Lagfin

Campari Group Holding Company

Lagfin S.C.A.,
Société en Commandite par Actions

SEPARATE FINANCIAL STATEMENTS
PREPARED IN ACCORDANCE WITH IFRS
AS ADOPTED BY THE EUROPEAN UNION
AS OF AND FOR THE YEAR ENDED DECEMBER 31ST, 2021

CONTENTS

Lagfin S.C.A.,

Société en commandite par actions

Registered office: 3, Rue des Bains, L-1212 Luxembourg

R.C.S. Luxembourg: B 51599

Management's report for the year ended 31 December 2021

To the Shareholders,

we have the pleasure to submit to your approval the Financial Statements of Lagfin S.C.A., Société en Commandite par Actions ('Lagfin' or the 'Company') for the year ended 31 December 2021 (the '2021 Financial Year'), prepared, for the first time, in accordance with IFRS.

1. Financial situation of the Company

The 2021 Financial Year total balance sheet amounts to €2.303.808.877,35.

The 2021 Financial Year accounts show a comprehensive income of €171.469.854,27.

We propose to allocate the 2021 Financial Year result to the profits brought forward from previous years.

2. Relevant events during the 2021 Financial Year

As of December 31st, 2021 the Company's subscribed capital amounts to €3.717.200,00 and is divided into 46.465 fully paid-in shares with a par value of €80,00 per share.

In 2021 the Company increased the capital endowment of its two branches (the 'Italian Branch' and the 'Swiss Branch', each of the Branches a 'Branch' and the two Branches collectively the 'Branches') of a cumulative amount of €154.845.098,94.

In 2021 the Company acquired several real estate properties. A flat in Paris was acquired directly while various other real estate properties in Italy, the UK and the US were purchased through specially created fully owned subsidiaries.

In 2021 the Swiss Branch, which is the Group's main investment entity increased its endowment. The investments performed in 2021 show a high degree of diversification in terms of financial activity, market and currency, in order to mitigate risk, also in light of the increased volatility resulting from the Covid-19 pandemic and the energy crisis. Particularly, the Swiss Branch increased its position in the international equity markets (both directly and through externally managed funds). To carry on its strategy more efficiently, in 2021 the Swiss Branch hired a new Investment manager.

As per the Italian Branch, the main events were the following:
- in April 2021, the liquidation of two investment funds was concluded and the relevant proceeds were collected for the amount of €9.200.000,00 and an amount of €34.418.677,26 was cashed as dividend from the controlling stake in Davide Campari-Milano N.V. ('Campari');
- in July and August 2021, two loan facility agreements were entered into: a revolving credit facility ('RCF') of €150.000.000,00 and a term loan of €80.000.000,00;
- in July 2021, the first interest instalment of the €330.000.000,00 Exchangeable Bonds due in 2025, was duly paid off for the amount of €6.600.000,00;
- in October 2021, following the expiring of a life insurance policy, the Italian Branch cashed in €5.800.000,00;
- in December 2021, four life insurance policies were sold for the price of €4.200.000,00.

The Company's financial position and performance were only marginally affected by the spread of the Covid-19 pandemic and the Company has determined that the related events do not imply any adjustment for its assets.

3. Relevant events since the end of the 2021 Financial Year

In January 2022 and February 2022, the Company entered into two term loan facility agreements for the amounts of, respectively, €50.000.000,00 and €100.000.000,00.

In February 2022, a number of countries (including various EU countries, the UK and the US) imposed sanctions against certain Russian entities and individuals as a result of the official recognition of the Donetsk People Republic and Lugansk People Republic by the Russian Federation. Announcements of potential additional sanctions have been made following military operations initiated by Russia against Ukraine on February 24th, 2022.

Due to the growing geopolitical tensions, since February 2022, there has been a significant increase in volatility on the financial markets, as well as a significant depreciation of the Russian Ruble against the US$ and the €. It is expected that these events may affect the activities of Russian enterprises in various sectors of the economy. The Company estimates that the related events do not imply any adjustment for its assets.

4. Likely future development

As for the future developments of the activity, the Company expects to develop normally in 2022.

5. Research and development activity

The Company is constantly engaged in finding new investment and business developments opportunities.

6. Acquisition of own shares

During the 2021 Financial Year, the Company did not acquire any of its own shares.

7. Existence of branches

The Company has two branches, one in Milano, Italy, and one in Paradiso (Lugano), Switzerland.

We hereby ask you to approve the 2021 Financial Year statements as submitted to you and to give us discharge for the preparation of the annual accounts and to the 'Réviseur d'Entreprise' who issued his report on these accounts.

Luxembourg, 25 March 2022

Artemisia Management S.A., Société Anonyme

Acting as General Manager

of Lagfin S.C.A., Société en Commandite par Actions

Vania Baravini	Federico Franzina	Massimiliano Seliziato
Chairman and Director	Director	Director

Ernst & Young
Société anonyme

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Independent auditor's report

To the Partners of
Lagfin S.C.A.
3, Rue Des Bains,
L-1212 Luxembourg

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Lagfin S.C.A. (the "Company"), which comprise the statement of financial position as at 31 December 2021, and the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements" section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The General Partner is responsible for the other information. The other information comprises the information included in the management report but does not include the financial statements and our report of the "réviseur d'entreprises agréé" thereon.

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Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the General Partner for the financial statements

The General Partner is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS as adopted by the European Union relating to the preparation and presentation of the financial statements, and for such internal control as the General Partner determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the General Partner is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the General Partner either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the General Partner.

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- Conclude on the appropriateness of General Partner's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the General Partner's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

The management report is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Bruno Di Bartolomeo

Luxembourg, 25 March 2022

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STATEMENT OF PROFIT AND LOSS
for the year ended 31 December 2021

	Notes	31 December 2021 €	31 December 2020 €
Rental income		927.282,80	1.780.840,05
Other income	7	279.017,16	12.155.075,78
Raw materials and external services	8	(5.880.328,31)	(10.319.887,58)
Staff expenses	9	(1.792.837,30)	(1.415.436,72)
Other expenses	10	(1.516.181,93)	(3.382.570,31)
Value adjustments of formation expenses, tangible and intangible assets	11	(2.646.309,86)	(2.941.125,17)
OPERATING RESULT		**(10.629.357,44)**	**(4.123.103,95)**
Share of profit of subsidiaries/investees	12	153.651.169,79	103.141.664,14
Financial income	12	31.206.703,71	16.296.194,15
Financial expense	12	(102.581.184,80)	(41.776.613,41)
PROFIT BEFORE TAXATION		**71.647.331,27**	**73.538.140,93**
Tax expense	13	25.421.690,04	11.472.884,20
Deferred taxes	13	(7.730.096,77)	(4.594.048,54)
PROFIT (LOSS) FOR THE YEAR		**89.338.924,54**	**80.416.976,59**

STATEMENT OF OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2021

	Notes	31 December 2021 €	31 December 2020 €
PROFIT (LOSS) FOR THE YEAR		**89.338.924,54**	**80.416.976,59**
Valuation Davide Campari-Milano N.V.		83.128.471,39	(279.047.956,09)
Related income tax effect		(997.541,66)	3.348.575,47
Items reclassified to the statement of profit and loss		**82.130.929,73**	**(275.699.380,62)**
TOTAL COMPREHENSIVE INCOME		**171.469.854,27**	**(195.282.404,03)**

STATEMENT OF FINANCIAL POSITION
for the year ended 31 December 2021

	Notes	31 December 2021 €	31 December 2020 €	1 January 2020 €
Non-current assets				
Tangible fixed assets	14	989.837,50	848.299,04	910.673,17
Investment Properties	15	151.597.220,67	126.863.178,75	77.402.912,92
Intangible assets	16	3.658.344,38	3.786.975,45	3.921.249,92
Financial fixed assets	17	1.686.433.115,24	1.466.171.062,00	1.391.490.875,97
Deferred taxes assets		3.562.143,67	8.431.150,15	13.567.422,87
Other non–current assets	18	16.702.779,61	11.410.265,49	136.410.898,96
Total non-current assets		**1.862.943.441,08**	**1.617.510.930,88**	**1.623.704.033,81**
Current assets				
Trade receivables		17.317,41	858.088,59	1.542.103,62
Cash and securities	19	385.120.176,76	379.154.695,25	146.539.370,39
Tax receivables		2.212.040,25	8.366.923,54	2.611.656,11
Other current assets	20	53.515.901,85	9.859.006,22	22.333.832,07
Total current assets		**440.865.436,27**	**398.238.713,60**	**173.026.962,18**
TOTAL ASSETS		**2.303.808.877,35**	**2.015.749.644,49**	**1.796.730.966,00**

