1-‘First-time Adoption of International Financial Reporting Standards’. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition 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 because of how lease incentives were illustrated in that example.

The first application of these amendments is scheduled for 1 January 2022.

Amendment to IAS 1-‘Presentation to Financial Statements’ (issued on 23 January 2020).
The amendment specifies the requirements to classify liabilities as current or non-current by clarifying i) what is meant by a right to defer the settlement; ii) that if an entity has the right to roll over an obligation for at least twelve months after the end of reporting period, it classifies the obligation as non-current, even if it would otherwise be due within a shorter period; iii) that the classification is unaffected by the likelihood that an entity will exercise its deferral right; and iv) that the settlement refers to a transfer to the counterparty that results in the extinguishment of the liability. The first application is scheduled for 1 January 2023.

IFRS 17-‘Insurance Contracts’ (issued on 18 May 2017).
This sets out the requirements for a company which reports information about insurance contracts it issues and reinsurance contracts it holds. Including the amendments issued on 25 June 2020, aimed at helping companies to implement the standard and making it easier for them to explain their financial performance, the principle has initial recognition scheduled for 1 January 2023. Once it is effective, the principle will replace IFRS 4-‘Insurance contracts’. This accounting standard does not apply to the Group.

Amendments to IAS 8-‘Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021).
The amendments introduce a new definition of ‘accounting estimates’, clarifying the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The first application is scheduled for 1 January 2023.

Amendments to IAS 1-‘Presentation of Financial Statements’ and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021). The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The first application is scheduled for 1 January 2023.

Amendments to IAS 12-'Income Taxes' Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 6 May 2021). The amendment requires an entity to recognise deferred tax on initial recognition of particular transactions to the extent that the transaction gives rise to equal amounts of deferred tax assets and liabilities. The proposed amendments would apply to transactions such as leases and decommissioning obligations for which an entity recognises both an asset and a liability.
The first application is scheduled for 1 January 2023.

5. Results for the period

This section details the results and performance for the period ending 30 June 2021. Disclosures are provided for segmented information, operating costs, other operating items, finance income and expenses, the Group's share of profit or loss of associates and joint ventures and taxation. For taxation, associates and joint ventures the balance sheet disclosures are also provided in this section.

i. Seasonal factors

Sales of certain Group products are more affected than others by seasonal factors, because of different consumption patterns or consumer habits. In particular, the aperitif consumption tends to be concentrated during spring and summer (May to September), whereas sales of other products, such as sparkling wines and spirits, are concentrated in the last quarter (September to December). Seasonal consumption cycles in the markets in which the Campari Group operates may have an impact on its financial results and operations. In general, the Group's diversified product portfolio and the geographical spread of its sales help to substantially reduce risks relating to seasonal factors.

ii. Net sales and Operating segment

The consolidated net sales in the first half of 2021, which almost entirely relate to the sale of spirits, totalled €1,000.8 million, compared to €768.7 million achieved in the same period of the previous year.

Net sales analysed by brand category as shown below.

	for the six months ending 30 June	
	2021 € million	2020 € million
global priority brands	583.1	452.1
regional priority brands	172.7	124.5
local priority brands	132.4	96.1
rest of the portfolio	112.6	95.9
Total	**1,000.8**	**768.7**

The performance in the first half of 2021, was overall significantly influenced by a favourable comparison base with the same period of the previous year, which was highly impacted by the lockdown measures implemented across the various countries to fight the Covid-19 pandemic. The very positive growth of the first half of 2021 was the result of positive brand momentum across key markets thanks to resilient off-premise dynamics, combined with gradual on-premise re-opening leading to a second quarter acceleration.
For a more detailed analysis of net sales, please refer to the information in the 'Sales performance' paragraph of the management report.

The Group's operating businesses are determined on the basis of the results of the operating segments, which are periodically reviewed by the Chief Executive Officer to assess performance and inform resource allocation decisions. Since 2012, the Group has mainly based its management analysis on geographical regions, identified as operating segments that reflect the Group's operating model and current way of working by business unit. The geographical regions considered are: i) the Americas ii) Southern Europe, Middle East and Africa iii) Northern, Central and Eastern Europe and (iv) Asia-Pacific.

The level of profitability analysed is the operating result (for a definition of alternative performance indicators, please refer to the 'Definitions and reconciliation of the Alternative Performance Measures to GAAP measures' paragraph of the management report). In addition, 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 ending 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 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[1]	**684.4**	**400.6**	**247.0**	**22.0**	**-**	**-**	**1,354.1**

[1] For information on the reclassification of comparative figures, refer to note 3 vi-'Reclassification of comparative figures at 31 December 2020'.

for the six months ending 30 June 2020	Americas	Southern Europe, Middle East and Africa	Northern, Central and Eastern Europe	Asia-Pacific	total allocated	non-allocated items and adjustments	consolidated figures
	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Net sales to third-parties	358.1	182.6	172.0	55.9	768.7	-	768.7
Net sales between segments	23.3	169.0	8.4	-	200.7	(200.7)	-
Total net sales	**381.4**	**351.5**	**180.5**	**55.9**	**969.3**	**(200.7)**	**768.7**
Segment result	**65.3**	**(8.4)**	**40.8**	**5.2**	**103.0**	**-**	**103.0**
Operating result	-	-	-	-	-	-	103.0
Financial income (expenses)	-	-	-	-	-	(1.8)	(1.8)
Share of profit (loss) of associates and joint ventures	-	-	-	-	-	(0.2)	(0.2)
Taxation	-	-	-	-	-	(28.2)	(28.2)
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**72.7**
Non-controlling interests	-	-	-	-	-	(0.2)	(0.2)
Group profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**73.0**
Goodwill[1]	**709.9**	**427.6**	**259.2**	**23.1**	**1,419.8**	**-**	**1,419.8**

[1] Allocation based on 30 June 2020 data.

iii. Cost of sales

The cost of sales is broken down by function and by type in the table below.

	for the six months ending 30 June	
	2021	2020
	€ million	€ million
Materials and manufacturing costs	343.3	274.6
Distribution costs	54.0	41.2
Total cost of sales	**397.3**	**315.8**
Breakdown by type		
Raw materials and finished goods acquired from third parties	258.1	187.3
Inventory write-downs	5.6	0.3
Personnel costs	37.7	39.7
Depreciation/amortisation	22.0	22.0
Utilities	7.2	5.8
External production and maintenance costs	13.4	17.6
Variable transport costs	39.4	27.7
Other costs	13.9	15.4
Total cost of sales	**397.3**	**315.8**

The impact on the change in the cost of sales is commented upon in the paragraph 'statement of profit or loss' in the management report, to which reference is made.

As a percentage of net sales, the cost of sales decreased from 41.1% in the first half of 2020 to 39.7% reported in the same period of 2021 due to a favourable product/market mix, supported by the performance of high-margin brands, especially the aperitifs business, combined with a stronger absorption of fixed production costs driven by higher volume produced and highly favoured by an easy comparison base with respect to the first half year 2020, which more than offset the negative impact of outperformance of lower-margin Espolòn, influenced by the elevated agave purchase price. The increase in variable transportation costs is mainly driven by the positive business momentum, in particular in the second quarter of 2021.

For an analysis of personnel costs and depreciation and amortisation components by nature, please see also the breakdown of personnel costs in notes 5 v-'Personnel costs' and 5 vi-'Depreciation and amortisation' of the half year Campari Group condensed consolidated financial statements at 30 June 2021.

iv. 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 by function and by type in the table below.

	for the six months ending 30 June	
	2021 € million	2020 € million
Personnel costs	136.9	122.3
Services, maintenance and insurance	39.1	29.9
Travel, business trip, training and meetings	10.2	13.3
Depreciation/amortization	14.9	16.1
Charges for use of third-party assets	2.6	1.6
Utilities	0.7	0.8
Agents and other variable sales costs	3.8	3.6
Other	10.3	13.2
Total selling, general and administrative expenses	**218.5**	**200.7**
Other operating expenses	18.6	27.6
Other operating income	(12.5)	(0.2)
Total other operating income and expenses(1)	**6.1**	**27.4**
Breakdown of other operating income and expenses by nature		
Impairment loss on tangible and intangible assets	1.6	16.3
Covid-19 donations	0.2	2.7
Acquisition fees	-	1.9
Consultancies	*0.7*	*2.5*
Restructuring costs	*3.4*	*1.9*
Jamaica site restoration	*4.5*	-
Retention incentives	*5.0*	-
Gain on fiscal dispute	*(6.2)*	-
Cyber-attack expenses net of insurance refund	*(4.3)*	-
Finance transformation	*1.1*	*1.4*
Other net expenses	*0.2*	*0.7*
Total other operating income and expenses	**6.1**	**27.4**

(1) The breakdown showed the net impact of other income and expense items by nature.

At 30 June 2021 the total selling, general and administrative expenses amounted to €218.5 million showed an increase of €17.9 million compared to the figures reported in the first half of 2020, mainly driven by the change in the basis of consolidation as well as route-to-market initiatives.