STATEMENT OF FINANCIAL POSITION

for the year ended 31 December 2021

	Notes	31 December 2021 €	31 December 2020 €	1 January 2020 €
Equity				
Capital	21	3.717.200,00	3.717.200,00	3.717.200,00
Share premium and other reserves		1.024.562.087,11	1.215.066.329,24	1.212.181.852,32
Legal reserve		371.720,00	371.720,00	200.000,00
Reserve FTA		172.092.219,67	172.092.219,67	172.092.219,67
Result brought forward		49.722.936,58	50.737.662,09	39.466.568,66
Profit (Loss) of the year		171.469.854,27	(195.282.404,03)	11.356.396,43
Total equity		**1.421.936.017,63**	**1.246.702.726,97**	**1.439.014.237,08**
Non-current liabilities	22			
Bonds		315.183.234,86	310.414.232,70	-
Non-current financial liabilities		229.646.264,85	175.161.440,07	87.002.136,90
Other liabilities		431.874,66	285.050,24	344.341,38
Deferred taxes liabilities		19.369.747,76	15.012.596,63	18.853.257,90
Total non-current liabilities		**564.631.122,13**	**500.873.319,64**	**106.199.736,18**
Current liabilities	22			
Loans due to banks		157.940.591,57	191.307.806,16	207.124.472,23
Current financial liabilities		29.060.448,39	28.571.194,92	20.076.336,31
Trade payables		4.170.786,46	5.250.001,34	20.746.624,76
Tax liabilities		8.210.561,99	1.386.738,58	3.433.900,26
Other liabilities		117.859.349,17	41.657.856,88	135.689,17
Total current liabilities		**317.241.737,58**	**268.173.597,88**	**251.517.022,73**
TOTAL LIABILITIES		**2.303.808.877,35**	**2.015.749.644,49**	**1.796.730.996,00**

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2021

	Notes	Capital €	Reserve €	Legal reserve €	Reserve FTA €	Result brought forward €	Result of the financial year €	Total €
As of 1 January 2020		**3.717.200,00**	**1.212.181.852,32**	**200.000,00**	**172.092.219,67**	**39.466.568,66**	**11.356.396,43**	**1.439.014.237,08**
Allocation of previous year's result		-	-	171.720,00	-	11.184.676,43	(11.356.396,43)	-
Dividends distributed		-	(34.401.000,00)	-	-	-	-	(34.401.000,00)
Adjustment on merger		-	37.285.476,92	-	-	86.417,00	-	37.371.893,92
		-	-	-	-	-	-	-
Profit (Loss) for the year		-	-	-	-	-	80.416.976,59	80.416.976,59
Result OCI		-	-	-	-	-	(275.699.380,62)	(275.699.380,62)
Total Profit (Loss) for the period		-	-	-	-	-	(195.282.404,03)	(195.282.404,03)
As of 31 December 2020		**3.717.200,00**	**1.215.066.329,24**	**371.720,00**	**172.092.219,67**	**50.737.662,09**	**(195.282.404,03)**	**1.246.702.726,97**
Allocation of previous year's result		-	(194.267.678,52)	-	-	(1.014.725,51)	195.282.404,03	-
Dividends distributed		-	-	-	-	-	-	-
Adjustment on merger		-	3.763.436,39	-	-	-	-	3.763.436,39
		-	-	-	-	-	-	-
Profit (Loss) for the year		-	-	-	-	-	89.338.924,54	89.338.924,54
Result OCI		-	-	-	-	-	82.130.929,73	82.130.929,73
Total Profit (Loss) for the period		-	-	-	-	-	171.469.854,27	171.469.854,27
As of 31 December 2021		**3.717.200,00**	**1.024.562.087,11**	**371.720,00**	**172.092.219,67**	**49.722.936,58**	**171.469.854,27**	**1.421.936.017,63**

STATEMENT OF CASH FLOWS
for the year ended 31 December 2021

	Notes	31 December 2021 €	31 December 2020 €
Operating profit (loss)		**(10.629.357)**	**(4.123.104)**
Depreciation and amortisation		2.646.310	2.941.125
Change in net operating working capital		45.284.860	31.381.956
Income taxes refund (paid)		25.920.209	11.523.023
Other changes		(5.145.690)	124.941.342
Other operating items	12	(67.105.636)	(16.285.657)
Cash flow generated from (used in) operating activities		**(9.029.305)**	**150.378.686**
Purchase of tangible and intangible fixed assets	14	(24.746.949)	(49.263.617)
Change in investments in subsidiaries, associates and joint-ventures		(17.901.089)	(283.169.358)
Dividends received	17	34.418.677	32.582.880
Cash flow generated from (used in) investing activities		**(8.229.361)**	**(299.850.095)**
Proceeds from issue of bonds, notes and debentures		89.861.817	492.326.140
Proceeds (repayment) from non-current borrowings		(64.000.000)	(101.074.412)
Repayment of non-current borrowings		514.049	
Interests paid (received) on other financial items		(4.268.845)	(9.194.763)
Inflows (outflows) of other financial items		1.117.127	29.769
Cash flow generated from (used in) financing activities		**23.224.148**	**382.086.734**
Net change in cash and cash equivalents: increase (decrease)		**5 965 482**	**232.615.325**
Cash and cash equivalents at the beginning of period		**379.154.695**	**146.539.370**
Cash and cash equivalents at end of period		**385.120.177**	**379.154.695**

1. GENERAL INFORMATION

Lagfin S.C.A., Société en Commandite par Actions (the 'Company') was incorporated under the law of Luxembourg on 22 June 1995 for an unlimited period as a Société Anonyme.

The registered office of the Company is established in Luxembourg (Grand Duchy of Luxembourg).

On 7 November 2016 the Company changed its legal form to become a Société en Commandite par Actions.

The main corporate object of the Company is the direct and/or indirect holding and maintenance of the majority of the voting rights of Davide Campari-Milano N.V. ('Campari'), in order to guarantee the control of the Campari Group.

The Company established on 2 August 2018 a branch in Sesto San Giovanni (MI), Italy, named Lagfin S.C.A. - Succursale di Sesto San Giovanni (the 'Italian Branch'), which eventually, after the transfer of its corporate seat to Milan, via Lorenzo Mascheroni 19, became Lagfin S.C.A.- Italian Branch and on 27 August 2018, a branch in Paradiso (Lugano), Switzerland, named Lagfin S.C.A. Lussemburgo, Succursale di Paradiso (the 'Swiss Branch') (each of the Branches a 'Branch' and the two Branches collectively the 'Branches').

The Company's financial year runs from January 1st to 31 December 31st.

The Company prepares its consolidated financial statements, which are then made available at its corporate seat, in accordance with International Financial Reporting Standards ('IFRS').

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRS, as endorsed by the European Union, issued and effective as of 31 December 2021. The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. The areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

2.1 First-time adoption of IFRS

The financial statements for the year ended 31 December 2021 are the first set of accounts prepared by the Company under IFRS, and the applicable provisions of IFRS are described in the summary of significant accounting policies. Previously, the Company prepared its financial statements in accordance with the provisions of the Luxembourg Generally Accepted Accounting Principles ('Lux GAAP'). The Luxembourg Law allows the Company to switch from preparing financial statements from Lux GAAP to IFRS. Refer to Note 24 for information on how the Company adopted IFRS.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company adopted all the new and revised IFRS that are relevant to its operations and are effective for the accounting periods beginning on 1 January 2021. The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been applied to the current financial year and to the comparative figures.

3.1. Property, plant and equipment

Property, plant and equipment are recorded at acquisition or production cost, gross of capital grants (if received) and directly charged expenses, and are not revalued. Subsequently, tangible fixed assets are recorded at cost net of accumulated depreciation and any impairment losses. Any costs incurred after purchase are only capitalised if they increase the future financial benefits generated by using the asset. The replacement costs of identifiable components of complex assets are allocated to assets on the statement of financial position and depreciated over their useful life. The residual value recorded for the component being replaced is allocated to the statement of profit or loss; other costs are charged to profit or loss when the expense is incurred.

Financial expenses incurred in respect of investments in assets which normally take a substantial period of time to be prepared for use or sale are capitalised and depreciated over the useful life of the asset class to which they belong. All other financial expenses are posted to the statement of profit or loss when incurred. Ordinary maintenance and repair expenses are expensed in profit or loss in the period in which they are incurred.