In terms of total other operating income and expenses the decrease of €21.3 million is mainly attributable to the higher comparison base of the first half of 2020 which reflected an impairment loss on the Bulldog brand as a consequence of the negative impact of Covid-19 on brand performance over a long-term horizon. In the first half of 2021 the value of €6.1 million reflected the costs associated with the restructuring projects started in previous years, the cost related to the approved personnel retention incentives, only partially mitigated by the gain resulting from the final favourable opinion received from the local authorities related to the closure of a tax dispute in Brazil related to indirect taxes, and by the insurance reimbursement connected with the malware attacked suffered in 2020.

v. Personnel costs

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

	for the six months ending 30 June	
	2021 € million	2020 € million
Salaries and wages	136.4	124.0
Social security contributions	28.7	26.3
Cost of defined contribution plans	4.7	4.8
Cost of defined benefit plans	0.2	0.1
Other costs relating to mid/long-term benefits	1.1	4.1
Cost of share-based payments	5.0	4.3
Total personnel costs	**176.1**	**163.5**
of which:		
Included in cost of sales	*37.7*	*39.7*
Included in selling, general and administrative expenses	*136.9*	*122.3*
Included in advertising and promotional expenses	*1.5*	*1.6*
Total personnel costs	**176.1**	**163.5**

vi. Depreciation and amortisation

The following table shows details of depreciation and amortisation, by type and by function, recognised in the statement of profit or loss.

	for the six months ending 30 June	
	2021 € million	2020 € million
- Property, plant and equipment	19.5	18.7
- Right of use assets	1.1	1.1
- Intangible assets	1.5	2.2
Depreciation and amortization included in cost of sales	**22.0**	**22.0**
- Property, plant and equipment	3.4	3.9
- Right of use assets	5.5	6.0
- Intangible assets	6.0	6.3
Depreciation and amortization included in selling, general and administrative expenses	**14.9**	**16.1**
- Property, plant and equipment[(1)]	0.8	0.7
- Right of use assets	0.6	0.5
- Intangible assets	0.2	-
Depreciation and amortization included in advertising and promotional expenses	**1.6**	**1.3**
- Property, plant and equipment[(1)]	23.7	23.3
- Right of use assets	7.1	7.6
- Intangible assets	7.7	8.5
Total depreciation and amortization in the statement of profit or loss	**38.5**	**39.4**
Total depreciation and amortization	**38.5**	**39.4**

[(1)]Depreciation of biological assets is included in this item.

vii. Financial income and expenses

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

	for the six months ending 30 June	
	2021 € million	2020 € million
Interest expenses	(13.9)	(19.1)
Bank expenses	(1.6)	(1.5)
Discounting from put option liabilities and change in estimate	(0.3)	16.2
Hyperinflation effects	(0.1)	(0.4)
Exchange net loss	-	(1.3)
Other income (expenses)	(0.4)	(0.7)
Total financial expenses	**(16.3)**	**(6.9)**
Bank and term deposit interests	2.9	3.5
Liability management	-	1.6
Financial income on tax assessment	4.6	-
Exchange net gain	4.2	-
Total financial income	**11.7**	**5.2**
Net financial income (expenses)	**(4.6)**	**(1.8)**
Of which adjustments to financial income (expenses)	***4.6***	***1.6***

Net financial income (expenses), which included the effects of exchange rate differences and hyperinflation, reported a total net cost of €4.6 million, with an increase of €2.8 million compared to the first six months of 2020. The change is driven by the discounting from put option liabilities which in the first half of 2020 included a revenue of €16.2 million related to the decrease of Bulldog earn-out resulting from the review of the projected settlement cash out.
Focusing on the interest expenses component, despite the slightly higher average level of net debt of the first half of 2021 (€1,078.8 million) with respect to the same period of 2020 (€908.7 million), the overall amount of interest expenses reported a decrease of €5.2 million thanks to a reduced average coupon on existing gross debt, namely generated by the liability management carried out in 2020 and 2021 to benefit from favourable market interest conditions, as well as a lower negative carry effect.

The financial income on tax assessment of €4.6 million was related to the interest gain resulting from the favourable closure of a previous fiscal dispute on indirect taxes in Brazil.

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

	for the six months ending 30 June	
	2021 € million	2020 € million
Interest expenses on bonds	(7.7)	(14.6)
Interests expenses on leases	(1.4)	(1.7)
Interest expenses on loans	(4.7)	(2.9)
Total interest expenses	**(13.9)**	**(19.1)**
Bank and term deposit interests	**2.9**	**3.5**
Bank expenses	(1.6)	(1.5)
Other net expenses	(0.4)	(0.7)
Total financial expenses	**(1.9)**	**(2.2)**
Total financial expenses before exchange gain (losses), one-offs, hyperinflation and put option	**(13.0)**	**(17.9)**
Exchange rate differences	4.2	(1.3)
Total financial expenses before one-offs, hyperinflation and put option	**(8.8)**	**(19.2)**
Discounting from put option liabilities and change in estimate	(0.3)	16.2
Financial income on tax assessment	4.6	-
Liability management	-	1.6
Hyperinflation effects	(0.1)	(0.4)
Net financial income (expenses)	**(4.6)**	**(1.8)**

viii. Leases components

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

	for the six months ending 30 June	
€ million	2021	2020
Interest of lease	1.4	1.7
Depreciation and amortization on right of use underlying assets	7.1	7.6
Variable lease payment not included in measurement of lease liability	4.7	3.4
Expense related to short terms leases	0.6	0.1
Expense related to leases with low value	1.1	1.2

ix. Share of profit (loss) of associates and joint ventures and related balance sheet disclosures

The change in the investment value of associated and joint ventures is shown in the table below.

€ million	investment in associates and joint ventures
at 31 December 2020	**26.1**
Share of profit (loss)	(0.9)
Gain from remeasurement of previous held investment	2.9
Additions	0.4
Reclassification	(4.4)
Exchange rate and other movements	0.7
at 30 June 2021	**24.8**

At 30 June 2021, the loss realised in the period, arising from associated companies and joint ventures measured applying the equity method, was €0.9 million.
The reclassification of €4.4 million related to the transaction completed during the period with reference to the Group's interests in the South Korean joint venture, Trans Beverage Ltd., which, following the acquisition by the Group of a controlling stake on 4 January 2021, was included the Group's consolidation perimeter. As a result of this transaction, the reassessment of the previous interests in the company generated a gain of €2.9 million, which is reported under the 'Gain from remeasurement of previous held investment' item.
For more information please refer to paragraph 'Significant events during the period' of the management report at 30 June 2021.

The following table includes the breakdown of investments in associate and joint venture as of 30 June 2021.

name of entity	**country of business**	**% of ownership interest**	**nature of relationship**	**measurement method**	**currency**	**carrying amount**
						€ million
Tannico e Wineplatform S.p.A.	Italy	49.0%	*associate company*	Equity method	EUR	24.8
CT Spirits Japan Ltd.	Japan	40.0%	*joint venture*	Equity method	JPY	-
Total investments in associates and joint venture						**24.8**

x. 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 ending 30 June	
	2021 € million	2020 € million
- current taxes for the year	(58.5)	(36.9)
- current taxes relating to previous years	(0.8)	(0.4)
- deferred taxes	4.4	9.1
Taxes recorded in the statement of profit or loss	**(54.9)**	**(28.2)**
Taxes recorded in the statement of other comprehensive income	**(0.6)**	**(0.6)**

Taxation totalled €54.9 million for the first half year of 2021 with an increase of €26.7 million compared to the same period of 2020. The reported tax rate in the 2021 period was 25.6%, compared to a reported tax rate of 28.0% in the first half of 2020. The main driver for the reduction in tax rate was the difference in the geographical mix.
The stepped-up value of brand and goodwill to their corresponding book values enabled by Law Decree no. 104/2020 in Italy, which allowed the deduction of higher amortisation for fiscal purposes, it has not impacted the representation of the taxation as reported above, since the cash benefit deriving from current taxation is offset by a corresponding deferred tax burden. Moreover, in the first half of 2021 the cash benefit was offset by the one-off payment of the substitute tax due in the first year and necessary to access the tax benefit, equal to €5.1 million.

Breakdown of deferred taxes by type

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

	at 30 June 2021 € million	at 31 December 2020 post reclassifications(1) € million
Deferred tax assets	54.6	44.5
Deferred tax liabilities	(349.4)	(338.0)
Net deferred tax	**(294.8)**	**(293.4)**

(1) For information on the reclassifications of comparative figures, refer to note 3 vi-‘Reclassification of comparative figures at 31 December 2020’.

Income tax receivables and payables breaks down as follows.

	at 30 June 2021 € million	at 31 December 2020 € million
Income taxes	13.0	16.2
Receivables from ultimate shareholders for tax consolidation	1.2	1.2
Income tax receivables	**14.2**	**17.4**
Tax payables	12.2	7.5
Payable due to controlling shareholder for tax consolidation	32.8	8.6
Income tax payables	**45.0**	**16.1**

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.

6. Operating assets and liabilities

This section describes the assets used to generate the Group’s performance and the liabilities incurred, and also includes detailed disclosures on the recent acquisitions and disposals.

i. Acquisition and sale of businesses and purchase of non-controlling interests

Business combinations

Increase of interest in Trans Beverages Co. Ltd. up to 51%

As mentioned in the dedicated section ‘Significant events during the period’, on 4 January 2021 Campari Group increased its interests in the South Korean joint venture Trans Beverages Company Ltd., from 40% to 51% whilst the call option terms to buy the remaining share capital from 2024 remain unchanged. As a result of this business combination, the Group obtained the substantial control over the relevant activities and, for this reason, starting from 2021, the South Korean company previously evaluated at equity method, has been fully consolidated in Campari Group accounts.
The overall consideration for the remaining 11% was €1.2 million, including €0.7 million of cash and cash equivalent of the acquired company. This transaction has required the reassessment of the Group’s previously-held interests, which generate a gain in the statement of profit or loss of €2.9 million.
The Group has the right to exercise a call option on the remaining share capital starting from 2024.

This transaction is in line with the Group’s strategy to further develop its presence in the Asian Pacific markets. The scope of the transaction includes mainly stock inventory, trade receivables and trade payables.

No brands or other intangible assets were identified for the purposes of the purchase price allocation, other than goodwill for a total consideration of €3.6 million. Goodwill was deemed to be fully reportable due to the synergies expected to be generated by integrating the business acquired into the Group's commercial structure. The goodwill is not tax-deductible based on the relevant local regulations.

		fair value at the date of acquisition KRW million	fair value at the date of acquisition € million
Price paid for the step-up acquisition		1,532.7	1.2
Previous held investment remeasured		5,573.4	4.2
Non- controlling interest		2,196.6	1.6
		9,302.7	**7.0**
Net assets acquired		4,482.9	3.4
of which:			
	Inventories	*2,227.7*	*1.7*
	Trade receivables	*3,595.1*	*2.7*
	Trade payables	*(2,498.2)*	*(1.9)*
	Other	*1,158.3*	*0.9*
Goodwill generated by acquisition		4,819.8	3.6
		9,302.7	**7.0**

Until the Group acquires all the remaining share capital, the Group has to record the non-controlling interests. Given the nature of such interests, it was deemed appropriate to value them at the share net of assets attributed to the business acquired based on the fair value allocations, excluding goodwill.

Business combinations completed in the previous year

As set out in detail in the 'Significant events during the period' section of the Group consolidated financial statements at 31 December 2020, on 10 June 2020 Campari Group completed the acquisition of 80% interest in Champagne Lallier S.a.r.l. and other companies in its group (jointly, the 'company' or 'Champagne Lallier'). With this acquisition, Campari Group has added to its portfolio a premium and historical champagne brand, thus building further critical mass in the strategic French market.
The impact of the updated provisional allocation of the acquisition values for Champagne Lallier S.a.r.l. is summarised below. Changes to the provisional net assets' values recognised at 31 December 2020 are shown separately. The allocation did not have any monetary impact. The updated provisional values shown are the result of the recognition and reworking of further information about facts and circumstances existing at the closing date. The analysis was partly carried out with the assistance of independent experts.

The total consideration paid for the deal was €21.3 million (excluding the net financial debt at the closing date).
The changes to the values included in the Group's consolidated figures at 31 December 2020 are shown separately in note 3 vi-'Reclassification of comparative figures at 31 December 2020'.

reference values at the acquisition date	book values € million	provisional fair value published at 31 December 2020 € million	adjustments and reclassifications € million	fair value published at 30 June 2021 € million
ASSETS				
Non-current assets				
Property, plant and equipment	5.5	8.2	(3.4)	4.8
Biological assets	2.6	-	3.6	3.6
Brand	-	1.0	2.1	3.1
Intangible assets with a finite life	0.2	0.2	(0.2)	-
Other non-current financial assets	0.1	-	-	-
Total non-current assets	**8.5**	**9.3**	**2.2**	**11.4**
Current assets				
Inventories	22.1	22.1	1.4	23.5
Biological assets	-	-	0.2	0.2
Trade receivables	3.6	3.6	-	3.6
Cash and cash equivalents	3.8	2.8	-	2.8
Income tax receivables	0.1	0.1	-	0.1
Other current assets	1.1	1.1	-	1.1
Total current assets	**30.7**	**29.7**	**1.6**	**31.3**
Total asset	**39.2**	**39.1**	**3.7**	**42.7**
LIABILITIES				
Non-current liabilities				
Provisions for risks and charges	-	-	0.2	0.2
Deferred tax liabilities	-	0.2	0.9	1.2
Total non-current liabilities	**-**	**0.3**	**1.1**	**1.4**
Current liabilities				
Loans due to banks	20.7	20.7	-	20.7
Other current financial liabilities	5.8	3.0	-	3.0
Trade payables	6.5	6.5	-	6.5
Other current liabilities	1.0	1.0	-	1.0
Total current liabilities	**34.1**	**31.3**	**-**	**31.3**
Total liabilities	**34.1**	**31.5**	**1.1**	**32.6**
NET EQUITY ACQUIRED	**5.1**	**7.6**	**2.6**	**10.1**
TOTAL LIABILITY AND EQUITY		**39.1**	**3.7**	**42.7**
a) Total cost. Of which:		**25.6**	**-**	**25.6**
Price paid in cash, excluding ancillary costs		*20.9*	-	*20.9*
Price adjustments at closing		*0.4*	-	*0.4*
Liabilities for non-controlling interest purchase		*4.3*	-	*4.3*
b) Net financial position acquired of which:		**20.9**	**-**	**20.9**
- Cash, cash equivalent and financial assets		*(2.8)*	-	*(2.8)*
- Financial debt acquired		*23.7*	-	*23.7*
Enterprise value (a+b)		**46.5**	**-**	**46.5**
Non-controlling interests		**5.3**	**-**	**5.3**
Purchase price to be allocated		**21.3**	**-**	**21.3**
Price paid in cash, excluding ancillary costs		20.9	-	20.9
Price adjustments at closing		0.4	-	0.4
Non-controlling interests		**5.3**	**-**	**5.3**
Total values to be allocated		**26.6**	**-**	**26.6**
Allocation to:				
Net assets acquired		**7.6**	**2.5**	**10.1**
Goodwill generated by acquisition		**19.1**	**(2.5)**	**16.5**

The Group has revised the final allocation for the brand's fair values to take into account the profitability of the business on the closing date. The final total value allocated to the acquired brands is €3.1 million. The allocation value does not reflect the post-acquisition development initiatives that the Group intends to undertake based on its strategic plans, aimed at strengthening the brand via brand building initiatives and exploiting its growth potential both in the domestic and key international markets.

	goodwill € million	brand € million	total € million
Provisional fair value published at 31 December 2020	**19.1**	**1.0**	**20.1**
Change resulting from provisional allocation of acquisition value	(2.5)	2.1	(0.4)
Fair values published at 30 June 2021	**16.5**	**3.1**	**19.6**

ii. Property, plant and equipment

Changes in this item are shown in the table below.

	land and buildings € million	plant and machinery € million	other € million	total € million
Carrying amount at the beginning of the period	379.9	368.0	192.2	940.1
Accumulated amortization at the beginning of the period	(121.4)	(240.7)	(92.2)	(454.3)
at 31 December 2020	**258.4**	**127.3**	**99.9**	**485.7**
Change resulting from provisional allocation of acquisition value	(3.4)	-	0.4	(3.0)
at 31 December 2020 post-reclassifications[1]	**255.1**	**127.3**	**100.3**	**482.7**
Additions	44.8	7.7	14.5	67.0
Disposals	-	(0.3)	(4.3)	(4.7)
Depreciation	(5.8)	(9.3)	(7.7)	(22.8)
Exchange rate differences and other changes	5.1	3.0	5.3	13.3
at 30 June 2021	**299.1**	**128.4**	**108.1**	**535.6**
Carrying amount at the end of the period	427.5	377.0	207.3	1,011.8
Accumulated amortization at the end of the period	(128.4)	(248.6)	(99.2)	(476.2)

[1] For information on the reclassification of comparative figures, refer to note 3 vi-'Reclassification of comparative figures at 31 December 2020'.

Capital expenditure for the period, totalling €67.0 million, was mainly related to the purchase of buildings, namely a new office building in the United Kingdom and to barrels for maturing bourbon, rum and whisky. In addition, in the period some improvements were made to strengthen the Group's production capacity and efficiency. Disposals, amounting to €4.7 million, mainly related to the sale of barrels no longer suitable for use in the maturing process.

iii. Right of use assets

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

	land and buildings € million	plant and machinery € million	other € million	total € million
Carrying amount at the beginning of the period	75.6	8.4	18.7	102.7
Accumulated amortization at the beginning of the period	(17.6)	(2.3)	(11.3)	(31.2)
at 31 December 2020	**57.9**	**6.2**	**7.4**	**71.5**
Additions	9.5	-	1.9	11.4
Impairment	(1.2)	-	-	(1.2)
Depreciation	(4.3)	(0.6)	(2.1)	(7.1)
Exchange rate differences and other changes	0.9	-	-	0.8
at 30 June 2021	**62.8**	**5.5**	**7.1**	**75.4**
Carrying amount at the end of the period	85.3	8.9	21.0	115.2
Accumulated amortization at the end of the period	(22.6)	(3.5)	(13.9)	(39.9)

The increases in the half year of €11.4 million were mainly related to the subscription of new contracts related to offices and vehicles.

iv. Biological assets

Changes in this item are shown in the table below.

	total € million
Carrying amount at the beginning of the period	10.9
Accumulated depreciation at the beginning of the period	(5.5)
at 31 December 2020	**5.5**
Change resulting from provisional allocation of acquisition value	3.4
at 31 December 2020 post-reclassifications[1]	**8.9**
Additions	2.6
Disposal	(0.1)
Depreciation	(0.9)
Exchange rate differences and other changes	(2.6)
at 30 June 2021	**8.0**
Carrying amount at the end of the period	17.3
Accumulated depreciation at the end of the period	(9.2)

[1] For information on the reclassification of comparative figures, refer to note 3 vi-'Reclassification of comparative figures at 31 December 2020'.

This item includes the agave plantations in Mexico (€3.5 million), sugar cane plantations in Martinique (€1.1 million), as well as grape plantations in France (€3.2 million). No guarantees were given to third-parties in relation to these fixed assets.

At 30 June 2021 the Mexican agave plantations comprises 1,031 hectares. There is no non-productive biological asset for agave plantations and the average growing cycle covers a period of 6 years. During 2021 no harvesting activities are planned. The inventory fair value reported at 30 June 2021 was estimated based on the costs of infrastructure, land preparation and agave cultivation, due to the absence of any active reference market for comparable plantation and similar output in terms of age and qualitative characteristics.

At 30 June 2021 the French grape plantations located in the Champagne region comprises 9.9 hectares, out of which overall 80% of these hectares were rented with medium and long term-agreements and the remaining 20% was owned. There are no non-productive biological assets for grape plantations. Agricultural output covers a one year period and the harvest is expected to occur in the second half of the year. Taking into account the biological and vegetative cycle, all the costs incurred in anticipation of the future harvest (service, products and other ancillary costs) have been considered as inventory in current biological assets at 30 June 2021 in the Group's accounts: this value is in line with the fair value of the growing grapes based on available information on commodities markets.