When the tangible asset consists of several significant components with different useful lives, depreciation is applied to each component individually. The amount to be depreciated is represented by the carrying amount, less the estimated residual value, at the end of its useful life, if this value is significant and can reasonably be determined. Land, even if acquired in conjunction with a building, is not depreciated, and nor are available-for-sale tangible assets, which are reported at the lower of their carrying amount and fair value less cost to sell.

The depreciation rate ranges are as follows:

-buildings:	2%-3%;
- general plant:	25%;
- furniture and fixtures:	12%-33,33%;
- electronic office machines and equipment:	20%-33%;
- telephone systems, cellular telephones and motor vehicles:	25%.

Depreciation ceases on the date on which the asset is classified as held for sale or on which the asset is derecognised for accounting purposes, whichever occurs first. A tangible asset is derecognised from the statement of financial position at the time of sale or when there are no future economic benefits associated with its use or disposal. Any profits or losses are included in the statement of profit or loss in the year of this derecognition

3.2 Information technology

If there are current obligations for dismantling or removing assets and cleaning up the related sites, the carrying amount of the assets includes the estimated costs (discounted to present value) to be incurred when the structures are abandoned, which are posted as an offsetting entry to a specific provision. These assets are depreciated using the policies and rates indicated below. Depreciation is applied using the straight-line method, based on each asset’s estimated useful life as established in accordance with the company’s plans for use of such assets, taking into account wear and tear and technological obsolescence, and the likely estimated realisable value net of disposal costs.

3.3 Investment properties

Property and buildings held to generate rental income (investment property) are valued at cost less accumulated depreciation and impairment losses. The depreciation rate for buildings is that used for the relevant fixed asset category. Investment property is derecognised from the statement of financial position when sold or when it becomes permanently unusable and no future economic benefits are expected from its disposal.

3.4 Intangible assets

Intangible assets include all assets without any physical form that are identifiable, controlled by the company and capable of producing future economic benefits, as well as goodwill when purchased for a consideration. Intangible assets acquired are recorded under assets, when it is likely that the use of the assets will generate future economic benefits, and when the cost can be reliably determined. If acquired separately, these assets are reported at acquisition cost including all allocable ancillary costs on the acquisition date.

Subsequently, intangible assets are recorded at cost net of accumulated amortisation and any impairment losses. Intangible assets with a finite life are amortised on a straight-line basis in relation to their remaining useful life, taking into account losses due to a reduction in the cumulative value. The period of amortisation of intangible assets with a finite life is reviewed at least at the end of every financial year in order to ascertain any changes in their useful life, which, if identified, will be treated as changes in estimates.

The depreciation rate ranges are as follows:
- licenses: 33,3%;
- concessions: based on the expiry of the relevant right.

Costs relating to industrial patents, concessions, licences and other intangible fixed assets are recorded on the assets side of the statement of financial position only if they are able to produce future economic benefits for the Company. These costs are amortised based on the period of use, if this can be determined, or according to the contract term. Software licences represent the cost of purchasing licences and, if incurred, external consultancy fees; there are normally no cost associated with internal personnel costs necessary for development. These costs are recorded in the year in which the internal or external costs are incurred for training personnel and other related costs.

3.5 Financial assets

Financial assets include investments, short-term securities and financial receivables, which in turn include the positive fair value of financial derivatives, trade and other receivables and cash and cash equivalents. Specifically, cash and cash equivalents include cash, bank deposits and highly liquid securities that are readily convertible into cash and are subject to an insignificant risk of a change in value. Deposits and securities included in this category mature in less than three months based on the conditions existing on the date of the acquisition of the asset. Current securities include short-term securities or marketable securities that represent a temporary investment of cash and do not meet the requirements for classification as cash and cash equivalents. Financial assets represented by debt securities are classified and valued in the statement of financial position based on the business model that the Company has adopted to manage these financial assets, and based on the financial flows associated with each financial asset.

The Company measures a financial asset at amortised cost if it meets both of the following conditions:
- it is held under a business model whose objective is to hold assets in order to collect contractual cash flows; and,
- its contractual terms and conditions are such that the cash flows generated by the asset are attributable exclusively to payments of principal and the related interest. Financial assets measured at amortised cost are measured at fair value at the time of initial recognition; subsequent measurements reflect the repayments made, the effects of applying the effective interest method and any write-downs. Any gain or loss made on derecognition is recognised in profit or loss, together with foreign exchange gains and losses.

A financial asset represented by debt securities is measured at fair value through other comprehensive income (‘FVOCI’) if it meets both of the following conditions:
- it is held under a business model whose objective is to collect both the contractual cash flows and the cash flows arising from the sale of the asset; and,
- its contractual terms and conditions are such that the cash flows generated by the asset are attributable exclusively to payments of principal and the related interest. After initial recognition, these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment losses are recognised in the income statement. Net gains and losses deriving from other changes in fair value are recognised through a balancing entry in the statement of other comprehensive income. On derecognition, the accumulated gains and losses in the statement of other comprehensive income are recorded to the income statement.

Investment in entities that are not new in trading are accounted under the equity method. The investment is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Company's share of net assets of the investee since the acquisition date. Goodwill is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Company's share of the results of operations of the subsidiaries. Any change in OCI of those investees is presented as part of the Company's OCI. In addition, when there has been a change recognised directly in the equity of the subsidiary, the Company recognises its share of any changes, when applicable, in the statement of changes in equity. Dividends received by the investee are recovered in deduction of the value of the investment.

After application of the equity method, the Company determines whether it is necessary to recognise an impairment loss on its investment in subsidiaries. At each reporting date, the Company determines whether there is objective evidence that the investment is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the investment and its carrying value, and then recognises the loss within 'Share of profit of a subsidiaries" in the statement of profit or loss.

3.6 Impairment of a financial asset

Financial assets are tested for recoverability by applying an impairment model based on the expected credit loss ('ECL'). The Company applies the simplified method for trade receivables, which considers the probabilities of defaults over the financial instrument's life (lifetime expected credit losses). In making impairment assessments, the Company considers its historical credit loss experience, adjusted for forward-looking factors specific to the nature of the Company's receivables and economic environment. If any such evidence exists, an impairment loss is recognized under selling, general and administrative expenses.

More specifically, non-performing receivables are analytically analysed based on the debtor's creditworthiness and ability to pay the sums due, as well as the degree of effective coverage provided by any collateral and personal guarantees in existence. A financial asset is considered to be impaired when internal or external information indicates that it is unlikely that the Company will receive the full contractual amount.

Lastly, with regard to other financial assets measured at amortised cost, and, more specifically, cash and cash equivalents, the impact in terms of expected loss is not considered material and for this reason no adjustment is made to the book values.

3.7 Financial liabilities

Financial liabilities include financial payables, which, in turn, include the negative fair value of financial derivatives, trade payables and other payables. Financial liabilities are classified and measured at amortised cost, except for derivative instruments that are measured at fair value through profit&loss. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss

3.8 Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank. Bank overdrafts repayable on demand are also included if the use of short-term overdrafts forms an integral part of cash management practices.

Cash and cash equivalents have been assigned low credit risk based on the external credit ratings of the respective banks and financial institutions.

3.9 Share capital and share premium

Ordinary shares are classified as equity. Any excess of the fair value of consideration received over the par value of shares issued is recorded as share premium in equity.

3.10 Taxation

Current income taxes are calculated on estimated taxable income, and the related payable is recorded under 'Tax payable'. Current tax payables and receivables are recognised in the amount to be paid to/received from tax authorities applying the tax rates and regulations in force or effectively approved on the reporting date. In preparing the above estimates, detailed assessment was also given to uncertainties regarding the tax treatment of transactions carried out by the Company that could give rise to disputes with the tax authorities. Current taxes relating to items posted directly to shareholders' equity are included in shareholders' equity. Other non-income taxes, such as property and capital taxes, are included in operating expenses. Deferred tax assets and liabilities are calculated on all temporary differences between the asset and liability values recorded in the financial statements and the corresponding values recognised for tax purposes using the liability method.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:
- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss or
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred tax liabilities are recognised for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are determined on the basis of the tax rates projected to be applicable under the respective laws of the countries in which the Company operates, in those periods when the temporary differences are generated or derecognised. Current and deferred tax assets and liabilities are offset when these relate to income taxes levied by the same tax authority and a legal right of set-off exists, provided that realisation of the asset and settlement of the liability take place simultaneously. The balance of any set-off is posted to deferred tax assets if positive and deferred tax liabilities if negative.

3.11 Foreign currency translation

The financial statements are presented in Euro ('€'), which is the Company's functional currency.