In addition, in the Martinique area, sugar cane plantations comprise 506 hectares, of which overall 50% owned and 50% rented with long-term agreements. Among them 454 hectares are cultivated and the remaining 52 hectares are not cultivated. Agricultural output covers a one-year period and the harvest is expected from February to June. Given that process, the sugar cane have 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.

v. Intangible assets

- Goodwill and brands

Changes during the period are shown in the table below.

	goodwill	brands with an indefinite life	brands with a finite life	total
	€ million	€ million	€ million	€ million
Carrying amount at the beginning of the period	1,359.5	980.0	31.6	2,335.6
Opening impairment	(2.8)	(35.4)	(21.7)	(24.5)
at 31 December 2020	**1,356.6**	**944.6**	**9.9**	**2,311.1**
Change resulting from provisional allocation of acquisition value	(2.5)	2.1		(0.4)
at 31 December 2020 post-reclassifications[1]	**1,354.1**	**946.7**	**9.9**	**2,310.7**
Perimeter effect for acquisition	3.6	-	-	3.6
Amortisation	-	-	(1.0)	(1.0)
Exchange rate differences	26.6	11.4	0.3	38.2
at 30 June 2021	**1,384.3**	**958.1**	**9.2**	**2,351.5**
Carrying amount at the end of the period	1,387.2	958.1	31.5	2,376.8
Closing impairment	(2.9)	-	(22.4)	(25.3)

[1] For information on the reclassification of comparative figures, refer to note 3 vi-'Reclassification of comparative figures at 31 December 2020'.

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. Goodwill and brands with an indefinite life are not amortised and the Group performed its annual impairment test at least one a year (namely in December) and when circumstances indicated that the carrying value may be impaired. The key assumptions used to determine the recoverable amount for the different cash generating units were disclosed in the note 7 v-'Intangible assets' of the annual consolidated financial statements for the year ended 31 December 2020.
As of 30 June 2021, the Group has not identified any external or internal factors that may have triggered a substantial and negative impact on the recoverability of its goodwill and trademarks values.

The finalisation of the purchase price allocation process related to Champagne Lallier S.a.r.l. led meanwhile to a change of the comparative figures at 31 December 2020 represented by a decrease in goodwill of €2.5 million as well as an increase in brands value of €2.1 million (for further details, please see note 3 vi-'Reclassification of comparative figures at 31 December 2020' and the section 'Business Combination' in this paragraph 6.'Operating assets and liabilities').

The change in the basis of consolidation comprises the incorporation of Trans Beverages Company Ltd. since January 2021, previously represented as joint venture investment, which resulted in the recognition of €3.6 million of goodwill.

Positive exchange rate differences on goodwill and brands recorded in local currencies and adjusted to year-end exchange rates, totalling €26.6 million and €11.6 million respectively, were reported; the exchange difference was mainly related to the US and Canadian dollars.

- Intangible assets with a finite life

Changes in this item are shown in the table below.

	software € million	other € million	total € million
Carrying amount at the beginning of the period	107.0	23.2	130.2
Accumulated amortization at the beginning of the period	(75.5)	(10.0)	(85.5)
at 31 December 2020	**31.5**	**13.2**	**44.7**
Change resulting from provisional allocation of acquisition value	-	(0.4)	(0.4)
at 31 December 2020 post-reclassifications[(1)]	**31.5**	**12.8**	**44.3**
Additions	10.4	-	10.4
Amortisation	(6.1)	(0.6)	(6.7)
Exchange rate differences and other changes	(0.1)	(0.8)	(1.0)
at 30 June 2021	**35.7**	**11.4**	**47.0**
Carrying amount at the end of the period	118.0	20.6	138.6
Accumulated amortization at the end of the period	(82.3)	(9.2)	(91.5)

[(1)] For information on the reclassification of comparative figures, refer to note 3 vi-'Reclassification of comparative figures at 31 December 2020'.

Additions in the period totalling €10.4 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 impairment test on the Group intangible assets subject to amortisation process.

vi. Other non-current assets

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

	at 30 June 2021 € million	at 31 December 2020 € million
Equity investment in other companies	0.9	0.6
Security deposits	1.5	1.3
Other non-current receivables from main shareholders	1.4	1.8
Other non-current receivables	1.3	2.1
Other non-current assets	**5.1**	**5.7**

vii. Other current assets

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

	at 30 June 2021 € million	*of which perimeter effect*	at 31 December 2020 € million
Advances to suppliers	0.2	-	2.6
Advances and other receivables from suppliers	1.5	-	1.3
Other receivables from tax authorities	41.6	*0.5*	22.6
Receivables from Parent Company for Group VAT	0.1	-	1.2
Receivables from agents and miscellaneous customers	2.3	-	1.4
Prepaid expenses	20.9	*0.3*	6.9
Other	5.7	*0.5*	9.0
Other current assets	**72.3**	***1.3***	**45.0**

Other receivables from tax authorities, totalling €41.6 million (€22.6 million in the first half of 2020), primarily comprise €29.4 million for VAT, €4.3 million for excise duty and €7.9 million for other taxes. The increase of €19.3 million include €11.9 million[18] related to the receivable resulting from the closure of a tax dispute in Brazil on indirect taxes and related interests, following the final favourable opinion received from the local authorities.
The increase of €14.0 million in prepaid expenses is attributable to the phasing in recording the invoices of third-party providers in line with the Group strategy to leverage on outsourcing IT and back office services to ensure high quality and efficiency.

viii. Assets held for sales

At 30 June 2021, this item included property in France and production assets located in Brazil, including the ceased Sorocaba facility, for which sales negotiations are still underway.

[18] Closure of tax dispute on indirect taxes, including interests, for a total of BRL70.1 million equivalent to €11.9 million at the spot exchange rate at 30 June 2021 or €10.8 million converted at the average exchange rate for the six months ending 30 June 2021.

	at 31 December 2020 € million	reclassification as assets held for sale of the period € million	exchange rate effect € million	at 30 June 2021 € million
Assets				
Property, plant and equipment	3.3	(0.6)	0.1	2.8
Total assets classified as held for sales	**3.3**	**(0.6)**	**0.1**	**2.8**

ix. Other non-current liabilities

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

	at 30 June 2021 € million	at 31 December 2020 € million
Other employee benefits (including retention incentive)	8.0	3.0
Medium-long term incentive plans	2.2	1.8
Profit sharing	2.0	2.0
Other non-current liabilities	-	0.5
Other non-current liabilities	**12.2**	**7.3**

x. Other current liabilities

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

	at 30 June 2021 € million	*of which perimeter effect € million*	at 31 December 2020 € million
Payables to staff	70.9	-	61.6
Payables to agents	3.3	-	2.9
Deferred income	9.4	-	6.5
Amounts due to controlling shareholder for Group VAT	11.1	-	0.5
Value added tax	26.0	*0.1*	16.5
Tax on alcohol production	39.3	-	36.2
Withholding and miscellaneous taxes	9.7	-	7.3
Other	12.6	*1.1*	8.7
Other current liabilities	**182.1**	***1.3***	**140.3**

The increase of €41.8 million in other current liabilities is attributable to phasing in VAT and excise payables namely connected with the business development especially in the second quarter of the period and to payables to employees connected with short terms bonuses and incentives.

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 2021 € million	*of which perimeter effect € million*	at 31 December 2020 € million
Trade receivables from external costumers	327.4	*2.7*	274.9
Trade receivables from associate	3.1	-	4.0
Receivables in respect of contributions to promotional costs	0.9	-	2.9
Trade receivables	**331.4**	***2.7***	**281.8**

The following table shows the changes in impairment for expected future losses and bad debt in the period.

€ 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**

ii. Trade payables

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

	at 30 June 2021 € million	*perimeter effect € million*	at 31 December 2020 € million
Trade payables to external suppliers	316.4	*1.9*	321.2
Trade payables	**316.4**	***1.9***	**321.2**

During the first half of 2021, the Group continued to accept the reverse factoring programme launched in 2020 in cooperation with an external banking provider and selected key suppliers. The programme involved strategic partners based in Italy with the aim to allow participating suppliers to receive early payments on their invoices. Based on the characteristics of the programme and the nature of the transaction, the trade payables included in the programme continued to be classified as a trade payables on the grounds which led to an improvement in terms of commercial payment without giving any guarantee or change other terms or conditions of the original agreements. The programme generated an increase in payables of approximately €20.0 million at 30 June 2021 (€7.0 million at 31 December 2020).

iii. Inventories and biological assets

The breakdown of this item is as follows.

	at 30 June 2021 € million	*perimeter effect* *€ million*	at 31 December 2020 post-reclassifications[1] € million
Raw materials, supplies and consumables	52.2	-	50.4
Work in progress	98.7	*(0.1)*	96.2
Maturing inventory	391.2	-	368.1
Finished products and goods for resale	171.5	*1.7*	142.0
Inventories	**713.5**	***1.5***	**656.7**
Current biological assets	**2.7**	***0.2***	**1.6**
Total	**716.2**	***1.7***	**658.3**

[1] For information on reclassification of comparative figures, refer to note 3 vi-'Reclassification of comparative figures at 31 December 2020'.

Stocks totalled €716.2 million at 30 June 2021, up by €57.9 million from 31 December 2020. This change is essentially attributable to several factors, as summarised below:
- effects of the acquisition of Trans Beverages Co. Ltd. in South Korea, totalling €1.7 million;
- organic increases of €45.1 million, of which €15.5 million related to the organic step up in ageing liquid supporting the maturation process, mostly linked to The GlenGrant, Bisquit&Dubouché cognac and Grand Marnier maturing inventory;
- positive exchange rate effect of €11.1 million, of which €7.6 million due to maturing inventory, which is concentrated in the Americas region (particularly in the United States and Canada) and in the United Kingdom, and €3.4 million due to other inventory.

Current biological assets at 30 June 2021 totalled €2.7 million, corresponding to the fair value of the sugar cane and agave plants not yet matured for crop. No guarantees given to third parties in relation to these inventories. Agricultural produce in Martinique benefits from public grants for an amount which was negligible at 30 June 2021 (€0.5 million at 31 December 2020).

Maturing inventory, due to its nature which is represented by ageing liquid, is similar to invested capital as its growth profile is planned over a long-term horizon. The other inventory rise is mostly driven by the seasonality of the business demand in preparation for the reopening particularly of the on-premise channel in the peak summer period.

Inventories are reported net of the relevant impairment provisions. The changes are shown in the table below.

	€ 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 composition of the Group's net financial position broken down into the various items that are managed. 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 2021 € million	*perimeter effect* *€ million*	at 31 December 2020 € million
Bank current accounts and cash	409.7	*(0.7)*	297.6
Term deposit maturing within 3 months	258.6	-	250.5
Cash and cash equivalents	**668.3**	***(0.7)***	**548.1**

The first half of 2021 showed a positive cash flow generation thanks to a very satisfactory business performance driven by the gradual lifting of the restrictions due to the pandemic in most developed countries, particularly in the second quarter, in a persistent macroeconomic environment.
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 2021 € million	at 31 December 2020 € million
Valuation at fair value of forward contracts	0.2	0.2
Other financial assets	1.1	1.0
Other current financial assets	**1.3**	**1.2**

At 30 June 2021, other current financial assets amounting to €1.3 million were primarily related to the interest-bearing receivables from Terra Moretti S.r.l., associated with the past sale of Sella&Mosca S.p.A. and Teruzzi&Puthod S.r.l..

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

	at 30 June 2021 € million	at 31 December 2020 € million
Term deposit	4.2	4.0
Financial receivables	4.0	3.1
Non-current financial assets	**8.2**	**7.1**

At 30 June 2021, term deposits of €4.2 million were intended for the acquisition of the remaining shareholdings in J.Wray&Nephew Ltd., for which the Group has an equal financial liability for put option and earn-out.
The financial receivables of €4.0 million related mainly to the interest-bearing receivables from Terra Moretti S.r.l., associated with the past sale of Sella&Mosca S.p.A. and Teruzzi&Puthod S.r.l.. The short-term portion of this interest-bearing receivable has been classified under current financial assets.

iv. Lease components
Changes in the lease liabilities are provided in the table below.

lease payables	at 31 December 2020 € million	addition € million	payments € million	interest expenses € million	reclassification € million	exchange rate differences and other changes € million	at 30 June 2021 € million
Within 12 months	(13.9)	-	8.5	-	(8.5)	(0.1)	(13.9)
Over 12 months	(69.5)	(11.4)	-	(1.4)	8.5	(1.3)	(75.2)
Total lease payables	**(83.3)**	**(11.4)**	**8.5**	**(1.4)**	**-**	**(1.4)**	**(89.1)**

v. Non-current financial debt
The breakdown of bonds and other non-current financial liabilities is as follows.

	at 30 June 2021 € million	at 31 December 2020 € million
Bond issued in 2017	150.0	200.0
Bond issued in 2019	149.6	149.5
Bond issued in 2020	545.5	545.2
Non-current bonds	**845.1**	**894.7**
Liabilities and loans due to banks	399.1	320.0
Lease payables	75.2	69.5
Liabilities for put option and earn-out payments	96.2	99.8
Other financial liabilities	0.1	-
Non-current financial liabilities	**570.5**	**489.3**

- <u>Bonds:</u>

At 30 June 2021 the bond issued in 2017 by the Parent Company, with a nominal value of €50.0 million has been reclassified to short term due to the maturing date being within twelve months (April 2022).

- <u>Loans due to banks</u>

As of 30 June 2021 the Group has subscribed new long term loans as follow:
- loan subscribed on 31 May 2021 for a nominal amount of €100.0 million, maturity on 30 June 2024 and paying a fix interest rate of 0.15%;
- loan subscribed on 17 May 2021 for a nominal amount of €30.0 million, maturity on 17 November 2022 and paying a fix interest rate of 0.05%;

In addition to the new subscription mentioned above, a reclassification to short-term liability of loans subscribed in the previous period for a total amount of €46.3 million, has occurred in the period.

- <u>Leases</u>

This item included the financial liability reflecting the obligation to make lease payments. The change reported during the first half of 2021 of €5.7 million was mainly connected to the increased right-of-use of third-party buildings in France.

- <u>Liabilities for put option and earn-out</u>

The changes of current liabilities for put option and earn-out is shown in the table below.

€ million	total		
at 31 December 2020	**99.8**	*variation impacting profit or loss*	*variation impacting Group net equity or investment value*
increases	0.4	-	*0.4*
amortisation costs effect	0.2	*0.2*	-
reclassification to current liability	(5.6)	-	-
exchange rate differences and other changes	1.4	*0.1*	*1.3*
at 30 June 2021	**96.2**		

The changes reported during the first half of 2021 were mainly related to the reclassification to current financial items of €5.6 million arising from the agreements signed with a number of the former shareholders of Société des Produits Marnier Lapostolle S.A. for the purchase of some of the remaining shares held by them in the next twelve months.

vi. Current financial debt

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

	at 30 June 2021 € million	at 31 December 2020 € million
Short-term portion of Parent Company Eurobond issued in 2017	50.0	-
Accrued interest on bonds	6.4	6.3
Loans due to banks	241.6	244.3
Lease payables	13.9	13.9
Liabilities for put option and earn-out payments	8.6	3.5
Liabilities on hedging contracts	0.5	0.1
Current liabilities for hedge derivatives, not reported using hedge accounting procedures	0.8	-
Other financial liabilities	5.3	8.1
Current financial liabilities	**327.0**	**276.2**

The main changes occurred in the composition of financial liabilities during the first half of 2021 are as follows:

- <u>Bonds</u>

As mentioned in the previous paragraph, at 30 June 2021 the bond issued in 2017 with a nominal value of €50.0 million and maturing on April 2022 has been reclassified to short-term liability.

- <u>Loans due to banks</u>

At 30 June 2021, the loans due to banks reported a net decrease of €2.7 million due to repayment of short-term loans and credit facilities.

- <u>Leases</u>

This item included the current financial liability involving the obligation to make lease payments.

- Liabilities for put option and earn-out payments

The changes of non-current liabilities for put option and earn-out is shown in the table below.

€ million	total	variation impacting profit or loss	variation impacting Group net equity or investment value
at 31 December 2020	**3.5**		
payments	(0.6)	-	-
reclassification from non-current liability	5.6	-	-
exchange rate differences and other changes	0.1	*0.1*	-
at 30 June 2021	**8.6**		

The changes reported during the first half of 2021 were mainly related to the reclassification from the long portion of the liability connected with the agreement in place with the previous shareholders in Société des Produits Marnier Lapostolle S.A. and the settlement completed during the period.

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 2021 € million	at 31 December 2020 € million
Cash and cash equivalents	668.3	548.1
Cash (A)	**668.3**	**548.1**
Other current financial assets	1.3	1.2
Current financial receivables (B)	**1.3**	**1.2**
Loans due to banks current	(241.6)	(244.3)
Current portion of lease payables	(13.9)	(13.9)
Current portion of bonds	(50.0)	-
Other current financial payables	(13.0)	(14.5)
Current portion of payables for put option and earn-out	(8.6)	(3.5)
Current financial payables (C)	**(327.0)**	**(276.2)**
Net current financial debt (A+B+C)	**342.7**	**273.1**
Loans due to banks non-current(1)	(399.1)	(320.0)
Non-current portion of lease payables	(75.2)	(69.5)
Non-current portion of bonds	(845.1)	(894.7)
Other non-current financial receivables	(0.1)	-
Non-current portion of payables for put option and earn-out	(96.2)	(99.8)
Non-current financial debt (D)	**(1,415.6)**	**(1,383.9)**
Net financial debt (A+B+C+D)(2)	**(1,073.0)**	**(1,110.8)**
Reconciliation with the Group's net financial debt as shown in the management report:		
Term deposits	4.2	4.0
Non-current financial receivables	4.0	3.1
Group net financial debt	**(1,064.8)**	**(1,103.8)**

(1) Including related derivatives.

(2) In accordance with ESMA guidelines.

Reconciliation with the cash flow statement

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

	bonds		interest payable	borrowings(1)		leases		other net financial debt	
€ million	current	non-current	current	current	non-current	current	non-current	current	non-current
at 31 December 2020	-	(894.7)	(6.3)	(244.3)	(320.0)	(13.9)	(69.6)	(13.2)	6.9
notional liabilities addition	-	-	-	-	-		(11.4)	-	-
interest accrued	-	-	(9.8)	-	-	-	(1.4)	-	-
new financing(2)	**-**	**-**	**-**	**(161.0)**	**(130.0)**	**-**	**-**	**3.3**	**1.3**
repayment(2)	**-**	**-**	**9.7**	**209.7**	**4.3**	**-**	**8.4**	**-**	**-**
exchange rate effects	-	-	-	(0.5)	-	(0.2)	(1.3)	-	-
reclassification	(50.0)	50.0	-	(38.1)	46.3		-	(2.0)	-
other movements	-	(0.4)	-	(7.4)	0.3	0.2	0.3	0.4	(0.2)
at 30 June 2021	**(50.0)**	**(845.1)**	**(6.4)**	**(241.6)**	**(399.1)**	**(13.9)**	**(75.2)**	**(11.6)**	**8.1**

(1) Included related derivatives.