Transactions in foreign currencies are measured in the Company's functional currency and are initially recorded in the functional currency at the exchange rates prevailing at the date of the transaction.

Monetary assets and liabilities, denominated in foreign currencies, are retranslated at the exchange rate prevailing at the reporting date. Exchange differences arising from the settlement of monetary items or on the translation to the functional currency at the reporting date are recognised in the Statement of Profit&Loss and Other Comprehensive Income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the initial transaction. Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

3.12 Provision for risks and charges and contingent assets

The provision for risks and charges are recognised when: there is a current legal or implicit obligation resulting from a past event; it is likely that the fulfilment of the obligation will require some form of payment; the amount of the obligation can be reliably estimated.
Provisions are recorded at a value representing the best estimate of the amount the Company would reasonably have to pay to discharge the obligation or transfer it to third parties on the reporting date. Where the financial impact of the timing is significant, and the payment dates of the obligations can be reliably estimated, the accrual is discounted to present value. The change in the related provision over time is allocated to the statement of profit or loss under 'Financial income (expenses)'.

Provisions are periodically updated to reflect changes in estimates of cost, timescales and discount rates. Revisions to estimates of provisions are booked to the same statement of profit or loss item that contains the accrual or, if the liability relates to tangible assets (i.e., dismantling and restoration), these revisions are reported as an offsetting entry to the related asset. When the Company expects that third parties will repay all or part of the provisions, a receivable is recorded under assets only if it is virtually certain, and the accrual and related repayment are posted to the statement of profit or loss.

The Company discloses purely contingent assets and provides information where there are significant amounts that are highly likely to be realised. The Company records the relevant asset only when the original uncertainty relating to it no longer applies and it is virtually certain that the asset will be realised.

The provision for risks and charges are recognised when:
- there is a current legal or implicit obligation resulting from a past event;
- it is likely that the fulfilment of the obligation will require some form of payment;
- the amount of the obligation can be reliably estimated.

Provisions are recorded at a value representing the best estimate of the amount the Company would reasonably have to pay to discharge the obligation or transfer it to third parties on the reporting date.

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The Company discloses purely contingent assets and provides information where there are significant amounts that are highly likely to be realised. The Company records the relevant asset only when the original uncertainty relating to it no longer applies and it is virtually certain that the asset will be realised.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements of the Company requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

4.1 Judgments

Preparation of the financial statements and the related notes in accordance with IFRS requires the management to make estimates and assumptions that have an impact on the Company's assets and liabilities and items in the profit or loss during the year. These estimates and assumptions, which are based on the best valuations available at the time of their preparation and are reviewed regularly, may differ from the actual circumstances and may be revised accordingly at the time that circumstances change, or where new information becomes available. Future outcomes can consequently differ from estimates.
Details of critical estimates and judgements which could have a significant impact upon the financial statements are set out in the related notes as follows;
- investments in subsidiaries: management judgement in assessing the value of the investments in subsidiaries are not carried at a value higher than their recoverable amounts.
- taxation: management judgement and estimate required to assess uncertain tax positions and the recoverability of deferred tax assets.

5. EFFECTIVE DATES OF IASB PRONOUNCEMENTS

5.1 New standards, amendments, and interpretations to published standards adopted by the EU that became effective as of 1 January 2021 adopted by the Company

(i) Amendments to IFRS 4 Insurance Contracts-deferral of IFRS19 (issued on 25 June 2020, effective from 1 January 2021).

(ii) On 27 August 2020, the IASB issued 'Interest Rate Benchmark Reform-Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)' with amendments that address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments are effective for annual periods beginning on or after 1 January 2021.

(iii) On 31 March 2021, the IASB published 'Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)' that extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. The amendment is effective for annual reporting periods beginning on or after 1 April 2021.

5.2 New standards, amendments, and interpretations to published standards adopted by the EU that are not effective for the year ended 31 December 2021 nor early-adopted by the Company

(iv) On 14 May 2020, the IASB issued 'Reference to the Conceptual Framework (Amendments to IFRS 3)' with amendments to IFRS 3 'Business Combinations' that update an outdated reference in IFRS 3 without significantly changing its requirements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

(v) On 14 May 2020, the IASB issued 'Onerous Contracts-Cost of Fulfilling a Contract (Amendments to IAS 37)' amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

(vi) On 14 May 2020, the IASB issued 'Annual Improvements to IFRS Standards 2018–2020'. The pronouncement contains amendments to four International Financial Reporting Standards ('IFRSs') as result of the IASB's annual improvements project. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

(vii) On 14 May 2020, the IASB issued 'Property, Plant and Equipment-Proceeds before Intended Use (Amendments to IAS 16)' regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

(i) On 12 February 2021, the IASB issued 'Definition of Accounting Estimates (Amendments to IAS 8)' to help entities to distinguish between accounting policies and accounting estimates. The amendments are effective for annual periods beginning on or after 1 January 2023.

(ii) On 12 February 2021, the IASB issued 'Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments are effective for annual periods beginning on or after 1 January 2023.

5.3 Published IFRS standards, amendments and interpretations that are not yet mandatory and that the EU has not yet endorsed

(iii) On 25 June 2020, the IASB issued 'Amendments to IFRS 17' to address concerns and implementation challenges that were identified after IFRS 17 'Insurance Contracts' was published in 2017. The amendments are effective for annual periods beginning on or after 1 January 2023.

(iv) On 7 May 2021, the IASB issued 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)' that clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments are effective for annual periods beginning on or after 1 January 2023.

(v) On 23 January 2020, the IASB issued 'Classification of Liabilities as Current or Non-current (Amendments to IAS 1)' providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022, however, their effective date has been delayed to 1 January 2023.

The above are expected to have no significant impact on the financial statements of the Company when they become effective.

6. FINANCIAL RISK MANAGEMENT

The Company is exposed to interest rate risk, credit risk, liquidity risk, foreign currency risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are described below.

6.1 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

Credit risk related to cash and cash equivalents is managed by holding cash balances with high credit quality financial institutions and the Company has policies to limit the amount of credit exposure to any financial institution.

The carrying amount of financial assets recorded in the financial statements represents the maximum credit exposure.

6.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities. The Company has established procedures with the objective of maintaining a balance between continuity of funding and flexibility through the use of loans from related parties.
All trades payables are due within one year from the end of the reporting period.

6.3 Foreign currency risk

Foreign currency risk is the risk that the fair value or cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency other than the functional currency of the Company.
The Company is exposed to foreign exchange risk arising from various currency exposures relating to its operating activities. Management of the Company closely monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

6.4 Capital risk management

Capital includes only equity shares.
The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions, in order to ensure that it will be able to continue as a going concern while maximizing the return to the Shareholder through the optimization of the debt and equity balance. To maintain or adjust the capital structure, the Company may adjust the dividend payment to the Shareholder, return capital to the Shareholder or issue new shares.

7. OTHER INCOME

	31 December 2021 €	31 December 2020 €
Concessions and other similar rights	20.491,80	22.693,00
Disposal of tangible assets	250,50	11.914.332,97
Miscellaneous income	158.274,86	218.049,81
Reversal of provisions	100.000,00	-
	279.017,16	**12.155.075,78**

8. RAW MATERIALS AND EXTERNAL SERVICES

	31 December 2021 €	31 December 2020 €
Use of consumable materials	108.860,51	106.336,76
Rents and services charges	300.583,27	319.325,53
Repairs and maintenance	325.400,69	627.906,06
IT services	176.846,78	141.281,85
Banking services	638.242,71	268.149,58
Professional fees	199.380,28	2.595.131,32
Other professional fees	3.545.760,47	5.484.926,51
Insurance premiums	57.736,89	67.850,29
Marketing and communication costs	237.466,69	249.244,81
Other external charges	290.050,02	459.734,87
	5.880.328,31	**10.319.887,58**

9. STAFF EXPENSES

	31 December 2021 €	31 December 2020 €
Salaries	1.345.527,24	1.106.886,20
Social insurance contributions	447.310,06	308.550,52
	1.792.837,30	**1.415.436,72**
Average number of employees	13	12

10. OTHER EXPENSES

	31 December 2021 €	31 December 2020 €
Director's fees	175.755,74	773.163,04
Non-refundable VAT	937.368,16	1.590.453,91
Registration fees and stamp duties	13.750,58	6.081,17
Motor-vehicle taxes	7.164,52	7.326,97
Other duties and taxes	2.143,23	278,89
Miscellaneous operating charges	26.224,95	36.033,18
Operating provisions	68.745,41	715.312,81
Other taxes	285.029,34	253.920,34
	1.516.181,93	**3.382.570,31**

11. VALUE ADJUSTMENTS

	31 December 2021 €	31 December 2020 €
Intangible assets	159.931,53	163.053,69
Buildings	2.066.501,45	2.412.658,20
Plant and machinery	18.909,92	20.812,06
Other equipment	400.966,96	344.601,22
	2.646.309,86	**2.941.125,17**

12. FINANCE INCOME/(EXPENSES)

	31 December 2021	31 December 2020
	€	€
Income from participating interest	223.293,54	81.556,37
Income from other investments	872.532,22	35.035,32
Other income from transferable securities	4.941.500,85	11.424.628,28
Interest income	1.669.963,77	1.003.771,33
Foreign currency exchange	4.356.408,87	2.358.623,90
Other financial income	19.143.004,46	1.392.578,95
Share of profit of investee accounted according to equity method	153.651.169,79	103.141.664,14
Finance income	**184.857.873,50**	**119.437.858,29**
Value adjustments	108.887,94	1.749.647,81
Loss on disposal of transferable securities	7.350.832,20	5.091.356,86
Interest expense	15.339.027,05	8.896.428,14
Foreign currency exchange	2.715.738,18	5.123.121,59
Other financial expenses	77.066.699,43	20.916.059,00
Finance costs	**102.581.184,80**	**41.776.613,40**
Net finance costs	**82.276.688,70**	**77.661.244,89**

The increase in Share of profit of investee accounted according to equity method mainly refers to the proportion of the net profit attributable to the shares in Davide Campari-Milano N.V. for an amount of €153.425.070,04 (2020: €102.799.408,39).

Other financial expenses of an amount of €77.066.699,43 (2020: €20.916.059,00) represent the valuation at the fair value of the derivative linked to the bonds issued by the Italian Branch

13. TAXATION

Taxes are calculated based on the applicable regulations at the rates in force, which, in 2021, were 24,94% for Luxembourg Corporate income tax (24% for Italian Corporate income tax and 21.22% for Swiss Corporate income tax)
A breakdown of the current and deferred taxes included in the Company's statement of profit or loss and statement of other comprehensive income is as follows.

	31 December 2021	31 December 2020
	€	€
- current taxes for the year and previous years	25.421.690	11.472.884
- deferred tax expenses of the year	(7.730.097)	(4.594.049)
Taxes recorded in the statement of profit or loss	**17.691.593**	**6.878.836**
Taxes recorded in the statement of comprehensive income	**(997.542)**	**3.348.575**

	31 December 2021	31 December 2020
	€	€
Deferred tax assets	3.562.144	8.431.150
Deferred tax liabilities	(19.369.723)	(15.012.597)
Net deferred tax	**(15.807.579)**	**(6.581.447)**

Taxation in 2021 amounted to a positive effect of €17.691.593 (deriving mainly from the Italian Branch) compared to €6.878.836 reported in 2020. The discrepancy in the reported net tax burden was guided by the higher 2021 impact of the share of profit of subsidiaries (mainly Davide Campari-Milano N.V.) to the profit before taxation. The share profit of subsidiaries is taxed in Italy with a lower tax ratio due to the so-called 'participation exemption' pursuant to article 87 of the Italian tax Law Decree no. 917/1986.

Reconciliation of tax charges

The following table shows a reconciliation of the theoretical tax charge against the Company's actual tax charge.
The theoretical rate used is the rate in force during the year in question, based on the legal provisions, considering the rate applicable in Luxembourg.
Tax base differences are included under 'other differences'.

	31 December 2021	31 December 2020
	€	€
Profit before taxation	**71.647.331**	**73.538.141**
Applicable tax rate	24.94%	24,94%
Theoretical taxes at current tax rate	**17.868.844**	**18.340.412**
Share of profit of subsidiaries/investees	(36.889.812)	(16.297.087)
Foreign taxation (Italy) with different theoretical tax rate	995.683	449.355
Non taxable real estate Capital Gain	-	(2.971.435)
Other differences	333.691	(6.400.081)
Actual tax liability in the statement of profit or loss	**(17.691.593)**	**(6.878.836)**
Actual tax rate	**-24,69%**	**-9,35%**

Profit before taxation represents the basis on which tax is calculated, in accordance with current tax regulations.
The reported tax rate in the 2021 period was -24,69%, compared to a reported tax rate of -9,35% in 2020. The discrepancy in the reported tax rate was mainly guided by the significant increase of the share profit of subsidiaries taxed in Italy with a lower tax ratio due to the so-called 'participation exemption' pursuant to article 87 of the Italian tax Law Decree no. 917/1986.

Breakdown of deferred taxes by type

Details of deferred tax income/assets and expenses/liabilities posted to the statement of profit or loss and statement of financial position are broken down by type below.

	statement of financial position		statement of profit or loss		other comprehensive income statements	
	at 31 December		for the years ended 31 December		for the years ended 31 December	
	2021	2020	2021	2020	2021	2020
	€	€	€	€	€	€
Fixed assets	590.624	590.624	-	-	-	-
Securities Fair Value	923.470	6.337.461	475.952	(5.687.615)	-	-
Loss carried forward	1.987.777	1.435.385	552.392	571.454	-	-
Other	60.273	67.680	-	-	-	-
Deferred tax assets	**3.562.144**	**8.431.150**	**1.028.344**	**(5.116.161)**	**-**	**-**
Fixed assets	282.560	294.172	11.612	(10.802)	-	-
Leasing IFRS 16	238.279	213.794	(24.485)	(22.924)	-	-
Participation in subsidiary/investees	16.491.079	14.070.155	(1.430.790)	(846.705)	(997.542)	3.348.575
Securities Fair Value	1.907.233	21.658	(1.885.576)	1.374.230	-	-
Other	450.572	412.818	(5.429.202)	28.315	-	-
Deferred tax liabilities	**19.369.723**	**15.012.597**	**(8.758.441)**	**522.112**	**(997.542)**	**3.348.575**
Total	**(15.807.579)**	**(6.581.447)**	**(7.730.097)**	**(4.594.049)**	**997.542**	**(3.348.575)**

Deferred tax assets arise from temporary differences and mainly relate to costs that are deductible based on specific tax rules and amount, to the creation of taxed provisions and, lastly, to unrealized exchange-rate losses. Temporary differences that entailed the reporting of deferred tax liabilities related mainly to the share of profit of subsidiaries.

The amounts credited and debited under this item are recognized in the statement of profit or loss for the period or under other comprehensive income or expense if the temporary difference is also recorded under other comprehensive income or expense.
The breakdown of income tax payables and receivables is as follows.

	at 31 December	
	2021	2020
	€	€
Taxes receivables	2.212.040	8.366.924
Taxes payable	(6.202.396)	(1.386.739)
Total net income tax receivables (payables)	**(3.990.356)**	**6.980.185**

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.

14. TANGIBLE FIXED ASSETS

	31 December 2021	31 December 2020	1 January 2020
	€	€	€
Plant and machinery	1 284,67	1 791,10	5 373,33
Other equipment	988 552,83	846 507,94	905 299,84
	989 837,50	**848 299,04**	**910 673,17**

The movements for the financial year 2021 are the followings.

	Plant and machinery	**Other equipment**	**Total**
	€	**€**	**€**
Cost			
As of January 1st, 2020	**72.169,32**	**2.767.914,39**	**125.359.419,58**
Additions	-	127.404,05	91.305.016,14
Disposals	-	(83.773,67)	(50.258.244,04)
As of December 31st, 2020	**72.169,32**	**2.811.544,77**	**166.406.191,68**
Additions	1.468,20	277.594,04	27.902.956,52
Disposals	-	(54.198,03)	(1.511.149,55)
As of December 31st, 2021	**73.637,52**	**3.034.940,78**	**192.797.998,65**
Amortisation and impairment			
As of January 1st, 2020	**(66.795,99)**	**(1.862.614,55)**	**(47.045.833,49)**
Additions	(3.582,23)	(107.911,57)	(1.850.355,37)
Reversals	-	5.489,29	10.201.474,97
As of December 31st, 2020	**(70.378,22)**	**(1.965.036,83)**	**(38.694.713,89)**
Additions	(1.974,63)	(180.409,06)	(1.639.234,41)
Reversals	-	99.057,94	123.007,82
As of December 31st, 2021	**(72.352,85)**	**(2.046.387,95)**	**(40.210.940,48)**
Net book value	**1.284,67**	**988.552,83**	**152.587.058,17**

15. INVESTMENT PROPERTY

	31 December 2021	31 December 2020	1 January 2020
	€	€	€
Investment Properties	**151 597 220,67**	**126 863 178,75**	**77 402 912,92**

	Investment Properties
	€
Cost	
As of January 1st, 2020	122.519.335,87
Additions	91 177 612,09
Disposals	(50 174 470,37)
As of December 31st, 2020	**163 522 477,59**
Additions	27 623 894,28
Disposals	(1 458 951,52)
As of December 31st, 2021	**189 689 420,35**
	-
Amortisation and impairment	-
As of January 1st, 2020	(45 116 422,95)
Additions	(1 738 861,57)
Reversals	10 195 985,68
As of December 31st, 2020	**(36 659 298,84)**
Additions	(1 456 850,72)
Reversals	23 949,88
As of December 31st, 2021	**(38 092 199,68)**
Net book value 2021	**151 597 220,67**
Net book value 2020	**126 863 178,75**
Net book value January 1st, 2020	**77 402 912,92**

Investment properties for €151.597.220,67 mainly related to real estate properties in France, Italy, the Principality of Monaco and the UK.