(2) Cash flow generated (absorbed) from financial liabilities.

viii. Financial instruments-disclosures

The value of individual categories of financial assets and liabilities based on the business model identified by the Group and held at 30 June 2021 and 31 December 2020 is shown below.

at 30 June 2021 € million	measurement at amortized cost	measurement at fair value through profit or loss[3]	measurement at fair value with changes recognized in the statement of other comprehensive income
Cash and cash equivalents	668.3	-	-
Trade receivables	331.4	-	-
Current financial receivables	1.1	-	-
Other non-current financial assets	8.2	-	-
Other non-current assets	-	0.9	-
Loans due to banks[1]	(638.3)	-	-
Lease payables	(89.1)	-	-
Bonds	(895.1)	-	-
Accrued interest on bonds	(6.4)	-	-
Other financial liabilities	(5.3)	-	-
Liabilities for put option and earn-out[4]	(53.6)	(51.2)	-
Trade payables	(316.4)	-	-
Current liabilities for hedge derivatives, not in hedge accounting	-	-	(0.8)
Current assets for hedging derivatives	-	-	0.2
Non-current liabilities for hedging derivatives[2]	-	-	(2.3)
Current liabilities for hedging derivatives	-	-	(0.5)
Total	**(995.2)**	**(50.2)**	**(3.4)**

(1) Excluding derivative on loan due to bank.
(2) Derivative on loan due to bank.
(3) Liabilities linked to some business combination may be elected to have the fair value variation accounted for against the Group equity.
(4) The liabilities for put option and earn-out measured at fair value through profit and loss includes the committed liability for €2.0 million arising from the acquisition of a 49% interests in Tannico e Wineplatform S.p.A. and the signing of an agreement linked to the associates personnel compensation scheme. The fair value of this committed liability is measured on annual basis and reflected as an increase in the investment with no impact on the statement of profit or loss.

at 31 December 2020 € million	measurement at amortized cost	measurement at fair value through profit or loss	measurement at fair value with changes recognized in the statement of other comprehensive income
Cash and cash equivalents	548.1	-	-
Trade receivables	281.8	-	-
Current financial receivables	-	1.0	-
Other non-current financial assets	4.1	3.0	-
Other non-current assets	-	0.6	-
Loans due to banks	(560.8)	-	-
Lease payables	(83.3)	-	-
Bonds	(894.7)	-	-
Accrued interest on bonds	(6.3)	-	-
Other financial liabilities	(8.1)	-	-
Liabilities for put option and earn-out	(53.9)	(49.4)	-
Trade payables	(321.2)	-	-
Current assets for hedging derivatives	-	-	0.2
Non-current liabilities for hedging derivatives	-	-	(3.5)
Current liabilities for hedging derivatives	-	-	(0.1)
Total	**(1,094.3)**	**(44.8)**	**(3.4)**

9. Risk management and capital structure

This section details the Group's capital structure and the financial risks the Group is exposed to. The capital structure is managed with the aim of achieving capital efficiency, providing flexibility to invest throughout the economic cycle and giving efficient access to debt markets at attractive cost levels.

i. Debt management

The Group's debt management objectives are based on the achievement of an optimal and sustainable level of financial solidity, while maintaining an appropriate level of flexibility with regard to acquisition opportunities and funding options, through available cash. The Group monitors the evolution of the net debt/EBITDA adjusted ratio on an ongoing basis. For the purposes of the ratio calculation, the net debt is the value of the Group's net financial debt at 30 June 2021, whereas the adjusted EBITDA refers to the rolling EBITDA over the last twelve months. At 30 June 2021, this multiple was 2.2 times, compared to 2.8 times at 31 December 2020 and 2.4 times at 30 June 2020, based on consistent calculation criteria. The decrease of the ratio compared to 31 December 2020 is mainly driven by the positive cash generation from business performance, and the improved twelve-month rolling EBITDA adjusted, which incorporated the results of the first half of 2021, largely improved compared to the results of the first half of 2020.

ii. Shareholder's equity

The Group manages its capital structure and makes changes to it on the basis of the prevailing economic conditions and the specific risks of the underlying asset. To maintain or change its capital structure, the Group may adjust the dividends paid to shareholders and/or issue new shares. For information on the composition of and changes in shareholders' equity during the periods under review, see the statement of changes in shareholders' equity.

- Issued capital and capital structure

At 30 June 2021, the ordinary share capital of Davide Campari-Milano N.V was €11,616,000.00, fully paid-up, comprising 1,161,600,000 ordinary shares with a nominal value of €0.01 each

	no. of shares			nominal value		
	ordinary shares	special voting shares	total	ordinary shares	special voting shares	total
Issued capital at 30 June 2021	**1,161,600,000**	**665,718,342**	**1,827,318,342**	**11,616,000**	**6,657,183**	**18,273,183**

No movements occurred during the first half of 2021 in the composition of the issued capital.

- Outstanding shares, own shares rights associated to the shares

During the first half of 2021, the Group launched a share buyback programme covering the period 8 April 2021 to 8 October 2022 coordinated by EXANE BNP Paribas. The programme is carried out pursuant to article 5 of Regulation (EU) 596/2014, in accordance with a resolution approved by the Shareholders' Meeting, authorising the purchase of own shares to serve the existing stock option plans for the Group's management which were resolved by the Shareholders' Meeting and the Shareholders' Meetings of the previous years and other incentive plans currently approved or to be adopted. The external broker responsible for implementing the programme acted in compliance with the statutory limits and the shareholders' resolutions. The transactions carried out under the programme are regularly communicated to the competent authorities pursuant to applicable legislation.
Furthermore this programme includes a contractually-agreed reward mechanism, based on which an amount deriving from the outperformance in the purchase cost of the shares during the programme will be allocated by Campari to an energy efficiency project, namely the installation of photovoltaic panels in one of the Group's main production plants located in Italy (Novi Ligure), making it possible to insource the production of renewable electricity and reduce emissions, in line with Campari Group's energy efficiency and decarbonation agenda.

The table below shows the reconciliation between the number of outstanding shares at 30 June 2021.

	no. of shares			nominal value		
	ordinary shares	special voting shares	total	ordinary shares	special voting shares	total
Outstanding shares at 31 December 2020	1,119,406,193	652,128,342	1,771,534,535	11,194,062	6,521,283	17,715,345
Ordinary shares repurchased under share repurchase program	(1,076,400)	-	(1,076,400)	(10,764)	-	(10,764)
Ordinary shares exercised under incentive plans	8,453,911	-	8,453,911	84,539	-	84,539
Special voting shares A allocation	-	(9,890,000)	(9,890,000)	-	(98,900)	(98,900)
Outstanding shares at 30 June 2021	**1,126,783,704**	**642,238,342**	**1,769,022,046**	**11,267,837**	**6,422,383**	**17,690,220**
Total own shares held	**34,816,296**	**23,480,000**	**58,296,296**	**348,163**	**234,800**	**582,963**
Own shares as a % total respective shares	**3.00%**	**3.53%**	**3.19%**			

Between 1 January and 30 June 2021 the Company sold 8,453,911 own shares, for a total cash-in of €32.4 million, corresponding to the average exercise price multiplied by the number of own shares sold to the stock option beneficiaries. In the same period, the Company purchased 1,076,400 shares at an average price of €10.9, for a total amount of €11.8 million. At 30 June 2021, the Company held 34,816,296 own shares, equivalent to 3.0% of the share capital.

On 12 May 2021 an amount of 3,756,833 Campari shares have been purchased by 31 stock option beneficiaries ('relevant beneficiaries') following the exercise of stock options in accordance with the terms and conditions of the applicable Campari stock options regulation. Simultaneously the same number of shares has been sold by the relevant beneficiaries via a block trade. In order to ensure an orderly process for the sale of the shares by the relevant beneficiaries (corresponding to approximately 0.3% of Campari's share capital), the transaction was fully implemented through a block trade with Goldman Sachs International for the distribution of the shares to institutional investors only.
The relevant stock option plan is part of an ongoing long-term incentive plan consisting of multiple rolling grants. The relevant stock option plan was approved by Campari shareholders' meeting held on 29 April 2016.
In particular, under the executed 2016 plan, on 11 May 2016, stock options were assigned with (i) a five-year vesting period, (ii) a subsequent two-year exercise period and (iii) a strike price equal to €4.28 (each option entitling the beneficiary to purchase one Campari share). Currently, net of certain early exercises and cancellations (due to early retirements or employment terminations), the outstanding stock options assigned in 2016 are equal to 11,717,577 (inclusive of the above 3,756,833 options) and were distributed across 156 beneficiaries (inclusive of the relevant beneficiaries).
Amongst the relevant beneficiaries and in the context of the above-mentioned block trade, Robert Kunze-Concewitz, Chief Executive Officer of Campari Group, exercised 1,166,860 options and sold the resulting 1,166,860 Campari shares; Paolo Marchesini, Chief Financial Officer of Campari Group, exercised 816,802 stock options and sold the resulting 816,802 Campari shares.

- Dividends paid and proposed

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

	2021	2020	2019
	€	€	€
Dividend per share	0.055	0.055	0.050
	€ million	€ million	€ million
Total amount	61.6	62.9	57.3
of which, to shareholders of the parent Company	61.6	62.9	57.3
of which, to non-controlling interests	-	-	-

On 8 April 2021, the Shareholders' meeting approved the distribution of a dividend of €0.055 per share for 2020 (unchanged compared to the previous year). The dividend payment date was April 2021 for a total amount of € 61.6 million.

- Other comprehensive income

The changes during the year and the related tax effect on other comprehensive income items for the years ending 30 June 2021 and 30 June 2020 were as follows.

	for the year ending 2021 € million	for the year ending 2020 € million
Cash flow hedge:		
Profit (loss) for the period	2.0	2.2
Profit (losses) classified to other comprehensive income	0.5	(0.2)
Related income tax effect	(0.6)	(0.6)
Total cash flow hedge	**1.9**	**1.4**
Foreign currency translation:		
Hyperinflation effects	4.1	2.8
Exchange differences on translation of foreign operations	61.8	(89.7)
Total foreign currency translation	**66.0**	**(86.9)**