16. INTANGIBLE ASSETS

	31 December 2021	31 December 2020	1 January 2020
	€	€	€
Concessions and licenses	2.776.266,38	2.858.061,45	2.945.499,92
Use of rights	882.078,00	928.914,00	975.750,00
	3.658.344,38	**3.786.975,45**	**3.921.249,92**

The movements for the financial year 2021 are the followings.

	Licenses	Concessions	Use of rights	Total
	€	€	€	€
Cost				
As of January 1st, 2020	7.795,13	3.019.830,91	975.750,00	4.003.376,04
Additions		-	928.914,00	928.914,00
Disposals	-	-	(975.750,00)	(975.750,00)
As of December 31st, 2020	**10.442,11**	**3.012.460,36**	**928.914,00**	**3.951.816,47**
Additions	354,00	-	882.078,00	882.432,00
Disposals	-	-	(928.914,00)	(928.914,00)
As of December 31st, 2021	**10.796,11**	**3.012.460,36**	**882.078,00**	**3.905.334,47**
Amortisation and impairment				
As of January 1st, 2020	(3.021,75)	(79.104,37)	-	(82.126,12)
Additions	(3.610,55)	(79.104,37)	-	(82.714,92)
Reversals	-	-	-	-
As of December 31st, 2020	**(6.632,30)**	**(158.208,74)**	**-**	**(164.841,04)**
Additions	(3.044,70)	(79.104,37)	-	(82.149,07)
Reversals	-	-	-	-
As of December 31st, 2021	**(9.677,00)**	**(237.313,11)**	**-**	**(246.990,11)**
Net book value 2021	**1.119,11**	**2.775.147,25**	**882.078,00**	**3.658.344,38**
Net book value 2020	**3 809,81**	**2 854 251,62**	**928.914,00**	**3 786 975,43**
Net book value January 1st, 2020	**4 773,38**	**2 940 726,54**	**975 750,00**	**3 921 249,92**

17. FINANCIAL FIXED ASSETS

The following table reflects the changes relating to investments in subsidiaries and associates.

	As of 31 December 2020	contribution in kind	increases	decreases	values from merger	contribution in kind from merger	as of 31 December 2021
Portfolio3, LLC	6.464.715,28	-	-	(391.175,20)	-	-	6.073.540,08
Telco Real Estate S.r.l.	-	-	1.477.810,45	-	-	-	1.477.810,45
10 Chapel Street Ltd.	-	-	3.309.683,22	-	-	-	3.309.683,22
14 Chapel Street Ltd.	-	-	3.107.828,45	-	-	-	3.107.828,45
Portfolio4, LLC	-	-	2.197.631,25	-	-	-	2.197.631,25
Portfolio5, LLC	-	-	1.757.372,13	-	-	-	1.757.372,12
Portfolio6, LLC	-	-	1.069.755,11	-	-	-	1.069.755,11
Highball S.à.r.l.	-	-	450.753,24	-	-	-	450.753,24
Halsdon Ltd.	-	-	1.825.892,64	-	-	-	1.825.892,64
Davide Campari-Milano N.V.	1.458.319.638,52	-	204.856.128,17	-	-	-	1.663.175.766,69
LG Partners. LLC	855.146,03	-	617.274,95	-	-	-	1.472.420,98
1403 2nd Avenue, LLC	6.781,17	-	-	(6.781,17)	-	-	-
AC Partners S.p.A. in liquidazione	1,00	-	-	-	-	-	1,00
Reterre GmbH	12.500,00	-	-	(12.500,00)	-	-	-
Piga S.r.l.	512.280,00	-	2.380,00	-	-	-	514.660,00
Investments in subsidiaries	**1.466.171.062,00**		**220.672.509,61**	**(410.456,37)**	**-**	**-**	**1.686.433.115,24**

The list of investments in direct and indirect subsidiaries, including additional information extract from their last financial statements available is as follows.

Name	head Office	currency	share values in local currency (LC)	equity value €	profit (loss) of the year €	Investment percentage	Carrying amount €
Portfolio3, LLC	New York	USD		6.073.539,64	318.226,21	100	6.073.540,08
Telco Real Estate S.r.l.	Milan	EUR		1.497.684,00	19.874,00	100	1.477.810,45
10 Chapel Street Ltd.	London	GBP		N/A	N/A	100	3.309.683,22
14 Chapel Street Ltd.	London	GBP		N/A	N/A	100	3.107.828,45
Portfolio4, LLC	New York	USD		2.243.430,16	52.172,88	100	2.197.631,25
Portfolio5, LLC	New York	USD		1.732.883,63	77.111,07	100	1.757.372,13
Portfolio6, LLC	New York	USD		N/A	N/A	100	1.069.755,11
Highball S.à.r.l.	Luxembourg	GBP		(372.847,16)	(1.750.603,77)	100	450.753,24
Halsdon Ltd.	London	GBP		N/A	N/A	100	1.825.892,64
Davide Campari-Milano N.V.	The Netherlands	EUR		2.371.817.381,99	284.787.843,55	53,87	1.663.175.766,69
LG Partners, LLC	California	USD		1.793.025,78	(579.723,13)	100	1.472.420,98
AC Partners S.p.A in liquidazione	Milan	EUR		(31.961.027,00)	(1.091.998,00)	50,1	1,00
Piga S.r.l.	Milan	EUR		1.002.274,00	(5.060,00)	50	514.660,00

The Company holds as its main investment the participation in Davide Campari-Milano N.V., the change of which is mainly explained by the share of the net profit of Davide Campari-Milano N.V.. Other variations of the net equity of Davide Campari-Milano N.V., including the dividends distributed, are recognised in Other comprehensive income.

18. OTHER NON-CURRENT ASSETS

	31 December 2021	31 December 2020	January 1st, 2020
	€	€	€
Securities held as fixed assets	1.655.236,63	2.371.979,80	123.639.336,04
Deposits	40.107,36	40.224,22	12.739.341,28
Receivables affiliated undertakings	14.975.272,06	8.965.897,91	-
Other receivables	32.163,56	32.163,56	32.221,64
	16.702.779,61	**11.410.265,49**	**136.410.898,96**

19. CASH AND CASH EQUIVALENTS

	31 December 2021	31 December 2020	1 January 2020
	€	€	€
Cash at bank	115.212.755,96	159.178.682,91	54.525.214,28
Cash equivalents (short term investments)	269.907.420,80	219.976.012,34	92.014.156,11
	385.120.176,76	**379.154.695,25**	**146.539.370,39**

20. OTHER CURRENT ASSETS

	31 December 2021	31 December 2020	January 1st, 2020
	€	€	€
Receivables affiliated undertakings	17.988.040,80	-	-
Social Security	1.050,24	1.327,68	1.208,96
Miscellaneous receivables	221.574,82	661.092,09	(92.469,79)
Suppliers with a debit balance	16.308,00	389.055,00	10.200,00
Deferred charges and income	637.893,72	187.502,82	205.388,17
Tax receivables from Group companies	34.647.304,64	8.616.299,00	22.205.775,10
Other receivables from Group companies	3.729,63	3.729,63	3.729,63
	53.515.901,85	**9.859.006,22**	**22.333.832,07**

A breakdown of the group tax receivables, taking in consideration the nature of tax is as follows.

	31 December 2021	31 December 2020	1 January 2020
	€	€	€
Tax consolidation	32.597.181,00	8.616.299,00	20.504.197,76
VAT	2.050.123,64	-	1.701.577,34
	34.647.304,64	**8.616.299,00**	**22.205.775,10**

21. EQUITY

The subscribed capital amounts to €3.717.200,00 and is divided into 46.465 fully paid-in shares with a par value of €80,00 per share.

	31 December 2021		31 December 2020		1 January 2020	
	Number of shares	€	Number of shares	€	Number of shares	€
As of January 1st, 2020						
Ordinary shares of €80,00	46.465	3.717.200,00	46.465	3.717.200,00	46.465	3.717.200,00
As of December 31st, 2020						
Ordinary shares of €80,00	46.465	3.717.200,00	46.465	3.717.200,00	46.465	3.717.200,00
As of December 31st, 2021						
Ordinary shares of €80,00	46.465	3.717.200,00	46.465	3.717.200,00	46.465	3.717.200,00

22. CURRENT AND NON-CURRENT LIABILITIES

	31 December 2021	31 December 2020	1 January 2020
	€	€	€
NON- CURRENT LIABILITIES			
Bonds	315.183.234,86	310.414.232,70	-
Non-current Financial Liabilities(1)(2)	229.646.264,85	175.161.440,07	87.002.136,90
Other non-current liabilities	431.874,66	285.050,24	344.341,38
Deferred taxes	19.369.747,76	15.012.596,63	18.853257,90
	564.631.122,13	**500.873.319,64**	**106.199.736,18**
CURRENT LIABILITIES			
Credit institutions debts(1)	157.940.591,57	191.307.806,16	207.124.472,23
Current Financial liabilities	29.060.448,39	28.571.194,92	20.076.336,31
Trade payables	4.170.786,46	5.250.001,34	20.746.624,76
Tax liabilities	8.210.561,99	1.386.738,58	3.433.900,26
Other liabilities(3)	117.859.349,17	41.657.856,88	135.689,17
	317.241.737,58	**268.173.597,88**	**251.517.022,7**

(1) As of 31 December 2021, the debt amount due to credit institutions is represented by short and medium term loans with a duration up to five years and interest rates up to the Euribor plus 185 basis points as follows:

as of 31 December 2021	value € million	maturity
Short Term Loans	208.771.743,21	2022
Short Term Loans	19.008.131,59	2023
Term Loans	7.500.000,00	2022
Term Loans	65.000.000,00	2024
Term Loans	74.150.000,00	2025
Mortgage Loan	5.274.411,97	2030

(2) The amounts payable to shareholder include loans granted by the shareholders of the Company in the previous year whose duration has been extended during 2021.

(3) The Company (through its Italian Branch) issued a bond in July 2020 that, if certain conditions are met, can be converted into a predetermined number of Campari shares.
The contract therefore has two components: the bond loan and a conversion option.
This derivative was separated from the bond issue and measured at fair value, both at the date of initial recognition of the hybrid instrument and at each subsequent balance sheet date.
Changes in fair value are recognized in the income statement.
The Company therefore accounts for the embedded derivative in accordance with the rules for non-hedging derivatives, charging changes in the fair value of the derivative to the income statement, as adjustments to the value of financial assets and liabilities, and, as a contra entry in the balance sheet to a fund (derivative financial instruments payable).
On the basis of the above, the following amounts are recorded under 'Derivative financial instruments payable':
- €19.602.000 at the issue date of the bond loan;
- €40.359.744 as of December 31st, 2020;
- €117.285.300 as of December 31st, 2021,

23. FAIR VALUE MEASUREMENT

The fair value measurements are listed as follows:
- for financial assets and liabilities that are liquid or nearing maturity, it is assumed that the carrying amount equates to fair value; this assumption also applies to term deposits, securities that can be readily converted to cash, and variable-rate financial instruments;
- for the measurement of hedging instruments at fair value, the 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 year. Derivatives, valued using techniques based on market data, are mainly interest rate swaps and forward sales/purchases of foreign currencies to hedge both the fair value of the underlying instruments and cash flows. The most commonly applied measurement methods include forward pricing and swap models, which use present value calculations.

The models incorporate various inputs, including the 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 provided in the table below.

	Level 1	Level 2	Level 3
	€	€	€
As of 31 December 2020	**219.321.814**	**40.359.744**	
Assets and liabilities valued at fair value	**219.321.814**	**40.359.744**	
Securities	219.321.814		
Derivatives		40.359.744	
As of 31 December 2021	**268.111.773**	**117.285.300**	
Assets and liabilities valued at fair value	**268.111.773**	**117.285.300**	
Securities	268.111.773		
Derivatives		117.285.300	

The level 1 valuation for the financial assets in question was calculated using a methodology based on the NAV, which was obtained from specialist external sources.

The level 2 valuation used for financial instruments measured at fair value is based on parameters such as exchange rates and interest rates, which are quoted on active markets or are observable on official yield curves.

No assets or liabilities were values resulting from the application of level 3 method as of December 31st, 2021.

24. FIRST TIME ADOPTION OF IFRS

These financial statements, for the period ended on 31 December 2021, are the first the Company has prepared in accordance with IFRS. For periods up to and including the period ended December 3st, 2020 the Company prepared its financial statements in accordance with the Luxembourg general accepted accounting practice.

Accordingly, the Company has prepared financial statements which comply with IFRS applicable for periods ending on or after 31 December 2021, together with the comparative period data as at and for the period ended on 31 December 2020. In preparing these financial statements, the Company's opening statement of financial position was prepared as of 1 January 2020, the date of the Company's transition to IFRS.

Reconciliation of net asset value attributable to shareholders as of 1 January 2020 (date of transition to IFRS)

		as of 1 January 2020		
	Notes	Local GAAP €	Remeasurements	IFRS €
ASSETS				
Non-current assets				
Net tangible assets		910.673	-	910.673
Investment properties		77.402.913	-	77.402.913
Intangible assets with a finite life	a	3.227.783	693.467	3.921.250
Non-current financial assets	b	1.221.066.751	170.424.125	1.391.490.876
Non-current deferred tax assets	c	-	661.636	661.636
Other non-current assets		136.410.899	-	136.410.899
Deferred tax assets	f	-	12.905.787	12.905.787
Total non-current assets		**1.439.019.019**	**184.685.015**	**1.623.704.034**
Current assets				
Trade receivables		1.542.104	-	1.542.104
Cash and cash equivalents	d	140.723.963	5.815.407	146.539.370
Income tax receivables		2.611.656	-	2.611.656
Other current assets	e	277.362	(153.035)	124.327
Other receivables		22.209.505	-	22.209.505
Total current assets		**167.364.590**	**5.662.372**	**173.026.962**
Total assets		**1.606.383.609**	**190.347.387**	**1.796.730.996**
LIABILITIES				
Non-current liabilities				
Bonds		-	-	-
Non-current financial liabilities	h	87.329.649	(327.512)	87.002.137
Other non-current liabilities		344.341	-	344.341
Non-current deferred tax liabilities	i	390.995	18.462.263	18.853.258
Total non-current liabilities		**88.064.985**	**18.134.751**	**106.199.736**
Current liabilities				
Loans due to banks		207.124.472	-	207.124.472
Current financial liabilities	j	19.955.920	120.416	20.076.336
Trade payables		20.746.625	-	20.746.625
Tax payables		3.433.900	-	3.433.900
Other current liabilities		135.689	-	135.689
Total current liabilities		**251.396.606**	**120.416**	**251.517.022**
Total liabilities		**339.461.591**	**18.255.167**	**357.716.758**
Net asset Value attributable to shareholders		**1.266.922.017**	**172.092.220**	**1.439.014.237**

Reconciliation of net asset value attributable to shareholders as of 31 December 2020

		As of 31 December 2020		
	Notes	Local GAAP €	Remeasurements	IFRS €
ASSETS				
Non-current assets				
Net tangible assets		848.299	-	848.299
Investment properties		126.863.179	-	126.863.179
Intangible assets with a finite life	a	3.060.006	726.969	3.786.975
Non-current financial assets	b	1.284.802.999	181.368.063	1.466.171.062
Non-current deferred tax assets	c	-	8.431.150	8.431.150
Other non-current assets		11.410.265	-	11.410.265
Total non-current assets		**1.426.984.748**	**190.526.182**	**1.617.510.930**
Current assets				
Trade receivables		858.089	-	858.089
Cash and cash equivalents	d	379.067.856	86.839	379.154.695
Income tax receivables		14.256.867	-	14.256.867
Other current assets	e	1.371.667	(132.690)	1.238.978
Other receivables		8.620.029	-	8.620.029
Total current assets		**404.174.507**	**(45.851)**	**404.128.657**
Total assets		**1.831.159.255**	**190.480.332**	**2.021.639.587**