- Other reserves and retained earnings attributable to Group shareholders and non-controlling interests

	other reserves				retained earnings				
€ million	cash flow hedge reserve	currency translation differences	hyperinflation effect reserve	remeasurement of defined benefit plans	treasury shares-common shares	treasury shares-special voting shares	stock option reserve	other reserves	retained earnings
at 31 December 2020	**(12.4)**	**(333.6)**	**28.9**	**(1.8)**	**(0.4)**	**(0.1)**	**35.7**	**51.4**	**2,210.7**
Cost of stock options for the period	-	-	-	-	-	-	5.1	-	-
Stock option exercised	-	-	-	-	-	-	(8.5)	-	8.5
Profits (losses) allocated to shareholders' equity	2.5	-	-	-	-	-	-	-	-
Tax effect recognised in shareholder's equity	(0.6)	-	-	-	-	-	-	-	-
Translation difference	-	61.8	-	-	-	-	-	-	-
Effects from hyperinflation accounting standard adoption	-	-	4.1	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	(0.1)	-	-	(11.8)
Sale of treasury shares	-	-	-	-	0.1	-	-	-	32.4
Dividends	-	-	-	-	-	-	-	-	(61.6)
Net result of the period	-	-	-	-	-	-	-	-	159.6
at 30 June 2021 incl. non-controlling interest	**(10.5)**	**(271.8)**	**33.0**	**(1.8)**	**(0.3)**	**(0.2)**	**32.3**	**51.4**	**2,337.8**
of which non-controlling interests									
Changes in ownership interests	-	-	-	-	-	-	-	-	1.9
Dividends	-	-	-	-	-	-	-	-	(0.6)
Net result of the period	-	-	-	-	-	-	-	-	(0.1)
Translation difference	-	0.1	-	-	-	-	-	-	-
at 30 June 2021 net of non-controlling interests	**(10.5)**	**(271.7)**	**33.0**	**(1.8)**	**(0.3)**	**(0.2)**	**32.3**	**51.4**	**2,339.0**

The reclassification of non-controlling interests values and put option and earn out remeasurements to Group reserves is as follows.

non-controlling interests € million	Rhumantilles	Ancho Reyes and Montelobos	Champagne Lallier	Trans Beverages	total
at 31 December 2020	**1.8**	**-**	**-**	**-**	**1.8**
net result	0.1	(0.2)	(0.2)	0.2	**(0.1)**
dividends	-	-	-	(0.6)	**(0.6)**
translation difference	-	0.1	-	-	**0.1**
perimeter effect for acquisition	-	-	-	1.6	**1.6**
other movements	-	0.4	-	-	**0.4**
reclassification to group net equity	-	(0.4)	0.2	-	**(0.2)**
at 30 June 2021	**1.9**	**-**	**-**	**1.2**	**3.1**

The main changes occurred in the first half of 2021 were related to the inclusion of Trans Beverages Company Ltd. into the consolidation perimeter due to the increase of interests from a 40% stake to 51% and confirming the

call option on the remaining share capital, which can be exercised from 2024. The share attributable to non-controlling interests equal to €1.6 million represents the value allocated to these rights.
With regard to Lallier group and Ancho Reyes and Montelobos the existence of reciprocal purchase/sale agreements involving put/call option mechanisms with a number of existing non-controlling shareholders required the recognition of a financial liability related to the future purchase obligation (refer to note 8 v-'Non-current financial debt') and the simultaneous elimination of the amount recognised under non-controlling interests in favour of the Group's shareholders' equity (refer to note 'Other reserves' above).
Thus, the amount of non-controlling interests at 30 June 2021 amounted to €3.1 million.

10. Other disclosures

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

i. Stock option plan

Please refer to note 11 i-'Stock option plan' of the Group consolidated financial statements at 31 December 2020 for full details of the Group's stock option plans.
The Shareholders' meeting of 8 April 2021 approved a new stock option plan, established the maximum number of shares that may be granted and authorised by the Board of Directors of the Company to identify, within the limits laid down at the Shareholders' meeting, the beneficiaries and the number of options that may be granted to each.
Options were therefore granted on 4 May 2021 to individual beneficiaries, giving them the right to exercise them within two years of the end of the fifth year from the grant date.
The total number of options granted in 2021 for the purchase of further shares was 645,795 with an average grant price of €9.91, equivalent to the weighted average market price in the month preceding the day on which the options were granted.

The following table shows the changes in stock option plans during the periods concerned.

	at 30 June 2021		at 31 December 2020	
	no. of shares	average allocation/exercise price (€)	no. of shares	average allocation/exercise price (€)
Options outstanding at the beginning of the period	52,541,307	4.83	49,289,367	4.13
Options granted during the period	645,795	9.91	12,474,917	6.41
(Options cancelled during the period)	(370,568)	6.01	(1,430,691)	5.29
(Options exercised during the period) (1)	(8,453,913)	3.85	(7,792,286)	2.87
Options outstanding at the end of the period	44,362,621	5.08	52,541,307	4.83
of which exercisable at the end of the period	*19,059,633*	*3.50*	*15,647,473*	*3.07*

(1) The average market price on the exercise date was €10.22.

The average fair value of options granted in 2021 was €1.99 (€2.40 in 2020). The fair value of stock options is represented by the value of the option calculated by applying the Black-Scholes model, which takes into account the conditions for exercising the option, as well as the current share price, expected volatility, the risk-free rate, and the non-vesting conditions for the plans.

Volatility was estimated with the help of data supplied by a market information provider together with a leading bank and corresponds to the estimate of volatility recorded in the period covered by the Plan.

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

	2021	2020
Expected dividends (€)	0.055	0.055
Expected volatility (%)	20.9%	37.9%
Historic volatility (%)	20.9%	37.9%
Market interest rate	-0.124%	-0.08%
Expected option life (years)	7.00	7.00
Exercise price (€)	9.91	6.41

ii. Provisions for risks, future charges and contingent

The table below shows the changes in this item during the period.

	tax provision	restructuring provisions	agent severance fund	other	total
	€ million	€ million	€ million	€ million	€ million
at 31 December 2020	**18.1**	**6.7**	**1.3**	**15.6**	**41.6**
Change resulting from provisional allocation of acquisition value	0.2	-	-	-	0.2
at 31 December 2020 post-reclassifications[(1)]	**18.3**	**6.7**	**1.3**	**15.6**	**41.8**
Accruals	-	4.9	0.1	0.7	5.7
Utilizations		(0.6)	-	-	(0.6)
Releases	-	(0.6)	-	(0.2)	(0.8)
Exchange rate differences and other changes	(0.7)	(1.7)	-	1.3	(1.1)
at 30 June 2021	**17.5**	**8.7**	**1.3**	**17.5**	**45.1**
- due within 12 months	-	3.1	-	2.9	6.0
- due after 12 months	17.5	5.6	1.3	14.6	39.0

(1) For information on the reclassification of comparative figures, refer to note 3 vi-'Reclassification of comparative figures at 31 December 2020'.

In relation to the restructuring provisions, the accrual for the first half of 2021 of €4.9 million was mainly related to the restructuring programme in the agri business in Jamaica launched in 2020 and still in progress, and precisely for the completion of the restoration activities of the sugar production site.

Contingent assets

In reference to the contingent assets reported in the note 11 ii-'Other disclosures' of the Campari Group Consolidated Financial Statements at 31 December 2020, to which reference is made, during the first half of 2021 the Brazilian Supreme Court finalised the judgment of the fiscal dispute related certain indirect taxes (Social Integration Programme levy (PIS)-social security financing levy (COFINS)) or tax on the consumption of goods and services (ICMS).
The Supreme Court final decision clarified the uncertain tax position connected with the valuation methodology to be applied in the definition of the amount of indirect tax wrongfully paid and officially requested by the Group in compensation. The difference between the minimum amount recognised in 2019 Group accounts and the total value of the request, was represented and disclosed as a contingent assets in both the Campari Group's 31 December 2019 and 2020 financial statements. In consideration of the positive development of the matter and the fact that the sentence is final and unappealable, the residual amount claimed was deemed virtually certain and recognised in Group profit or loss in the half year 2021 for a total amount of BRL70.1 million (€11.9 million at the spot exchange rate at 30 June 2021 or €10.8 million converted at the average exchange rate for the six months ending 30 June 2021, including interests).

Contingent liabilities

In reference to the contingent liabilities, no changes occurred during the first half of 2021.

iii. Fair value information on assets and liabilities

A summary of the financial assets and liabilities, irrespective of the proposed classification based on the applicable business model, together with their carrying amount and corresponding fair value, is shown below. The method to determine fair values for financial instruments provides for the inclusion of the counterparty non-performance risk rating component.

	carrying amount		fair value	
	at 30 June 2021	at 31 December 2020	at 30 June 2021	at 31 December 2020
	€ million	€ million	€ million	€ million
Cash and cash equivalents	668.3	548.1	668.3	548.1
Assets for forex hedge derivatives	0.2	0.2	0.2	0.2
Other short-term financial receivables	1.2	1.0	1.2	1.0
Other non-current financial assets	8.2	7.1	8.2	7.1
Financial assets	**677.9**	**556.4**	**677.9**	**556.4**
Loans due to banks	638.3	560.8	641.4	560.8
Lease payables	89.1	83.3	89.1	83.3
Bonds issued in 2017	200.0	200.0	203.7	209.9
Bonds issued in 2019	149.6	149.514	153.9	155.2
Bonds issued in 2020	545.5	545.2	562.8	571.5
Accrued interest on bonds	6.4	6.3	6.4	6.3
Non-current liabilities for hedging derivatives	2.3	3.5	-	-
Other financial liabilities	5.3	8.1	5.3	8.1
Current liabilities for derivatives on currencies	0.5	0.1	0.5	0.1
Liabilities for hedging derivatives, not reported using hedge accounting	0.8	-	0.8	0.0
Liabilities for put option and earn-out payments	104.8	103.3	104.8	103.3
Financial liabilities	**1,742.6**	**1,660.1**	**1,768.7**	**1,698.6**

There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period with regards to the fair value of a) financial and b) non-financial instruments.

a) Fair value of financial instruments:
- for financial assets and liabilities that are liquid or nearing maturity, it is assumed that the carrying amount equates to fair value; this assumption also applies to term deposits, securities that can be readily converted to cash, and variable-rate financial instruments;
- for the valuation of hedging instruments at fair value, the Company used valuation models based on market parameters;
- the fair value of non-current financial payables was obtained by discounting all future cash flows to present value under the conditions in effect at the end of the period.

Derivatives, valued using techniques based on market data, are mainly interest rate swaps and forward sales/purchases of foreign currencies to hedge both the fair value of the underlying instruments and cash flows.
The most commonly applied measurement methods include forward pricing and swap models, which use present value calculations. The models incorporate various inputs, including the credit rating of the counterparty, market volatility, spot and forward exchange rates and current and forward interest rates.