LIABILITIES				
Non-current liabilities				
Bonds	f	313.688.959	(3.274.727)	310.414.233
Non-current financial liabilities	g	177.069.706	(1.908.266)	175.161.440
Other non-current liabilities		285.050	-	285.050
Non-current deferred tax liabilities	h	412.818	14.599.779	15.12.617
Total non-current liabilities		**491.456.533**	**9.416.786**	**500.873.319**
Current liabilities				
Loans due to banks		191.307.806	-	191.307.806
Current financial liabilities	i	28.444.800	126.395	28.571.195
Trade payables		5.250.001	-	5.250.001
Tax payables		1.386.739	-	1.386.739
Other current liabilities		41.657.857	-	41.657.857
Total current liabilities		**268.047.203**	**126.395**	**268.173.598**
Total liabilities		**759.503.736**	**9.543.181**	**769.046.917**
Net asset Value attributable to shareholders		**1.071.655.519**	**180.937.151**	**1.252.592.670**

The reconciliations between the Local GAAP and the IFRS values as of the date of transition to IFRS and as of 31 December 2020 are described as follows:

a. Intangible assets with a finite life: the difference is due to the write-off of intangible assets not meeting the IAS 38 requirements and the recognition of the right of use values connected to lease contracts as required by IAS 17;
b. Non-current financial assets: the difference relates to the valuation of the investments in subsidiaries and associates according to the Equity Method. As the participation in Davide Campari-Milano N.V. was valued with the Equity Method also with the Local GAAP, the main difference (about €171 million) is related to the recognition of goodwill (completely amortized according to the previous GAAP and not amortized according to IFRS);
c. Non-current deferred tax assets: the value recognized relates mainly to differences between tax values and IFRS values arose from the transition to IFRS;
d. Cash and cash equivalents: the difference relates to the recognition of financial assets fair values exceeding the acquisition costs (not accountable under Local GAAP);
e. Other current assets: under Local GAAP the expenses related to financial liabilities and lease contracts are accounted for as assets. These expenses have been reclassified in reduction of the liabilities (by applying the amortized cost if required) according to IFRS 9;
f. Bonds: the reconciliation is related to the application of the amortized cost valuation method on the issued bonds
g. Non-current financial liabilities: the adjustment is related mainly to the IFRS lease contracts recognition requirements and to the intercompany loans valued according to the amortized cost method (previously not applied under Local GAAP);
h. Non-current deferred tax liabilities: the value recognized under IFRS is mainly related to deferred tax calculated on the different tax-accounting value of the Davide Campari-Milano N.V. participation and to the IFRS lease contracts recognition requirements;
i. Current financial liabilities: the adjustment is related mainly to the IFRS lease contracts recognition requirements;

Reconciliation to total comprehensive Income for the period ended 31 December 2020

	Notes	for the year ended 31 December 2020		
		Local GAAP €	Remeasurements	IFRS €
Income		1.780.840	-	1.780.840
Other income		29.644.551	-	29.644.551
Total Income		**31.425.391**	**-**	**31.425.391**
Cost of services and goods	a	(16.131.915)	5.812.028	(10.319.888)
Staff expenses		(1.415.437)	-	(1.415.437)
Other expenses		(3.458.842)	-	(3.458.842)
Amortization and depreciation	b	(2.974.628)	33.305	(2.941.125)
Operating result		**7.444.570**	**5.845.530**	**13.290.100**

Share of profit (loss) of subsidiaries, associates and joint ventures	c	34.401.517	68.740.147	103.141.664
Financial income	d	22.024.762	(5.728.568)	16.296.194
Financial expenses	e	(49.269.377)	7.492.763	(41.776.613)
Profit before taxation		**14.601.472**	**76.349.872**	**90.951.345**
Taxation		(238)	-	(238)
Deferred tax	f	(21.824)	(4.622.363)	(4.644.187)
Profit for the period		**14.579.411**	**71.727.509**	**86.306.920**

	Notes	for the years ended 31 December 2020		
		Local GAAP €	Remeasurements	IFRS €
Subsidiary,associates and joint ventures equity movements	g	-	(279.047.956)	(279.047.956)
Tax effect on equity movements subsidiary,associates and joint-ventures equity movements	g	-	3.348.575	3.348.575
Total values credited (debited) to capital		**-**	**(275.699.381)**	**(275.699.381)**
Total comprehensive profit (loss) for the period		**14.579.411**	**(203.971.872)**	**(189.392.461)**

The profit and loss remeasurement for the year ended on 31 December 2020 are related to:

a. Cost of services and goods: mainly due to the write-off of the bond fees paid according to the amortized cost valuation method and to the valuation of the lease contracts according to IFRS 16;
b. Amortization and depreciation: due to the write-off of intangible assets not meeting the IAS 38 requirements and the recognition of the right of use values connected to lease contracts as required by IAS 17;
c. Share of profit (loss) of subsidiaries, associates and joint ventures: the difference is due to the differences on the equity valuation method application between the Local GAAP and IFRS;
d. Financial income: the difference relates to the recognition of financial assets fair values exceeding the acquisition costs (not accountable under Local GAAP);
e. Financial expenses: the financial expenses are increased by about Euro 3,1 millions due to the amortized cost valuation method applied on the bond and on other liabilities and are reduced by about €10,6 million due to the write off of the Local GAAP amortization of the goodwill acquired with the Davide Campari-Milano N.V. participation;
f. Deferred tax: includes all the tax effects related to the IAS Transition;
g. Values credited (debited) to capital: includes the equity variations of the subsidiary Davide Campari-Milano N.V. not related to the income of the period.

25. CONTINGENCIES

The Company did not have any contingent liabilities as of 31 December 2021.

26. COMMITMENTS

The total uncalled capital commitments on investments in private equity holdings amounts to €21.569.079,24 (2020: €13.121.868,32) and commitments on bank loans approved and not used as at year end amounts to €165.000.000,00.

In 2019 and 2020 the Company purchased real estate properties under construction in Monaco, for a total consideration of €247.000.000,00 of which €100.800.000,00 have already been paid. The entire price will be paid in the next years following the progress of works.

During 2021 the Company has provided unsecured guarantees for a total amount of £7.670.000,00 on behalf of related parties. No liability is expected to arise.

The Company total capital commitment with GENEO Capital Entrepreneur amounts to €1.260.000,00 of which €780.000,00 have already been paid.

A pledge on certificates for a total value of €58.000.000,00 have been signed against the provision of a credit line of €60.000.000,00, expiring on 30 June 2022.

The Company signed a guarantee of €507.187,74 issued by an Italian bank in favour of the Financial Administration (Agenzia delle Entrate) against surplus VAT credits offset under the group VAT scheme. The deadline is September 2023.

27. RELATED PARTIES

The Company adopts procedures to ensure the substantive and procedural transparency and integrity of transactions with related parties, whether carried out directly or through subsidiaries, in addition to defining the concept of related parties.

The main intra-group activities, paid for at market prices, are carried out on the basis of contractual relationships, which in particular relate to:
- the management of investments;
- the financial relationship with the shareholders.

In addition, transactions with related parties include the agreement with Davide Campari-Milano N.V., relating to the option, exercised jointly with the Campari Group's other Italian subsidiaries, to adopt the national tax consolidation scheme governed by articles 117 et seq. of the Consolidated Law on Corporate Income Tax (TUIR) for the period running from 2021 to 2023.
The Company has also joined, along with Davide Campari-Milano N.V. the Campari Group VAT scheme pursuant to article 73, para. 3, of Presidential Decree (DPR) 633/72.
The receivables and payables arising as a result of the tax consolidation procedure are non-interest-bearing.
No other transactions have taken place with controlling entities, nor with their directly and/or indirectly-owned subsidiaries, other than with Group companies.

28. EVENTS AFTER THE REPORTING PERIOD

The Company has provided an unsecured guarantee for an amount of £7.000.000,00 on behalf of a related party. No liability is expected to arise.

In February 2022, a number of countries (including the US, UK and EU) imposed sanctions against certain entities and individuals in Russia as a result of the official recognition of the Donetsk People Republic and Lugansk People Republic by the Russian Federation. Announcements of potential additional sanctions have been made following military operations initiated by Russia against the Ukraine on 24 February 2022. Due to the growing geopolitical tensions, since February 2022, there has been a significant increase in volatility on the securities and currency markets, as well as a significant depreciation of the Ruble against the US$ and the €. It is expected that these events may affect the activities of Russian enterprises in various sectors of the economy. The Company regards these events as non-adjusting events after the reporting period.