An analysis of financial instruments measured at fair value based on three different valuation levels is summarised in the table below:
- level 1: valuation for the financial assets in question was calculated using a methodology based on the NAV, which was obtained from specialized external sources;
- level 2: valuation used for financial instruments measured at fair value was based on parameters such as exchange rates and interest rates, which are quoted on active markets or are observable on official yield curves;
- level 3: no assets or liabilities were values resulting from the application of level 3 method at 30 June 2021.

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the six months ended 30 June 2021.

at 30 June 2021	level 1 € million	level 2 € million	level 3 € million
Assets valued at fair value			
Other non-current assets	0.9	-	-
Hedging derivatives on currencies	-	0.2	-
Liabilities valued at fair value			
Liabilities for put option and earn-out payments	-	51.2	-
Interest rate swap	-	2.3	-
Hedging derivatives not in hedge accounting	-	0.8	-
Hedging derivatives on currencies	-	0.5	-

at 31 December 2020	level 1 € million	level 2 € million	level 3 € million
Assets valued at fair value			
Current financial receivables	1.0	-	-
Other non-current financial assets	3.0	-	-
Other non-current assets	0.6	-	-
Hedging derivatives on currencies	-	0.2	-
Liabilities valued at fair value			
Liabilities for put option and earn-out payments	-	49.4	-
Interest rate swap on future transactions	-	3.5	-
Hedging derivatives on currencies	-	0.1	-

b) Fair value of non-financial instruments:
- for fixed biological assets, the cost method net of accumulated depreciation was used to calculate their carrying amount;
- for current biological assets (agricultural produce: agave, grapes and sugar), the fair value was determined based on the sale price net of estimated sales costs if available, or having as main reference the total production costs in case the agricultural product is so peculiar that there is absence of any active reference market for comparable plantation and similar output in terms of age and qualitative characteristics.

The table below details the hierarchy of non-financial instruments measured at fair value, based on the valuation methods used:
- level 1: the valuation methods use prices quoted on an active market for the assets and liabilities subject to valuation;
- level 2: the valuation methods take into account inputs other than the quoted market prices in Level 1, but only those that are observable on the market, either directly or indirectly;
- level 3: the methods used take into account inputs that are not based on observable market data.

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the six months ended 30 June 2021.

at 30 June 2021	level 1 € million	level 2 € million	level 3 € million
Assets valued at fair value			
Biological assets	-	2.7	-

at 31 December 2020	level 1 € million	level 2 € million	level 3 € million
Assets valued at fair value			
Biological assets	-	1.6	-

All the biological products (agave, sugar cane and grapes) are immediately classifying as current inventory in consideration of their vegetative growing process. The amount disclosed in the consolidated accounts as at 31 December 2020 was used in the production process during the six months ending 30 June 2021 and the value reported in the Group statement of financial position at 30 June 2021 was the new value of agricultural products that grow on the plants.

IBOR reform

A fundamental reform of major interest rate benchmarks (Interest Rate Benchmark Reform) is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform').

Currencies that will be affected by this change after 31 December 2021 are CHF, GBP and JPY, which do not represent countries whose interest rate risk is significant for the Group.

US Dollar Libor replacement, that will not have a relevant impact for the Group either, will be effective from 30 June 2023.

The Group anticipates that IBOR reform will affect its operational and risk management processes and hedge accounting, even if on a limited and not significant size.

iv. Commitments and risks

For information regarding the other Group's commitments and risks, please see note 11 iv. 'Commitments and risks' to the Group consolidated financial statements for the year ended 31 December 2020.

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 ending 30 June	
	2021 € million	2020 € million
Within 1 year	4.5	3.5
1-5 years	1.1	0.3
After 5 years	-	-
Total	**5.6**	**3.7**

v. Related parties

At 30 June 2021 Davide Campari-Milano N.V. was controlled by Lagfin S.C.A., Société en Commandite par Actions. Davide Campari-Milano N.V. and its Italian subsidiaries have adopted the national tax consolidation scheme for 2021 to 2023. At 30 June 2021, the income tax receivables and payables of the individual Italian companies were recorded from or to, respectively, Lagfin S.C.A., Société en Commandite par Actions. Furthermore, Lagfin S.C.A., Société en Commandite par Actions, Davide Campari-Milano N.V. and some of its Italian subsidiaries, have joined the Group-wide VAT scheme. At 30 June 2021, the Company and its Italian subsidiaries had a payable position to Lagfin S.C.A., Société en Commandite par Actions €11.0 million for VAT. All tax receivables and payables are non-interest-bearing.

Transactions with related parties form part of ordinary operations and are carried out under market conditions (i.e. conditions that would apply between two independent parties) or using criteria that allow for the recovery of costs incurred and a return on invested capital.

All transactions with related parties were carried out in the Group's interest.

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

at 30 June 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	1.2	(32.8)	(11.0)	1.4
Total	**1.2**	**(32.8)**	**(11.0)**	**1.4**
% on the related financial statements line item	**8.6%**	**72.9%**	**10.0%**	**28.5%**

at 31 December 2020	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	1.2	(8.6)	0.7	1.8
Total	**1.2**	**(8.6)**	**0.7**	**1.8**
% on the related financial statements line item	**7.1%**	**53.5%**	**-0.7%**	**14.2%**

11. Subsequent events

i. Acquisitions and commercial agreements

Moët Hennessy and Campari Group to partner in a 50/50 joint venture
On 12 July 2021 Moët Hennessy and Campari Group announced the formation of a 50/50 joint venture (‘JV’) with the purpose of investing in Wines&Spirits e-commerce companies and build a European e-commerce pure player in this growing category.
As part of this partnership, Campari has contributed its stake in Tannico to the JV (in 2020 Campari completed its initial investment of 49% in Tannico for a consideration of €23.4 million). Tannico also owns a majority stake of 68.5% in Ventealapropriete.com (‘VAP’), a major e-commerce platform for the sale of premium wines and spirits in France, following the closing taken place on 8 July 2021. This transaction was funded via a capital increase underwritten, among other shareholders, by Campari for €25.4 million. Tannico will have the possibility to increase its interest to 100% of VAP from 2024.
Following the creation of the JV and Tannico’s investment in Ventealapropriete.com, the JV holds a 57.8% stake in Tannico. The remaining 42% of Tannico is held by founders and other investors. Based on certain conditions, the JV will have the possibility to increase its interest to 100% of Tannico from 2025.
The creation of the JV foresees the sale of 50% of the JV’s equity capital by Campari to Moët Hennessy for a cash consideration of €25.6 million which is expected to be finalised after the completion of all customary regulatory requirements. Thanks to this agreement, the new partnership aims to continue to grow, further strengthening its footprint and expertise in the online retailing of spirits&wines.

Tannico and Ventealapropriete.com have complementary business models, territories and capabilities in terms of technology, marketing and logistics and generated pro-forma aggregated sales of over €70 million in 2020.
The combined business will be led by a seasoned management team led by Marco Magnocavallo, current Chief Executive Officer of Tannico, who remains a key minority shareholder in the business.

Expiry of the distribution agreement of Jägermeister brand in Italy
The distribution agreement for the Jägermeister brand in Italy, due to expire in December 2021, will not be renewed. The termination of the agreement, which is consistent with the Group’s enhanced focus on its own brand portfolio, has effective date 1 January 2022 and is not expected to generate material effects on the Group’s account (brand sales accounted less than 1% of consolidated sales in 2020).

Sesto San Giovanni (MI), Tuesday, 27 July 2021

Chairman of the Board of Directors

Luca Garavoglia

Other information

Responsibilities in respect of the half year condensed consolidated financial statements at 30 June 2021

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 at 30 June 2021, in accordance with the Dutch Financial Supervision Act and the applicable International Financial Reporting Standards (IFRS) for interim reporting, IAS 34-'Interim Financial Reporting'.
In accordance with Section 5:25d, paragraph 2 of the Dutch Financial Supervision Act, the Board of Directors states that, to the best of its 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 the undertakings included in the consolidation as a whole, and the half year report on operations at 30 June 2021 provides a fair review of the information required pursuant to Section 5:25d, paragraphs 8 and 9 of the Dutch Financial Supervision Act.

Sesto San Giovanni (Milan) – Italy, Tuesday 27 July 2021
The Board of Directors

Luca Garavoglia

Robert Kunze-Concewitz

Paolo Marchesini

Fabio Di Fede

Alessandra Garavoglia

Eugenio Barcellona

Annalisa Elia Loustau

Catherine Gérardin-Vautrin

Michel Klersy

Fabio Facchini

Building a better working world

Independent auditor's review report

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

Our conclusion

We have reviewed the half year condensed consolidated interim financial statements included in the accompanying interim financial reporting of Davide Campari-Milano N.V. based in Amsterdam for the period from January 1, 2021 to June 30, 2021.

Based on our review, nothing has come to our attention that causes us to believe that the half year condensed consolidated interim financial statements of Davide Campari-Milano N.V. for the period from January 1, 2021 to June 30, 2021, is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

The condensed interim financial information comprises:

- The consolidated statement of financial position as at June 30, 2021
- The following consolidated statements for the period from January 1, 2021 to June 30, 2021:
  - The income statement, comprehensive income, changes in equity and cash flows 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 condensed interim financial information

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

Building a better working world

Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the condensed interim financial information 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 condensed interim financial information

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 condensed interim financial information 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 interim financial information
- Making inquiries of management and others within the entity
- Applying analytical procedures with respect to information included in the condensed interim financial information
- Obtaining assurance evidence that the condensed interim financial information 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 condensed interim financial information
- Considering whether the condensed interim financial information has been prepared in accordance with the applicable financial reporting framework and represents the underlying transactions free from material misstatement

Rotterdam, July 27, 2021

Ernst & Young Accountants LLP

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

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Davide Campari - Milano N.V.

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Share capital: €11,616,000.00 fully paid in

Fiscal Code and Milan Companies' Register No. 06672120158-VAT No. IT06672120158

Investor Relations

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